

**BOARD OF SUPERVISORS MINUTES
GILA COUNTY, ARIZONA**

Date: April 29, 2014

MICHAEL A. PASTOR
Chairman

MARIAN E. SHEPPARD
Clerk of the Board

TOMMIE C. MARTIN
Vice-Chairman

By: Laurie J. Kline
Deputy Clerk

JOHN D. MARCANTI
Member

Gila County Courthouse
Globe, Arizona

PRESENT: Michael A. Pastor, Chairman; Tommie C. Martin, Vice-Chairman (via ITV); John D. Marcanti, Supervisor; Don E. McDaniel, Jr., County Manager; Jacque Griffin, Assistant County Manager/Librarian; Bryan B. Chambers, Deputy Attorney Principal; Marian E. Sheppard, Clerk of the Board; and Laurie J. Kline, Deputy Clerk.

Item 1 – CALL TO ORDER - PLEDGE OF ALLEGIANCE

The Gila County Board of Supervisors met in a work session at 10:00 a.m. this date in the Board of Supervisors' hearing room. Sarayl Shunkamolah led the Pledge of Allegiance.

Item 2 – REGULAR AGENDA ITEMS:

A. Presentation/Discussion regarding a general update on the Resolution Copper Mining Project and discussion of any issues of concern by Andrew Taplin, Project Director of Resolution Copper.

Andrew Taplin, Resolution Copper Project Director, provided an update and described the progression of events that have occurred over the past 12-18 months with the Resolution Copper Project in Superior, Arizona as follows:

- 1) On November 15, 2013, the Mine Plan of Operations (MPO) was submitted to the U.S. Forest Service (USFS).
- 2) The MPO was over 1,000 pages and was the product of 8 years of work.
- 3) Normally, the MPO would have been released to the public immediately; however, in this case, the USFS had to approve the MPO before it could be published on the Resolution Copper Company website and hard copies could be reproduced for dissemination to the public.

- 4) The USFS may require that changes are made to the MPO; and that the public is informed as to the timeframe for issuing comments regarding the MPO.
- 5) Any changes made to the MPO will also be made available to the public and open for comment.
- 6) Mr. Taplin then showed a video with an overview of Resolution Copper Company's local mine operations.
- 7) He stated that for the physical work going on in Superior, Resolution Copper Company procures local contractors such as: Marcanti Electric & Air Conditioning, Mid-State Pipe & Supply Company, DalMolin Excavating, Copper Resource Contracting, Jonovich Companies, Kevlin Steel & Supply, United Rentals, Globe Exterminators, Diversified Solutions, and San Carlos True Value Hardware & Lumber.
- 8) A good deal of work needs to be completed to mine efficiently and safely at 7,000 feet underground; therefore, an engineering company, Sundt Construction, was hired and has completed the engineering of the upgraded ventilation and cooling system. Sundt has employed 8 individuals from the San Carlos Apache Indian Reservation; one of which is a Supervisor.
- 9) This part of the project done by Sundt Construction will require a team of approximately 90 individuals, thus providing additional temporary employment for local residents and the job is expected to be completed by June or July 2014. Resolution Copper will also have employees from Cementation USA assist with the completion of the ventilation and cooling project.
- 10) All of this "feeds" into the baseline studies and the justification of spending over 6 billion dollars on this project.
- 11) At the end of the process, the USFS will issue an Environmental Impact Statement (EIS) and Record of Decision.
- 12) In 2013, Resolution Copper's safety record was recognized for the fifth time by the National Mining Association.
- 13) In 2014, there will continue to be an increase in activities in several areas such as:
 - a) \$30 million of the \$50 million budget was been spent thus far on reclamation and many Gila County based contractors were employed.
 - b) The lower smelter pond will be reclaimed and the tailings will be "dressed" by importing clean "fill."
 - c) There will be water comprehensive data available to the public which shows the measures of well water performance and water management.

- d) It is hoped that Resolution Copper, by continued community involvement, will create an interest of high school students in the areas of mathematics and science.
- e) Resolution offers scholarships up to \$3,000 each.
- f) Over \$50,000 has been spent in 2013 to help local endeavors, and Resolution Copper will continue to support local interests.
- g) The public will continue to be made aware of updates and activities via presentations at Board of Supervisors' meetings and by attending city and town council meetings.

Vice-Chairman Martin inquired as to a time that the Board may "weigh in" and help expedite the process.

Mr. Taplin replied that the timeline would be approximately five more years to receive a Record of Decision from the USFS, and having the support from local government and the community during the permitting process is certainly beneficial. He added that the Tonto National Forest (TNT) is administering the permitting and that a good working relationship exists with TNT. Also, that once the Record of Decision is received from the USFS additional funding can be requested from the investors.

Vice-Chairman Martin stated that she felt that there are activities that can be done simultaneously in order to shorten the process and asked Mr. Taplin to keep the Board apprised of any new developments with regard to shortening the timeline.

Mr. Taplin added that \$1 billion has largely been used for baseline studies and archeological studies which have been completed and will be submitted to the USFS as part of the National Environmental Policy Act process.

Supervisor Marcanti commented that Resolution Copper has been a good partner to both Gila and Pinal Counties and the entire State of Arizona. He is pleased that Resolution Copper has provided approximately 6,000 jobs for local residents. He added that the County needs to do whatever possible to support this effort because it is a "win-win" situation for all parties.

Chairman Pastor inquired as to the status of the Southeast Arizona Land Exchange and Conservation Act Bill (Land Swap Bill).

Mr. Taplin replied that the Land Swap Bill is not moving quickly on the U.S. House of Representatives side. On the U.S. Senate side, Senator John McCain introduced the Land Swap Bill to the Senate in November 2013 and it was met with Native American opposition. Senator McCain has requested that the Land Swap Bill be reconsidered for a markup. Resolution Copper is actively working with a number of Republicans as well as working to "get to the table" with the San Carlos Apache Tribe to have a discussion regarding this issue.

Chairman Pastor expressed that the Board of Supervisor will offer continued support for Resolution Copper Company's local mining operations and thanked Mr. Taplin for the presentation.

B. Presentation/Discussion regarding Arizona Department of Transportation update by Kathy Boyle and meet Prescott District (Payson) Engineer Alvin Stump.

Kathy Boyle, Arizona Department of Transportation (ADOT) Public Affairs Manager, (via ITV) in Payson stated that she has been doing public outreach and providing education to local communities about the available funding sources for transportation projects. She added that this year, ADOT's public outreach will be extended to civic groups. She asked the Board members to provide her with the names of any civic groups to provide with a presentation. Ms. Boyle then introduced Alvin Stump, Prescott District Engineer, who provided an overview of ADOT's completed and upcoming projects that are in northern Gila County and within ADOT's Prescott District, as follows:

- 1) A paving project on State Route (SR) 87 from SR 188 to Rye, Arizona at a cost of approximately \$3.5 million.
- 2) A bridge rehabilitation project on SR 260, SR 267 and SR 277 which is approximately a \$3 million project.
- 3) Intersection improvements at SR 87 and SR 260 at a cost of approximately \$250,000.
- 4) ADOT will advertise the following projects in the upcoming months:
 - a. Construction of a truck escape ramp at mile post 226 in Slate Creek at a cost of approximately \$8 million.
 - b. Design of a wastewater treatment center for the Mazatzal rest area.
 - c. Clover Creek rock fall mitigation.
- 5) There is \$5 million to design the last section of the SR 260 Lion Springs project. There is also funding for shoulder widening in that same area.

Vice-Chairman Martin commented that she is glad to see the truck escape ramp being constructed. She expressed a concern regarding the low concrete barrier between north and south traffic which has light glare in both directions, and she asked if this would be addressed with this truck escape ramp. Mr. Stump replied that the curb realignment and glare screen that is in the design will help with that issue.

Vice-Chairman Martin stated that she had seen a bald eagle nesting on SR 260 in the area of Tonto Creek and Christopher Creek Bridge and when construction commences this may present an issue.

Supervisor Marcanti expressed a concern about the exit of the Mazatzal Casino. He has observed cars driving on the wrong side of the median entering the divided highway and added that it may be confusing for citizens to navigate

to the correct side of the roadway. He asked if something could be done to improve the safety conditions of this area.

The Board had a brief discussion and concurred that this is an issue that they would encourage ADOT to address.

Mr. Stump replied that he would address the concern with the ADOT “traffic team” to possibly add more signage, striping, and pavement markings at the egress of the Mazatzal Casino to the approach of the divided highway.

The Board thanked Mr. Stump and Ms. Boyle for the presentation and update.

C. Information/Discussion/Action to: 1) accept Ulibarri-Mason Global HR Consultants' Final Report; 2) adopt Policy No. BOS-HRS-415 Classification Plan), 3) adopt Policy No. BOS-HRS-410 (Compensation Plan), 4) authorize funding (approximately \$1.4M) for employee salary changes based upon the Consultants' recommendations, and 5) instruct staff to place all appropriate individual pay changes on the Human Resources agenda for Board action on June 3, 2014.

Linda Eastlick, Human Resources/Risk Management Director, provided an overview of today’s agenda item, as stated above, and she reviewed the timeline in order to implement changes that have resulted from the Classification and Compensation Study that was conducted by Ulibarri-Mason Globe HR Consultants. She explained that the two new Countywide policies will allow the employee pay grade structure to change from a “step” process to a minimum/medium/maximum pay structure, and the policies will assist in administering employee salaries by moving to annual salaries as opposed to hourly salaries. Ms. Eastlick advised that next week there will be a meeting with appointed authorities and elected officials to discuss salary changes that may occur within their departments. On June 3rd, the consultants will present the final numbers and pay plans for individual employees to the Board of Supervisors. On June 30th, the Board-approved salary changes will be implemented, and the salary changes will appear on the July 18th paychecks.

Daniel Ulibarri, UM Global HR LP, provided a presentation regarding the data collected and outcome of Gila County Classification and Compensation Study 2013-2014, and highlights of the presentation are as follows:

Objectives of the Study

- 1) To establish a Gila County pay plan that ensures accurate job classifications on the basis of complexities and KSAs (knowledge, skill, and ability.)
- 2) To recognize the differences and similarities in job positions irrespective of the department, office or branch of government within Gila County.

- 3) To provide salaries commensurate with assigned duties and outlined promotional opportunities.
- 4) To develop pay plans to recognize competitive markets, compensation growth, and justifiable pay differentials between classes.

Project Approach (Foundation of the Study)

- 1) Communication strategy
- 2) Predominant duty
- 3) Level of work complexity
- 4) Point factor method – used technology to evaluate jobs
- 5) Defined labor market – 48 cities and towns matched to Gila County
- 6) Salary structure – analysis of existing salary structure
- 7) Based on point factor scores – pay grade assignments
- 8) Review, edit, create – new job descriptions were developed based on the Position Description Questionnaires (PDQs).

Definition of Terms

- 1) Benefit Load Factor: is the total sum of both cash and non-cash remuneration given to employees expressed as a percentage of an employee's base salary
- 2) Complexity of Jobs: is the measure of how long an incumbent is left alone to make his or her own decision about the job before a supervisor intervenes. Indicators of a job's complexity include, work environment, knowledge, skills, abilities, experience, and education required.
- 3) Job Classification: is the manner in which jobs are stratified into hierarchy based their complexity and subsequent worth.
- 4) Defined Labor Market: the group of cities, towns, and counties approved by Gila County as comparable organizations based on defined criteria, in terms of compensation and benefits.
- 5) Pay Grad Assignment: is the placement of jobs into grades based on their point factor scores, job complexity and comparative external worth.
- 6) Point Factor Method: is the scientific and objective way to measure the complexity of jobs and the subsequent value of the jobs. UM Global GR utilized 14 elements (known as factors) commonly found on jobs. These elements are then measured using algorithms that assign job classification and pay grades.

Mr. Ulibarri stated that a salary schedule has been developed that will have a "life" of at least ten years.

Elena Mason, UM Global HR LP, presented the key findings (results of the study) as outlined below:

PDQs and Job Descriptions

There were 639 employees invited and signed up for the online PDQ. Of this

total, there were 40 part-time employees and 32 employees left before the end of 2013. In the end, there were 567 full-time employees who completed the PDQ. At the time of this report, there are 543 active employees and 28 vacant positions.

There were 318 job titles and 318 job descriptions. After reviews of job duties by department managers and efforts to combine job titles, there are now 258 job titles and 258 job descriptions.

FLSA (Fair Labor Standards Act) Review

Of the 258 job titles, UM Global HR recommends FLSA status changes for 21 job titles. A detailed report by position and job title is submitted as part of the Final Report.

Compensation Market Study

Employees with 1 to 5 years of service were compared to the 25th percentile of the Defined Labor Market. They are, on average 5.7% below.

Employees with 6 to 10 years of service were compared to the 50th percentile of the Defined Labor Market. They are, on average 17.6% below.

Employees with 10+ years of service were compared to the 50th percentile of the Defined Labor Market. They are, on average 11.9% below.

Method Developed and Used In Calculating Individual Salary Increase

Hybrid method of “Years of Service” (YOS) rates multiplied by “Job Complexity Level” rates.

The overall average salary change at Gila County is 6%.

Benefits Study

- 1) Method used in analyzing benefit data.
- 2) Non-cash benefits are converted into cash value.
- 3) Data normalization is applied using Gila County’s job classification and average hourly rate.
- 4) Gila County’s benefits load is 40.2% over salaries. This is ranked number 9 among counties in the Defined Labor Market.
- 5) This rate is within the best industry practice of 40% to 45%.
- 6) Gila County employees are among those who pay lower deductibles, co-pay, and co-insurance.
- 7) There are unique incentive programs at Gila County exclusive to certain employee groups that are considered “hard-to-fill.”
- 8) Gila County’s annual leave (vacation) benefits are lower than the average at 120 hours for employees with 5 years of service. The average is 212 hours.

- 9) Gila County's sick leave is among the lowest in the Defined Labor Market's county governments.

Communication Strategy

- 1) UM Global HR conducted 12 town hall sessions in both Globe and Payson offices.
- 2) Conducted 8 focus group sessions with employees (without managers).
- 3) Formed Classification and Compensation Study Advisory Committee.
- 4) Conducted leadership presentations.
- 5) Next steps in the Communication Plan.
- 6) To hold sessions with individual managers to provide information on salary changes in their departments.
- 7) To conduct HR training session.

Job Description Development

- 1) Purpose of the Job
- 2) Supervisory Responsibility
- 3) Essential Duties & Responsibilities
- 4) Minimum Education Required
- 5) Minimum Years of Directly Related Experience
- 6) Professional Credentials
- 7) Knowledge, Skills, Abilities

Americans with Disabilities Act (ADA) Considerations

- 1) Physical Demands
- 2) Work Environment
- 3) Safety Risk Exposure
- 4) Protective Gear & Safety Manuals
- 5) Security Requirements
- 6) Physical Fitness Requirements

Recommended Job Classification System

Ms. Mason explained the Point Factor Method using the following variables: code, compensation factors to include the lowest, highest, and weighting percentages. She further explained the market analysis compensation portion of the Study to include class numbers, and outlined the change in the percentages as follows:

- Class 1 – Average increase 5.22%
- Class 2 – Average increase 6.36%
- Class 3 – Average increase 6.57%
- Class 4 – Average increase 6.59%
- Class 5 – Average increase 9.65%
- Class 6 – Average increase 5.94%
- Class 7 – Average increase 2.90%

Methods for Implementing

Focal Point Implementation

- 1) The planned implementation is that of a “Focal Point” schedule. This means all salary actions and changes to job classifications are carried out in the same year.
- 2) This is **not** a phased approach, where some employees see their salary changes years later and some see them now.

Ms. Mason then asked if the Board had any comments and/or questions.

Supervisor Marcanti asked if each elected official will be responsible to provide for the continuation of the adjusted salaries within their budget moving forward after two years and if that is the same for departmental supervisors.

Ms. Mason replied that the first line supervisors would know how to answer that, and with the help of Human Resources they would get further guidance regarding the process to put salary increases or promotional opportunities in place and at what point in a salary range the employees would be compensated.

Chairman Pastor thanked Mr. Ulibarri and Ms. Mason for the report and presentation.

Don McDaniel, County Manager, added that if the public or employees wish to speak, there is an agenda item entitled “Call to the Public,” which provides anyone an opportunity to address the Board. He added that Mr. Ulibarri and Ms. Mason are close in their estimate of what the cost would be to implement any salary changes to be made as a result of the new classification and compensation plan. He stated that this action allows staff to complete the work necessary to come before the Board at a later time. He added that from a financial standpoint the amount of funds being requested today will be paid out of the County’s General Fund from the first year to June 2015, and beginning with budget year 2016, elected officials and appointed department heads will have had to determine over 18 months ways to absorb the cost. The overall cost is 6% of which would be initiated by department heads and elected officials utilizing the process from Ulibarri and Mason using the same technique.

Chairman Pastor asked for a motion on this agenda item. Vice-Chairman Martin stated that she had a question to consider, which is “How is this going to be funded next year?”

Chairman Pastor called a five minutes recess at 12:10 p.m. He reconvened the meeting at 12:15 p.m.

Vice-Chairman Martin asked how the County will pay for the salary increases after the first year. She then addressed Mr. McDaniel and asked if there is a

plan in place to pay for the increases in the second year. Chairman Pastor stated that Mr. McDaniel and department heads have met with administrative staff to discuss the classification and compensation package and the funding of \$1.4 million. Additionally, each department head has been instructed to handle any salary increases over the next year and beyond by including the increased amount in their departmental budget.

Vice-Chairman Martin stated that she felt that department heads would be forced to “shave off” people. She stated that it seemed that if 80% of the departmental budget is for employee salaries and the average employee is paid \$40,000, then it will be necessary to “drop” 40 people to pay for the other 40%. She also inquired about the Courts and the Sheriff’s Office and whether or not they will be required to “drop” 25 people. She added that she didn’t see any other way to fund these increases other than by “getting rid of people.” She doesn’t want the County to decrease services to the citizens by having fewer employees to do the same amount of work that was done previously by more employees. She asked if the Sheriff’s Office, County Attorney, and judges have agreed to this change. Chairman Pastor replied that this process began in November 2013, so all elected officials and department heads have been included in every aspect of this process since that time and have been made aware of their responsibilities regarding funding the salary increases after the first year. Vice-Chairman Martin asked if the County has been “clear.” Chairman Pastor explained that his office door is always open to hear concerns and he has yet to receive any concerns from any of the aforementioned elected officials or department heads regarding opposition or concern regarding the Classification and Compensation Study.

Supervisor Marcanti added that there has been some naturally occurring attrition that has made it possible to reduce the number of employees in departments and elected offices that may have been previously over-staffed. He added that as a business man in the community, he is aware that in the year that he has been in office there has been a 30% employee turnover rate at the County. Additionally, there have been no employee raises for seven years so he stated that he would rather give raises and keep the current employees.

Chairman Pastor added that while he was employed by a local mining company he learned of the need to cross-train employees in order to prepare for attrition and loss of employees. In discussions with Jeff Hessenius, Finance Director, Chairman Pastor emphasized that the County needs to be more efficient with its employees and he stated that he didn’t think the answer to become more efficient was to lay off ten people. Vice-Chairman Martin agrees that the County has lost “a lot” of employees. She added that she has witnessed County employees doing more work and would like to see the employees paid “what they’re worth.” She stated that the quality of services being provided to the citizens will less likely be reduced if employees are well compensated. She stated that the Board could discuss this issue at a later time.

Chairman Pastor stated that the Board could schedule a meeting with department heads and managers in order to ensure that they have a complete understanding at all levels. He suggested that the Board of Supervisors move forward with this agenda item at this time so as not to jeopardize the progress that has been made with regard to this issue. Vice-Chairman Martin added that she would like the information given at any future meeting to be simply spoken and clear. Chairman Pastor commented that during the entire Classification and Compensation Study process, he received one letter of concern from a judge and that was the only concern that he was aware of at this time.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously 1) accepted Ulibarri-Mason Global HR Consultants' Final Report; 2) adopted Policy No. BOS-HRS-415 Classification Plan), 3) adopted Policy No. BOS-HRS-410 (Compensation Plan), 4) authorized funding (approximately \$1.4M) for employee salary changes based upon the Consultants' recommendations, and 5) instructed staff to place all appropriate individual pay changes on the Human Resources agenda for Board action on June 3, 2014.

Item 3 – CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address the Board of Supervisors on any issue within the jurisdiction of the Board of Supervisors. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(H), at the conclusion of an open call to the public, individual members of the Board of Supervisors may respond to criticism made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.

There were no requests to speak from the public.

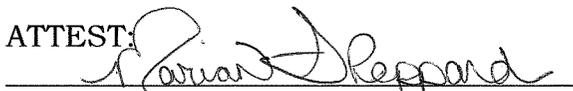
There being no further business to come before the Board of Supervisors, Chairman Pastor adjourned the meeting at 12:30 p.m.

APPROVED:



Michael A. Pastor, Chairman

ATTEST:



Marian Sheppard, Clerk of the Board