

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

Date: October 29, 2013

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; 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. Steve Sanders led the Pledge of Allegiance.

Item 2 – REGULAR AGENDA ITEMS:

A. Presentation/Discussion regarding Arizona Department of Transportation Public Affairs Stakeholder Outreach by Kathy Boyle and introduction of new District Engineer Jesse Gutierrez.

Kathy Boyle, Arizona Department of Transportation (ADOT) Public Affairs Manager, stated that ADOT is doing an extensive outreach effort throughout the state that is targeted toward the business communities; however, ADOT believes this information would also be beneficial to the Board of Supervisors. ADOT's leadership believes that there is a strong and direct link between a quality transportation system and a vibrant economy. The Arizona and Nevada Departments of Transportation are working together on the two-year Interstate (I-11) and Intermountain West Corridor Study (Corridor) that includes detailed corridor planning of a possible high priority interstate link between Phoenix and Las Vegas (the I-11 portion), and high-level visioning for potentially extending the corridor north to Canada and south to Mexico. Ms. Boyle commented that the interstate link between Phoenix and Las Vegas could be a toll bridge possibly funded from private monies. Ms. Boyle continued by stating that the traditional funding sources of ADOT include the gas tax,

vehicle licensing fees, and monies from federal programs; but added that these funding sources are highly sensitive to economic conditions and political decision making at the state and federal levels. She then introduced Jesse Gutierrez P.E., Globe District Engineer, who provided a PowerPoint presentation regarding the Globe District.

Mr. Gutierrez stated that 3 recent construction projects have been completed within ADOT's Globe District, as follows:

- US 60 mile post 224 - Boyce Thompson Arboretum - \$1.0 million – new parking facilities and entrance
- State Route 70 mile post 275-280 - \$2.846 million – Point of Pines pavement preservation
- San Carlos Bridge (final acceptance)

He then reviewed current construction projects and the Five-Year Construction Plans for fiscal years 2014, 2015, and 2016, respectively. The project breakdown for the Globe District includes:

- 2-Highway Expansion Projects Representing 52% or \$55 million
- 10-Preservation Projects Representing 32% or \$34.30 million
- 6-Modernization Projects Representing 16% or \$16.55 million

Lastly, Mr. Guiterrez reviewed the US 60-Superior to Globe Study. He advised that the Design Concept Report and Environmental Impact Statement (EIM) is a study to determine alternatives for a bypass for the Superior to Globe section of the roadway on US Highway 60. The goal is to complete the EIM Tier 1 by mid-2014. He clarified that this study is "simply a study" and that no construction would be completed. The study would identify various environmental impacts for any of the alternative bypass routes that would be considered.

Vice-Chairman Martin expressed her appreciation in receiving an update on projects within ADOT's Globe District; however, she requested that a future Board of Supervisors' work session be scheduled for the Board to be provided an update on ADOT projects within northern Gila County of which those projects are located within ADOT's Prescott District. Chairman Pastor was pleased to see that some projects are being completed in Gila County. Steve Stratton, Public Works Division Director, provided an update he received recently regarding the Lion Springs project which is located in northern Gila County. Vice-Chairman Martin thanked Mr. Stratton for the update.

B. Presentation/Discussion regarding the Gila County Transportation Study-Plan for Improvements and Financing Alternatives by Michael

Grandy, P.E. of Kimley-Horn and Associates, Inc. for the Arizona Department of Transportation.

Michael Grandy, P.E., provided a PowerPoint presentation and stated that the Gila County Transportation Study is a joint project between the Arizona Department of Transportation and Gila County.

The study objectives are to compile current and projected future conditions data to identify transportation needs for the following:

- Roadway
- Safety
- Pavement management
- Bicycle and pedestrian facilities
- Transportation finance

Kimley-Horn and Associates, Inc. has recommended and prioritized specific projects and implementation strategies over the next 5, 10, and 20 years on County owned/maintained roadways. Mr. Grandy reviewed the identified needs as outlined in the presentation for each of the 5 focus areas listed above.

Chairman Pastor asked for examples of high-volume unpaved roads, to which Mr. Grandy cited Control Road and Young Road where there are sections in those roads that are failing and will need to be repaved. He then reviewed the recommended improvement projects that will need to be completed, as follows:

- Near-Term (FY 2015–FY 2019) improvement projects-estimated cost of \$32,440,000
- Mid-Term (FY 2020–FY 2024) improvement project-estimated cost of \$44,220,000
- Long-Term (FY 2025–FY 2034) improvement project-estimated cost of \$92,035,000

A map of the recommended improvement projects in the Implementation Plan was reviewed for both capital improvement projects and roadway pavement projects. Mr. Grandy then reviewed three possible revenue sources scenarios that were assessed as follows:

- Scenario 1 - Transportation excise tax extended, Gila County keeps all revenues, Highway User Revenue Fund (HURF) gas tax continues.
- Scenario 2 - Transportation excise tax extended, Gila County shares one-half of revenues, HURF continues.
- Scenario 3 - Transportation excise tax is not extended; Gila County depends on HURF revenues alone.

Other revenue opportunities may include federal funds, bonds, or through the creation of improvement districts. Revenue Projections are as follows for each of the scenarios above: Scenario 1 - \$138,980,000; Scenario 2 - \$106,355,000; and Scenario 3 - \$73,730,000. Vice-Chairman Martin stated that it was a good presentation and that it highlights the next agenda item to be discussed. Supervisor Marcanti added that the revenue projections appeared bleak, and stated that something would need to be done to generate revenue for the County's upcoming transportation related needs.

Mr. Stratton commented that the presentation slide portion regarding the HURF revenue didn't appear to have salaries taken out; therefore, the projected revenue numbers would be even bleaker. Mr. Grandy stated that he would research and make sure the report contains the information regarding Mr. Stratton's concern. Chairman Pastor thanked Mr. Grandy for the presentation.

C. Information/Discussion regarding establishing a citizens' committee, hiring a consultant and attorney, and holding an election in November 2014 for the extension of the 1/2 Cent Transportation Excise Tax for an additional 20 years.

Don McDaniel, County Manager, stated that on August 8, 1994, the Board of Supervisors adopted Resolution 94-8-3 to refer legislation to establish a regional area road improvement fund and a ½ cent transportation excise (sales) tax to the voters of Gila County in the November 1994 General Election. Mr. McDaniel stated that per statutory requirement, the tax can't exceed 10% of the revenue the County collects in sales tax. He then referred to the hand-out provided at the meeting entitled, "Transportation Excise Tax Summary Report." At the time the excise tax was being considered in 1994, meetings were held with the cities and towns in Gila County and there was no interest from them to pursue the collection of the excise tax; therefore, when the tax passed, all the revenue generated by the tax was distributed only to the County. The County is now seeking the support of cities and towns within Gila County; therefore, it is likely that if this measure is passed by the voters, the revenue will be divided accordingly. The ramification of this action is a reduction in revenue of 50%; the income currently from the excise tax is \$250,000 per month/\$3,000,000 per year. Pinal County has a split of 56/44 as an entity; consequently, an alternative for the Board to consider is a formula that would not just be population driven, but perhaps be driven by the amount miles of roadway traveled. The County has a lower population, but higher miles driven by that population.

Mr. McDaniel cited various County projects that have been completed over the past 20 years with the funding from the ½ cent transportation excise tax. He suggested that the Board consider procuring both a legal consultant and a financial consultant to help make well-researched decisions regarding this issue. Another option to consider would be to form a citizens' committee

comprised of 15 to 20 citizens of Gila County to be involved in research and who can come forward with information and ideas to present to the Board.

In summary, the Board may want to consider; 1) extending and increasing the transportation excise tax to $\frac{3}{4}\%$ in order to offset sharing a percentage with municipalities, and to maintain the identified roadway transportation needs of Gila County; and 2) involve the cities and towns directly in supporting said transportation excise sales tax. Chairman Pastor stated that he is interested in utilizing consultants to explore these options and opportunities as stated above. Mr. Stratton explained that currently as grant money becomes available, the County has the funds available to meet the grant's requirement to provide a cash match; however, without this funding, that may not be possible. He added that upon examination of the HURF and vehicle license tax (VLT) revenue, once the employee wages and benefits are deducted and that number is divided by the number of miles the County has to maintain, the remaining number is very dismal. Vice-Chairman Martin added that approximately $\frac{1}{3}$ rd of the taxes are generated by out-of-County residents. She stated the importance of, as Mr. McDaniel stated, taking into consideration not only the population using the roads, but the *way* the roads are being used, and added that a good portion of the sales tax is generated by out-of-town travelers. Additionally, as to Mr. Stratton's point, she added that the Board needs to take a good look at whether or not the salaries for the road maintenance come out of the sales tax revenue. She was in favor of extending the tax as well as increasing the tax to $\frac{3}{4}\%$.

Supervisor Marcanti was in favor of the increase on the taxpayers' behalf, and stated that there are extensive audits conducted by the state and all of the road projects are covered and accounted for as far as the auditors are concerned. He expressed concern regarding the percentage of HURF that goes to the Department of Public Safety, (DPS) and that the County needs to take care of itself. Chairman Pastor concurred with the other Board members' comments thus far. He stated that the citizens of the County need to be educated so they understand this issue. He is also in favor of increasing the excise tax to $\frac{3}{4}\%$ and he doesn't have any concerns as long as the Board remains consistent and in agreement to be positively proactive and not reactive. Vice-Chairman Martin added that she thinks it's very important to show the citizens of the County how the tax revenue has been used to benefit the citizens directly and personally; and feels a sense of urgency to move forward with this endeavor. Supervisor Marcanti agreed with Vice-Chairman Martin. Chairman Pastor advised that although there is no Board action today, Mr. McDaniel now knows the direction the Board is in favor of taking.

Mr. McDaniel stated that he understands and shares the Board's sense of urgency and reassured the Board that the timeline presented is viable. The course of action will be to carry out the "critical plan" as stated in the Transportation Excise Tax Summary Report and to keep the Board apprised of

the progress each step of the way. Vice-Chairman Martin stated that she would like to see the towns and cities have input with regard to choosing the members of citizens' committee. Chairman Pastor agreed with Vice-Chairman Martin and he asked that Mr. McDaniel keep the Board "in the loop" with regard to moving forward with this issue.

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 public; however, Chairman Pastor stated that he and Supervisor Marcanti attended a fire chief's meeting yesterday and there were concerns brought up with regard to the delay in the property tax bills being mailed out late. There were also concerns from special taxing districts with regard to how to manage with the tax bill revenue being received later than anticipated. Chairman Pastor directed Mr. McDaniel to request the Gila County Treasurer to provide the Board with an update on this issue at a future Board of Supervisors' meeting in November. Vice-Chairman Martin added that she has also been hearing concerns from the fire districts as well as the school districts that are operating on a "shoestring" budget and are concerned about re-payment of the monies borrowed at a higher rate. Mr. McDaniel replied that he would invite the Gila County Treasurer to the next Board of Supervisors' meeting on November 5, 2013, to update the Board on this issue. Supervisor Marcanti inquired of the Board if the County Assessor should be involved at this point, to which the Chairman responded, "I think we'll start with the Treasurer and see where we go. We'll have some discussions about that and see where we need to go."

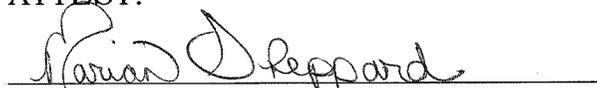
There being no further business to come before the Board of Supervisors, Chairman Pastor adjourned the meeting at 11:44 a.m.

APPROVED:



Michael A. Pastor, Chairman

ATTEST:



Marian Sheppard, Clerk of the Board