

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

Date: March 17, 2009

SHIRLEY L. DAWSON
Chairman

STEVEN L. BESICH
Clerk of the Board

TOMMIE C. MARTIN
Vice-Chairman

By: Marilyn Brewer
Deputy Clerk

MICHAEL A. PASTOR
Member

Gila County Courthouse
Globe, Arizona

PRESENT: Shirley L. Dawson, Chairman; Tommie C. Martin, Vice-Chairman (via ITV conferencing); Michael A. Pastor, Member; Steve Besich, County Manager/Clerk; Marian Sheppard, Chief Deputy Clerk; and Bryan Chambers, Chief Deputy County Attorney.

Item 1 – Call to Order – Pledge of Allegiance – Invocation

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date. Supervisor Pastor led the Pledge of Allegiance and Captain Gary Smith of the Salvation Army delivered the Invocation.

Item 2 - Public Hearing - Information/Discussion/Action to adopt Resolution No. 09-03-04 approving Planning and Zoning Department Case No. CPA-08-03, which is an amendment to the Gila County Comprehensive Master Plan. It shall amend Gila County Assessor's tax parcels 303-15-005A and 303-15-005B; Land Use Classification is currently Residential 0.4 to 1.0 du/ac (dwelling units per acre) and will be amended to Residential 1 to 2 du/ac, which allows two (2) dwelling units per acre. Applicant: Nathan Palmer, representative for Chamberlin Ranch LLC, property owners.

Bob Gould, Community Development Division Director, stated that the Planning and Zoning Department Case numbers CPA-08-03 and Z-08-02 (the following agenda item) are a request by Nathan Palmer for a plan amendment and a rezoning change from GU (General Unclassified) to R1L-D20 (1 dwelling per 20,000 square feet). On November 28, 2006, the Board approved rezoning the initial three 10-acre parcels from GU to R1L-D20, which will now be referred to as Phase 1. Mr. Palmer wants to reconfigure the subdivision and add an additional 7 parcels adjoining it. The subject site is 7 acres of undeveloped raw land located approximately 6 miles east of the Christopher Creek Community on Colcord Road and is intended to be Phase 2. To the east

of the subject site is the proposed Chamberlain Ranch Subdivision, which is also R1L-D20 zoning. The property is adjacent to the Tonto National Forest on the south and west property boundaries. Mr. Gould supports the Board's approval of this agenda item to expand the subdivision by 6-7 lots and once that is completed the Preliminary Plat process will follow. The Comprehensive Master Plan shall be amended to recognize tax parcels 303-15-005A and 303-15-005B as being within the classification of Residential—1-2 du/ac. The Planning and Zoning Commission recommended approval to the Board of Supervisors. Chairman Dawson opened the Public Hearing and called for comments from the public; none were received. Supervisor Pastor had several inquiries for his own information, which were answered by Mr. Gould. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously adopted Resolution No. 09-03-04 approving Planning and Zoning Department Case No. CPA-08-03, which is an amendment to the Gila County Comprehensive Master Plan. **(A copy of the Resolution and Staff Report are permanently on file in the Board of Supervisors' Office.)**

Item 3 - Public Hearing - Information/Discussion/Action to adopt Resolution No. 09-03-05, approving Planning and Zoning Department Case No. Z-08-02, rezoning of Gila County Assessor's tax parcel 303-15-005B from GU to R1L-D20 with a PAD overlay to add a Phase 2 development to the proposed Chamberlain Ranch Subdivision. Applicant: Nathan Palmer, representative for Chamberlin Ranch LLC, property owners.

Mr. Gould stated that this is the same report as the one given for agenda item number 2 (above) except that upon approval, tax parcel 303-15-005B shall be rezoned from GU to R1L-D20 with a PAD overlay zoning to allow flexibility in the size and shape of the lots to accommodate the varied topography. There is one condition, which requires that the subdivision plat shall be submitted within 24 months of the approval date of the zoning change resolution. If no subdivision plat has been submitted within the 24-month time frame, then the R1L-D20 with PAD zoning may be reverted to GU at the discretion of the Board of Supervisors. Chairman Dawson opened the public hearing and called for comments from the public; none were received. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 09-03-05 approving Planning and Zoning Department Case No. Z-08-02. **(A copy of the Resolution and Staff Report are permanently on file in the Board of Supervisors' Office.)**

Item 4 - Public Hearing - Information/Discussion/Action to adopt Resolution No. 09-03-06 approving Planning and Zoning Department Case No. CPA-08-02, which is an amendment to the Gila County Comprehensive Master Plan. Land Use Classification is Residential 0.1 to 0.4 du/ac and will be amended to Residential 0.4 to 1.0 du/ac that allows one (1) dwelling unit per acre. Owner/Applicant: Jolene K. Winkle.

Mr. Gould stated that this property is located in the middle of the River Ranch Subdivision. The applicant is requesting to amend the Comprehensive Master Plan to recognize tax parcel 301-46-001B as being within the classification of “Residential – 0.4 to 1.0 du/ac.” When the Canyon River Ranch was rezoned, Ms. Winkle chose not to change the zoning on her property at that time. Mr. Gould stated that he sees no problem with this request. There is one issue; this property is not part of fire protection in the area that Canyon River Ranch is providing. The County is requesting that before permits are issued that the fire protection issue must be resolved and the owners must pay the necessary fees to have this fire protection coverage either through Canyon River Ranch or the Town of Payson. Vice-Chairman Martin stated that the owners also must have medical response coverage in their contract as well. Chairman Dawson opened the public hearing and called for comments from the public; none were received. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously adopted Resolution No. 09-03-06 approving Planning and Zoning Department Case No. CPA-08-02, which is an amendment to the Gila County Comprehensive Master Plan. **(A copy of the Resolution and Staff Report are permanently on file in the Board of Supervisors’ Office.)**

Item 5 - Public Hearing - Information/Discussion/Action to adopt Resolution No. 09-03-07 approving Planning and Zoning Department Case No. Z-08-01, rezoning of Gila County Assessor’s tax parcel 301-46-001B from R1-D175 to R1-D40 to allow the division of this 4 acre property. Owner/Applicant: Jolene K. Winkle.

Mr. Gould stated that this is the same report as the one given for agenda item number 4 above except that upon approval tax parcel 301-46-001B shall be rezoned from R1-D175 (1 dwelling unit per five acres of property) to R1-D40 (1 dwelling unit per acre of property) for this 4-acre property. The R1-D40 classification would be the same as the surrounding 126 acres. Chairman Dawson opened the public hearing and called for comments from the public; none were received. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 09-03-07 approving Planning and Zoning Department Case No. Z-08-01. **(A copy of the Resolution and Staff Report are permanently on file in the Board of Supervisors’ Office.)**

Item 6 - Public Hearing – Information/Discussion/Action to adopt Resolution No. 09-03-08 approving Planning and Zoning Department Case No. BCO-09-01, an amendment to the Gila County Building Code Ordinance to adopt Chapter 11 Energy Efficiency of the IRC (International Residential Code) excluding Section N1102.1.7 Crawl Space Walls.

Mr. Gould called on Joe Mendoza, Community Development Deputy Director, to give a staff report about incorporating Chapter 11 Energy Efficiency of the

IRC into Gila County's Building Code Ordinance. Mr. Mendoza stated that when the Board originally adopted the Building Code Ordinance, specifically the International Residential Code, the Board excluded Chapter 11 because of concerns that it would negatively affect home building and ownership by driving up the cost of building. With the current interest and the demand for energy efficiency in building, that is no longer a concern. The Building Advisory Board and the Planning & Zoning Commission have recommended approval of adding Chapter 11 of the IRC into the Building Code Ordinance. Chapter 11 of the IRC addresses energy efficiency and today the Energy Star homes far exceed what the building code requires. Contained in this code are the minimum insulation requirements, which include filling gaps in frame work with foam or some other insulating material so heat doesn't escape or cold air get in as well as wrapping the thermal barrier correctly before installation of the windows so air doesn't get in or out of the home. The Code of 2003, currently being used by the County, is not very regulatory in that area and simply introduces the minimum insulation requirements, and most contractors are already complying. Mr. Mendoza requested that Chapter 11 of the IRC be added to Gila County's Building Code Ordinance with the exception of Section (N1102.1.7), the requirement for insulation of crawl space walls, which will be excluded because of a conflict with another requirement for insulating floors. Upon inquiry from Chairman Dawson, Mr. Mendoza stated that Chapter 11 of the IRC pertains to both new construction and new remodeling construction. Vice-Chairman Martin inquired if there is enough savings in energy efficiency to pay for the additional construction requirement costs. Mr. Mendoza stated that normally if the purchaser of a home can get the initial energy efficiency costs for solar energy financed into the mortgage of the new home, it will pay for itself and be easier to absorb that cost. If you try to add solar, which is not part of this amendment, to an existing home it is very expensive. The purpose for having Chapter 11 of the IRC incorporated into this Ordinance is to ensure that these energy efficient products are installed correctly. Chairman Dawson opened the public hearing and called for comments from the public; none were received. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 09-03-08 approving Planning and Zoning Department Case No. BCO-09-01, an amendment to the Gila County Building Code Ordinance, which adds Chapter 11 Energy Efficiency of the IRC (International Residential Code), but excludes Section N1102.1.7 Crawl Space Walls. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

Chairman Dawson introduced Mary Kim Titla, who was in attendance at the meeting, and stated that Ms. Titla will be working for the County as a liaison with the Native American Tribes.

Item 7 - Information/Discussion/Action regarding recommended policies and schedule for the FY 2009-2010 Gila County Budget and an update on the County's current financial status.

John Nelson, Deputy County Manager, at the request of Steve Besich, County Manager, gave a PowerPoint presentation on the current and FY 2009-2010 budgets and passed out a packet of information to the Board for review. He began with an update on the economy, which is currently in a recession. He reviewed a fax received from the Arizona Department of Revenue entitled "December 2008 Tax Facts" showing Arizona General Fund Revenues from the Big Three Tax Types—Individual Income Tax, Corporate Income Tax and Transaction Privilege, Severance & Use Tax, which was down 11.7%. As of January 2009, these State revenues are now down 15.8%. Reviewed next was a chart on Gila County State Shared Sales Tax—12 Month Moving Average for FY 2008-2009 for a trend, which the Joint Legislative Budget Committee (JLBC) projected would begin with a balance of \$445,180/month in collections and end at \$458,334/month; however, in actuality it began at \$445,180/month and is now down to \$426,871/month. He has forecast in the County's projections that the trend will continue and end at \$408,000/month, down 8.2%, which will significantly impact the County's revenues. In reviewing a chart for Gila County's Total Sales Tax—12 Month Moving Average for FY 2008-2009, which includes local sales tax, the year began at \$719,141/month and was projected to increase to \$733,938/month; however, the forecast has been decreased to \$670,000/month, down 6.8%. Projections for next year will start at \$670,000/month with a decrease of 2.5% that will slow down, but continue to decline. Mr. Nelson reviewed a chart prepared on Gila County's General Funds Change in Fund Balance for FY 2009 without any additional PILT (Payment in Lieu of Taxes) funds in which the end result will be a deficit of \$900,000 so he will be making a recommendation to increase the reserves. A chart on the Gila County General Fund adopted for FY 2008-2009 showed a beginning deficit of \$700,000 in which the County planned to spend more than was taken in and would make up the difference from the fund balance. However, a projection at the end of December 2008, shows that the \$700,000 deficit is now a \$900,000 deficit due to a fall in shared revenues, which include property taxes, sales tax, auto lieu tax, state lottery taxes, etc. Mr. Nelson stated that two concerns are the decline in shared revenues as mentioned, but the property tax collection rate is also falling. Gila County used to collect 98%-99% of its property taxes, but that is being projected down to 95%, which indicates that because of the decline in the economy, taxpayers do not have the money to pay their property taxes. He stated that departmental revenues, fees, charges and fines are also down. Fees that are dependent upon the economy such as Planning and Zoning Department fees for building inspections and permitting and recording fees are typically down; however, fees for the court system filings typically in a down economy will increase to balance out any loss. Mr. Nelson advised that the County has received 2 unexpected PILT (Payment In Lieu of Taxes) payments, one for last year and one for the current year in the total amount of \$2.3 million that was not projected in the budget. So the overall net loss of \$900,000 plus the PILT payments will result in a projected gain of \$1.4 million for FY 2008-2009. Mr. Nelson reviewed the

Recommendation for the Fund Balances for June 30, 2009, which included the Rainy Day Fund remaining at \$4 million; the General Fund increasing from \$2 million to \$2.4 million; and because of the need for a larger cash flow during the year while waiting for property taxes to come into the County, if the County does reach the projected gain of \$1.4 million, he recommended that \$1 million be transferred to the Cash Flow Reserve increasing it from \$4 million to \$5 million. This increase would cover the typical \$4.5 million needed for the past 3 years and by increasing the Cash Flow Reserve to \$5 million this year it would cover the County's expenses until tax payments are received. Supervisor Pastor inquired about the \$4 million to be paid for the Payson Blue Ridge Water project approved by the previous Board and if the Rainy Day Fund would be used for the payment of same, when the payment would commence and if it would be paid over a period of time. Mr. Nelson explained that if the Payson Blue Ridge Water project causes the yearly expenditures to exceed the yearly revenues, the difference would come from the Rainy Day Fund. Mr. Besich stated that in regard to the Payson Blue Ridge Water project, the County would probably borrow the money for 25 years and then pay it back incrementally and as communities sign on to use the water the users would be billed to offset the costs expended by the County. Mr. Nelson then moved on to the Projected Budget Expenditures for FY 2009-2010. Using last year's budget of \$38,896,752, some adjustments will be made, which include an addition of \$500,000 for the Sheriff's Office due to significant medical increases and other costs; an increase in the Board's budget from a half budget to a full budget at a cost of \$150,000; the removal of a capital freeze for one year at a cost of \$500,000, which, if not removed, only delays expenditures, but does not save any money; salary increases in the amount of \$325,000, which includes elected officials as mandated by law every 4 years in the amount of \$75,000 and increases for new employees who receive a 2.5% increase upon completion of a 6-month probation period in the amount of \$250,000; medical insurance increases of 3.5% or \$90,000; increase for transfers to Facilities Management, Health Department, and Rabies Control Department of \$200,000; and an increase in State Bail-out of \$135,000. One item that is still being dealt with is a possible increase for ALTCS (Arizona Long Term Care System), but Mr. Nelson has reflected no increase at this time because the State will be receiving federal stimulus money for ALTCS. However, JLBC is unsure how those funds will bolster the ALTCS system and whether or not there will be any costs shifted to the counties. Also, no general elections are scheduled for the upcoming year, which would result in a savings to the County of \$250,000; however, the state is talking about a possible election regarding sales tax and another one regarding voter mandates. These total projected increases of \$1,650,000 will increase the estimated budget for FY 2009-2010 to \$40,546,752. Supervisor Pastor requested that Mr. Nelson keep the Board updated on all discussions on the budget in case the Board wishes to provide some input. Upon inquiry from Chairman Dawson, Mr. Nelson advised that no employee salary increases have been included for FY 2009-2010. Mr. Nelson briefed the Board on a detailed report showing the General Fund Estimated

Revenues for FY 2010. With the estimated increase in expenditures, the County will have a projected \$2.3 million structural deficit. Chairman Dawson called on Dan Adams, a resident of Payson, who spoke on the new tax notice he received showing that the value of his property in northern Gila County was reduced by 23% and inquired how the County will make up for those reductions. Mr. Nelson advised that he would answer Mr. Adam's question further into the presentation. It was noted that property in southern Gila County was not reduced in value and approximately half of the properties in Payson were reduced in value, while the other half increased. Mr. Nelson continued his presentation stating that with a projected deficit of \$2.3 million and carrying over the beginning balance of \$2.4 million, the County would basically have no contingency funds so any increases in expenditures would have to come from the Rainy Day Fund. Mr. Nelson stated that there are 4 steps in the budgeting process, namely: forecast, refine, adopt and manage. These projected figures could change at each one of those steps and this is just the first projected forecast. The next item presented was in regard to Gila County Property Taxes for FY 2009-2010. The TNT (Truth in Taxation) rate will reflect no increased taxes on existing properties. For the average taxpayer, the tax rate will decrease as much as the assessed value will increase, so overall there will be no increase in taxes. There is also a constitutional law that was passed by a vote of the taxpayers in 2006, which establishes a maximum levy that can only be increased by 2% per year regardless of inflation. The TNT level with no increase on existing property will reflect a property tax levy of \$21,891,890 and the maximum levy will be \$22,345,608, about a \$400,000 difference between the two. The tax rate for 2009 is \$3.92 per \$100 of assessed valuation. If there is no increase in the taxes on existing property, the tax rate will drop to \$3.86, down 6 cents, or it could be increased to the maximum levy amount of \$3.94, an increase of 2 cents. Budget projections have been based on the TNT rate rather than the higher maximum rate because of the current recession and it is felt that now is not the time to put an additional burden on the taxpayers by increasing their property taxes. Mr. Nelson reviewed the Projected Fund Balance, which by June 30, 2010, will show a projected balance of \$3.1 million, \$2 million in the General Fund and \$5 million for the Cash Flow Reserve. The County's Change in Fund Balance (without the PILT funds) is what Mr. Nelson believes is the issue the County really has to deal with in reviewing structural problems and how the economy affects the County. This chart projected the changes in the Fund Balance from FY 2004 through FY 2010, which began with the Fund Balances going up and are now on a downswing. Last year the County spent \$169,206 more than was received; this year it will be down \$903,602; and projected for 2010 it will be a \$1,312,315 loss, which is a cause for concern. This creates a structural imbalance and the only way to cure this imbalance is to have significant spending reductions or the economy turning around. JLBC states that any revenue forecast will have significant constraints in predicting the next 18 months for the following reasons: the current economic instability makes forecasting especially challenging; the impact of Federal stimulus is difficult to

gauge; and current forecasts can indicate the direction of the economy, but not its precise landing point. When the economy does bounce back, Arizona is always lagging behind so the County will need to prepare for same. In reviewing the County's Change in General Fund Balances, although there will be no new programs, the County must deal with the one significant problem of the jail facility for women at a cost of \$438,000, which would increase the County's deficit from \$1.3 million to \$1.7 million. This would take the County in FY2013 to a zero Rainy Day Fund, \$2 million in the General Fund Contingency and a \$5 million Cash Flow Reserve. Mr. Besich had requested that Mr. Nelson list a Recommended Budget Policy for FY 2009-10 for the Board to consider, which was completed and included the following: Tax Levy/TNT Rate (no tax increase on existing property); no new programs (increase capacity of the women's detention facility); no salary increases; the County will absorb the increase in medical insurance; eliminate the freeze on capital expenditures; and extend the hiring freeze to 90 days. The last item Mr. Nelson reviewed was the Budget Schedule, which included the following: Kick-off to begin March 23, 2009; department requests due by May 15, 2009; adoption of a tentative budget on June 23, 2009, which could extend to the third Monday in July depending on the State finalizing its budget; and adoption of the final budget on July 14, 2009. Discussion ensued on the possibility of the County receiving some federal stimulus monies; however, the amount, if any, is unknown at this time. Mr. Nelson advised that a statutory provision states that once the tentative budget is adopted, it cannot be exceeded, so he recommended including a line item in the budget now in the event the County does receive federal stimulus funds. He also recommended that at the public hearing for the adoption of the budget, the taxpayers and constituents could discuss whether the County should accept, reject or spend those funds because some states are not accepting any federal stimulus money. Also discussed by the Board and management was a possible increase for ALTCS (Arizona Long Term Care System) because the State could possibly shift some of those costs back to the counties as well as the possibility of the State moving some prisoners back to county jails. Mr. Nelson stated that if those costs are shifted to the counties, the Board should make it clear to the taxpayers that the County has been financially responsible and if there is an increase it is due to the State's financial irresponsibility. Chairman Dawson noted that at this time there won't be any employee layoffs or a cut in hours; however, she encouraged each department to help conserve funds in order to get through this financial crisis. Also mentioned was the possibility of extending the hiring freeze from 90 days to 120 days, passing some of the increased medical insurance costs to employees, or not increasing those costs for employees who participate in the County's Wellness Program. Dan Adams noted to the Board that the recent increase in copper prices could be a sign of a turnaround in the economy. Supervisor Pastor requested of Mr. Nelson that the Board continue to receive financial updates as the budget meetings progress with the departments and he also has some budget suggestions that he would discuss with Mr. Besich. Chairman Dawson stated that she would

like the budget process to be as open as possible and encouraged each Board member to provide input and after the preliminary budget is completed, she requested that an updated report by Mr. Nelson be provided to the entire Board at the end of April. No action was taken by the Board.

Item 8 – Information/Discussion/Action to approve a property tax refund on Assessor’s tax parcel 303-21-002E as requested by Kunzang Odsal Palyul Changchub Choling Church located in Payson, Arizona.

Hazel Dillon, Deputy County Assessor, stated that a letter was received from the above named church requesting that the Board forgive (refund) the taxes for the time period that they actually owned the property. The property was purchased on August 21, 2008, and the request before the Board is to have 132 days of taxes forgiven. The taxes have not been paid, so it would be a partial exemption for 2008 in the amount of \$3,579.84. Supervisor Pastor stated that in the letter it states the church owners understand their responsibility for paying the balance of the taxes owed for the second half and all of the first half; however, that does not mean they will actually pay those taxes, but rather are just acknowledging that they are owed. Ms. Dillon stated that she believes the church owners will pay the taxes and that the letter was worded incorrectly because the church owners are responsible for the last half of the year 2008; the first half of 2008 would have been paid by the previous taxpayer. Supervisor Pastor inquired if those taxes were paid. Ms. Dillon replied that the tax notices don’t come out until the end of the year so they have not been paid. Supervisor Pastor inquired as to Ms. Dillon’s recommendation. Ms. Dillon stated that her recommendation would be to grant the refund. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously approved a property tax refund on Assessor’s tax parcel number 303-21-002E as requested by Kunzang Odsal Palyul Changchub Choling Church located in Payson, Arizona.

Item 9 - Information/Discussion/Action to adopt Resolution No. 09-03-03 to dispose of an unnecessary public roadway being a portion of Wheeler Place, East Verde Park Plat Two, Official Map No. 148, Gila County Records, Gila County, Arizona, to Lorri S. Pfundheller as Trustee of the Lorri S. Pfundheller Revocable Living Trust and to authorize the Chairman’s signature on the Quit Claim Deed for said disposal.

Steve Stratton, Public Works Division Director, stated that this was brought to the Board a year ago and Lori Pfundheller, who was requesting the vacation of the right-of-way, could not locate her map, the record of survey. The County intervened with a surveyor and did provide a copy of same. Mr. Stratton advised that the roadway known as Wheeler Place and located in East Verde Estates is platted; however, it was never built and he doesn’t foresee it being built because of the location. He recommended that it be vacated by the County and authorization approved for the issuance of a Quit Claim Deed.

Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 09-03-03 to dispose of an unnecessary public roadway being a portion of Wheeler Place, East Verde Park Plat Two, Official Map No. 148, Gila County Records, Gila County, Arizona, to Lorri S. Pfundheller as Trustee of the Lorrie S. Pfundheller Revocable Living Trust and authorized the Chairman's signature on the Quit Claim Deed. **(A copy of the Resolution is permanently on file in the Board of Supervisor's Office.)**

Item 10 - Information/Discussion/Action to approve a Professional Lease with Option to Buy Agreement between First American Title Insurance Company and Gila County whereby Gila County will lease the premise at 610 E. Highway 260, Payson, Arizona, for the "basic rent" amount of \$0.90 per rentable square foot for a period of 5 years beginning April 1, 2009, with the option to purchase at any time during the term.

Mr. Stratton stated when he initially presented this issue to the Board at a meeting in Star Valley, at that time, the conversation was about a 90% rate of the rent applying toward the purchase; however, he was working through a real estate agent and had not spoken directly to First American Title Insurance Company's (FATIC) counsel. Mr. Stratton stated that it has taken him quite some time to negotiate this current lease; hence the delay in the timeline. When he first received notice from FATIC's outside counsel, they only wanted to allow 10% rate of the rent. He advised them that would be a deal breaker and the County would walk away. Through continued negotiations, the rate has been increased to 40% of the rent applying toward the purchase. They obviously want to sell the building and that's the reason for the sliding scale, which makes it more attractive to the County to purchase the building earlier rather than later. He has consulted with Steve Besich, County Manager/Clerk; John Nelson, Deputy County Manager; and Bryan Chambers, Chief Deputy County Attorney. Mr. Chambers made some changes in the lease that made a big difference in the wording and the applied percentages. Mr. Stratton stated that he believes this is the best deal he can negotiate. Supervisor Pastor stated he was pleased with the Agreement and felt it was the "best bang for the buck" and the County's reason for wanting to purchase the building is important because Judge Cahill is concerned for the safety of his employees crammed into the bottom of the current building. Vice-Chairman Martin stated that while it is not 90% and the County won't be getting back the money as initially stated, the best resolution is to lease it for the first year or two and then make a decision. Chairman Dawson stated that she does not like paying rent, but understood the reasoning. Mr. Stratton pointed out that in the original budget an amount of \$70,000 was budgeted for remodeling, but at this time it appears that the remodeling will be significantly under that amount. He was also able to have another negotiation on the appraisal and it turned out that there is 6,634 square feet, which is exterior square footage and they came to a resolution of meeting midway at 6,567 square feet or \$5,910.30. He made

some tentative deals on furniture at a very good price, which is another significant savings. He also pointed out that in this lease the County is not paying any costs for the 38-space parking lot as typically in a lease there is a cost for parking. On behalf of the Board, Chairman Dawson thanked Mr. Stratton and his staff for their hard work and careful negotiating on this project. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously approved the Professional Lease with Option to Buy Agreement with First American Title Insurance Company, whereby Gila County will lease the premise at 610 E. Highway 260, Payson, Arizona, for the "basic rent" amount of \$.90 per rentable square foot for a period of 5 years beginning April 1, 2009, with the option to purchase at any time during the term. Mr. Stratton requested that the Board amend its motion to change the beginning date of the contract from April 1, 2009, to March 20, 2009, in order to begin the renovations sooner. Supervisor Pastor inquired of Mr. Chambers if the date could be changed. Mr. Chambers advised the Board that it is a variation of a few days as posted on the agenda; however, it is reasonably related to the agenda item and he believed the Board could make the date change. Supervisor Pastor amended his motion by adding that the beginning date of the Agreement would be changed from April 1, 2009, to March 20, 2009. The amended motion was seconded by Vice-Chairman Martin and unanimously passed by the Board.

Item 11 - Information/Discussion/Action to refrain in 2009 from conducting a reclassification/market study annually performed by Public Sector Personnel Consultants.

Steve Besich stated that the County Merit System book contains a section whereby the County will conduct an annual reclassification/market study. At the end of 2008, part of that process was completed. At the time when salaries were frozen, the Public Sector Personnel Consultants' (PSPC) recommendation for increases was approximately \$443,500 in additional salary costs, which were held in abeyance. It has been his recommendation that when salary increases resume, those employees held in abeyance will be given first consideration. The cost for a reclassification market study is \$12,000 and \$150 for each job review that is submitted to PSPC. Mr. Besich stated that this is on the agenda because only the Board has the authority to suspend this process. Chairman Dawson and Vice-Chairman Martin commented on the fact that the County cannot at this time make any market adjustments, which are significantly changing during the economic situation. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously approved refraining from conducting a reclassification/market study for 2009, which is annually performed by the Public Sector Personnel Consultants.

Item 12 - Information/Discussion/Action to adopt Resolution No. 09-03-01 creating a Census 2010 Complete Count Committee for Gila County.

Jacque Griffin, Assistant County Manager/Librarian, stated that the Census for 2010 is mandated and the Census 2010 Complete Count Committee essentially is the local effort at promotion and data collection to get the word out encouraging people to fill out and mail in their Census form. She noted that the Census drives a lot of funding issues nationwide; therefore, it behooves the County to encourage every single person to be counted. Upon adoption of this resolution, recommendations will be made at a later Board meeting for appointments to this Committee. She requested that if the Board has any recommendations for appointments to this Committee that those names, particularly individuals from the unincorporated areas of the County, be provided by 5:00 p.m. tomorrow. Ms. Griffin's recommendations included Carmen Casillas, City of Globe Council Member; Cathy Melvin of Central Arizona Association of Governments; Bob Gould, County Development Division Director, who has had previous experience with the Census; and JenDean Sartain of the Gila County Health and Community Service Division. Further plans include sending out 35 letters requesting that all cities, towns, tribal councils, school boards, etc. and media provide recommendations for placement of individuals on this Committee. The first Committee meeting is set for April 23, 2009, at the Board Hearing Room at which time the members will begin the process of deciding what steps will be taken to promote compliance with the Census. Supervisor Pastor inquired if there was some legislation pending about part-time residents being counted in both counties. Mr. Besich stated that he was not aware of any such legislation and the resident would have to choose one location. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 09-03-01 creating a Census 2010 Complete Count Committee for Gila County. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

Item 13 - Information/Discussion/Action to consider a sealed bid for the purchase of Assessor's tax parcel 207-08-171A, which is owned by the State of Arizona.

Marian Sheppard, Chief Deputy Clerk, stated that this particular parcel was deeded to the State of Arizona in 2008 and was presented at the Board's annual auction at which time there was a successful bidder. However, directly after the auction, the bidder decided not to purchase the property so it remains available for sale. The property is located on East Boyles Avenue in Central Heights. She advised that a sealed bid has been received from Charles Cindrich, who during the 2008 auction purchased a parcel that adjoins this property. The parcel Mr. Cindrich purchased had several junk mobile homes and tons of trash and he has since cleaned up that property and is now interested in purchasing this adjoining property. The Board adopted a resolution that allows an adjoining property owner to submit a bid that is less than the total lien amount, which at this time is \$3,802.95. Ms. Sheppard opened the sealed bid and stated that the bid from Charles Cindrich was in the

amount of \$2,800. Mr. Cindrlich had previously stated to Ms. Sheppard that it cost him over \$1,500 in landfill fees to clean up the original parcel he had purchased. She believes Mr. Cindrlich's intent now is to bid the \$2,800, which is less than the lien amount, so he can cover the cost of disposing of all the scrap metal on this parcel. Supervisor Pastor stated that he visited the property site and this parcel contains 6-8 junked motor homes that are packed onto this lot, which will be costly to dispose of and he recommended approval of the bid. Upon motion by Supervisor Pastor, seconded by Vice-Chairman Martin, the Board unanimously accepted the bid from Charles Cindrlich in the amount of \$2,800 for the purchase of Assessor's tax parcel number 207-08-171A, which is owned by the State of Arizona.

Item 14 - CONSENT AGENDA ACTION ITEMS:

A. Approval of an Amendment to the original Arizona Community Action Association Independent Contractor Agreement 2008-2009 Utility Assistance Programs to add \$7,166 to the contract, of which \$199 will be used for administrative program delivery costs and \$6,967 will be used for utility assistance for San Carlos Tribal members. Funds must be used by June 30, 2009.

B. Approval of an Amendment to the original Arizona Community Action Association Independent Contractor Agreement 2008-2009 Utility Assistance Programs to add \$7,000 to the contract for Payson SemStream Arizona Propane customers only. Funds that have not been expended by the term of the contract may be carried over into the next contract year.

C. Approval to renew an Agreement for Medical Consultant Services between the Gila County Division of Health and Community Services "Office of Health" and Michael R. Durham, M.D. for the period January 1, 2009, through December 31, 2009.

D. Approval to renew a Professional Services Agreement between the Gila County Division of Health and Community Services "Office of Health" and Lori Burke, RN, FNP, for the period January 1, 2009, through December 31, 2009.

E. Approval of Amendment No. 9 to Contract No. E5313521 between the Arizona Department of Economic Security and the Division of Health and Community Services d/b/a Gila Employment and Special Training (GEST) to extend the Contract from April 1, 2009, to October 1, 2009 and to add Special Terms and Conditions items 1 through 4.

F. Approval of Amendment No. 4 to an Intergovernmental Agreement (Contract No. P652141-001) between the Gila County Division of Health and Community Services and the Arizona Department of Health Services

to extend the contract to March 31, 2010, and provide continued Ryan White Title II Care and Services funding for the HIV Case Management Program to eligible clients in Gila County.

G. Approval to adopt Resolution No. 09-03-02 naming a road in Young to be called West Wildflower Way. A petition was submitted for this road and the Rural Addressing Department has not received any objection to this road name. (A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)

H. Ratification of the Board's approval to submit a Grant Application to the Arizona Criminal Justice Commission for the renewal of an existing Victim Assistance Grant in the amount of \$24,029 with a required cash match by the County of \$24,029 from the General Fund.

I. Approval to renew two contracts between the Gila County Division of Health and Community Services and John Hartman, R.N., and Kathryn Smith, R.N. for the period January 1, 2009, through June 30, 2009, to continue providing Newborn Intensive Care Program services.

J. Approval of the January 20, 2009, and February 3, 2009, BOS meeting minutes.

K. Approval of the February 2009 monthly departmental activity reports submitted by the Globe Regional Constable and Globe Regional Justice of the Peace.

L. Approval of personnel reports/actions for the weeks of March 10, 2009, and March 17, 2009.

March 10, 2009

Departure from County Service:

1. Frances Ramirez – Health and Community Services – Community Services Worker – 02-27-09 – GEST Fund – DOH 04-28-08 – Position eliminated due to state service rate cuts

Temporary Hire to County Service:

2. Carl Russell – Board of Supervisors/Constituent Services II – Laborer – 03-09-09 – General Fund

End Probationary Period:

3. Kari Hibbert – Public Fiduciary – Administrative Clerk – 03-16-09 – General Fund
4. Nicole Mobley – Recorder – Clerk – 03-02-09 – General Fund
5. Dorine Prine – Health and Community Services – Social Services Case Manager – 03-16-09 – CAP Fund

6. Celina Salinas - Health and Community Services – Career and Employment Specialist – 03-16-09 – WIA Fund

Position Review:

7. Susan Pontel – Assessor – From Property Appraiser – To Property Appraiser 1 – 03-02-09 – General Fund
8. David Fletcher - Health and Community Services – Director – 03-02-09 – GEST Fund – CAP Fund – Housing Fund – WIA Fund – Health Services Fund – Changing percentages of fund codes
9. Paula Horn - Health and Community Services – Health Programs Manager – 03-16-09 – Maternal and Child Health Fund – Health Start Program Fund – General Fund – Teen Pregnancy Prevention Services Fund – changing percentages of fund codes
10. Christine Kell - Health and Community Services – Administrative Clerk – 03-09-09 – Bio Terrorism Program Fund – WIA Fund – Changing percentages of fund codes
11. Christine Lopez - Health and Community Services – Administrative Clerk Specialist – 03-02-09 – GEST Fund – CAP Fund – Housing Fund – Health Services Fund – Changing percentages of fund codes
12. JenDean Sartain - Health and Community Services – Deputy Director – 03-02-09 – GEST Fund – CAP Fund – Housing Fund – WIA Fund – Health Services Fund – Changing percentages of fund codes
13. Judy Smith - Health and Community Services – Manager Community Services – 03-02-09 – GEST Fund – CAP Fund – Housing Fund – WIA Fund – Changing percentages of fund codes
14. Bree’na York - Health and Community Services – Fiscal Services Manager – 03-02-09 – GEST Fund – CAP Fund – Housing Fund – WIA Fund – Bio Terrorism Program Fund – Changing percentages of fund codes

Request Permission to Post:

15. Health and Community Services – Career and Employment Specialist – Position vacated by Dave Ferrell – Availability Date – 04-10-09

SHERIFF’S PERSONNEL ACTION ITEMS

Departure from County Service:

16. Jonathan Lawrence – Sheriff’s Office/Globe – Detention Officer – 02-24-09 – General Fund – DOH 12-24-07 – Failure to complete probationary period
17. Crissy Nozie – Sheriff’s Office/Globe – 911 Dispatcher – 02-25-09 – General Fund – DOH 06-09-08 – Failure to complete probationary period

March 17, 2009

Hire to County Service:

1. Jami Anderson - Health and Community Services – Community Health Assistant – 03-09-09 – 98% WIA Fund – 2% Commodity Supplement Food Program – Reinstatement – Position vacant as of 12-26-08

Temporary Hires to County Service:

2. Antonella Campos – Public Fiduciary – Clerk – 03-10-09 – General Fund
3. Patricia Hall – Globe Justice Court – Justice Court Clerk Associate – 03-30-09 – General Fund
4. Mary Kim Titla – Board of Supervisors – Gila County Tribal Liaison – 03-01-09 – General Fund

Departmental Transfers:

5. Angela Parker – Community Development – From Building Safety Assistant Senior – To Building Services Office Manager – 04-29-09 – General Fund
6. Vicki Pena – From Health and Community Services – To Recorder – From Community Health Assistant – To Recorder Clerk Sr. – 03-09-09 – General Fund

End Probationary Period:

7. Jim Berry – Community Development – Environmental/Planning Technician – 04-08-09 – General Fund

Position Review:

8. Cecilia Bejarano – Health and Community Services – Executive Administrative Assistant – 03-16-09 – Health Services Fund – From Non-Exempt – To Exempt
9. Janice McGann – County Attorney – Administrative Clerk – 03-02-09 – General Fund – Four months temporary change in maximum hours worked in a week – From 19 hours per week – To 40 hours per week
10. Shane Stuler - Health and Community Services – Environmental Health Manager – 03-16-09 – Direct Grant – Proposition 201 Smoke Free Arizona Act Fund – Per Capita Grant Fund – Changing percentages of fund codes
11. Karen Johnson – Probation – Administrative Clerk Senior – 01-19-09 – From State Aid Enhancement – To General Fund

SHERIFF'S PERSONNEL ACTION ITEMS

Hire to County Service:

12. Marcia Moser – Sheriff's Office/Globe – Detention Officer – 03-30-09 – General Fund – Replacing Jonathan Lawrence
13. Brett Rye – Sheriff's Office/Globe - Detention Officer – 03-30-09 – General Fund – Replacing Erich Kenney

End Probationary Period

14. Misty Allison – Sheriff's Office/Globe – Administrative Clerk – 03-16-09 – General Fund

M. Approval of finance reports/demands/transfers for the weeks of March 10, 2009, and March 17, 2009.

March 10, 2009

\$1,575,042.50 was disbursed for County expenses by check numbers 216056 through 216232 and 999999, a hand issued check. **(An itemized list of disbursements is permanently on file in the Board of Supervisors' Office.)**

March 17, 2009

\$907,318.71 was disbursed for County expenses by check numbers 216237 through 216241 and 216243 through 216419. **(An itemized list of disbursements is permanently on file in the Board of Supervisors' Office.)**

In reference to Consent Agenda item number 14A, Chairman Dawson stated that she was grateful for staff efforts at securing these additional funds for utility assistance for San Carlos Tribal members. Supervisor Pastor stated that at the Board's previous meeting, he had requested that approval of the finance reports become part of the regular agenda instead of the consent agenda because he wanted a weekly report from the Finance Department in light of the current national economic situation. He advised that he would meet with Mr. Gaona about providing same. Upon motion by Vice-Chairman Martin, seconded by Supervisor Pastor, the Board unanimously approved Consent Agenda Action Items 14A-14M.

Item 15 - CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address issue(s) within the Board's jurisdiction. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to criticism, or scheduling the matter for further discussion and decision at a future date.

There were no requests to speak from the public.

Item 16 - At any time during this meeting pursuant to A.R.S. §38-31.02(K), members of the Board of Supervisors and the Chief Administrator may present a brief summary of current events. No action may be taken on issues presented.

Each Board member and Mr. Besich presented information on current events.

At 12:24 p.m., Chairman Dawson recessed the meeting until 1:30 p.m.

At 1:39 p.m., Chairman Dawson reconvened the meeting for a work session. No action was taken by the Board on any work session items.

WORK SESSION

Item 17 - Discussion of the Gila County strategic planning process, as follows:

A. Icebreaker

B. Complete the following deliverables:

- **Target**
- **Timing**
- **Decide on the model for strategic planning; goal based or issue based**
- **Are we on the same page?**
- **Do we have commitment?**
- **Complete the package of reflective material**
- **Type of organization**
- **Management/leadership**
- **Time line**

Berthan DeNero, Personnel Director, began the strategic planning work session with an icebreaker in which the statement was made: “I am the kind of person who...” The Board was requested to write down 10 responses, which were later read aloud. Ms. DeNero stated, “This is going to be the foundation of our values because we’re going to have to come together in agreement on values for the County and get to know something new about each other as well as commonalities during the process...Each Board member’s input is vital to this process.” Ms. DeNero then reviewed the key deliverables from the past 2 sessions. The Board moved on to discussions regarding the deliverable of: “Are we on the same page?” Supervisor Pastor stated the he believes the Board has come together in taking the first step of committing to do this Strategic Plan, has agreed on the timing and now will discuss the particulars. He believes the Board has the same objective of representing the taxpayers and acting as the managers of the taxpayers’ concerns. Ms. DeNero stated that serving the people was a commonality and the beginning of the mission statement and values. Mr. Besich stated that he believes the Board is getting closer to being on the same page. He noted a past experience during meetings held by Central Arizona Association of Governments where individuals would gather into groups by their individual counties, but as the meetings continued there was more interaction and the more they conversed, the less fear they had of each other and that should be a goal of this Board. Chairman Dawson noted that one of the frustrations of a 3-person Board is that the Board is not allowed to talk with each other or discuss any issues of concern outside of a meeting

because of the Open Meeting Law. Vice-Chairman Martin stated that while she would like the Board to be in the same book, she did not feel that the Board was always on the same page and may never be, nor did she feel that was necessary. However, she did not believe that would stop the Board from completing a strategic plan and finding commonalities on a lot of issues. While the Board has a lot of things in common, she believes that because of personality differences, everyone may not always be in locked step. Ms. DeNero then moved to discussion on, "What type of organization do you see us becoming or being in the future?" Vice-Chairman Martin stated that she believes the County is highly efficient and effective right now and gets more accomplished for its size than any of the other counties; however, that could be fine-tuned. While going through this economic crisis, she would like to see some reflective time spent reviewing all County processes to see if things are done because they are really necessary or because "that's the way it's been done for years." She suggested taking the time to sit down, start at the beginning and determine what do we do, why, is it helpful, and does it get in anybody's way? She believes as a government "we are as guilty as anybody else of doing things not because they are necessary, but because society can afford for us to put them through those hoops." She believes now is a good time to answer those questions. Ms. DeNero and the Board discussed examples of costly and lengthy requirements by the County that do not seem to be necessary. Vice-Chairman Martin's recommendation would be a reflective-type organization that is more efficient and effective. Chairman Dawson stated that she is determined to see that the public citizens are an important part of County government and have ownership in what the Board is trying to achieve. She believes having faith in our communities and together with leadership we can all survive the toughest of times, which we are facing. Mr. Besich stated that the County needs to maintain a high level of efficiency and as the older employees retire and younger ones take over, that there is an atmosphere of teaching and learning. He stated, "The County has to grow and mature and then transition so that those that come behind you will hopefully have an easier time understanding." Ms. DeNero quoted Mr. Besich as having previously stated, "We have to look forward to the future and be flexible enough so that we're not so rigid and structured that we miss opportunities." Supervisor Pastor stated, "While we focus on the future, we also have to keep sight of where we are right now because it's very important to ensure that we are adding value to what we do. Are we making the community understand that we are here for them?" He spoke of the negative comments about the Board that he received while campaigning, so he too wants the citizens to be a part of the plan and believes that it is important for the taxpayers to feel the Board is here to provide the necessary services. Ms. DeNero stated that employees also like those types of organizations that have been described, which hopefully means less turn over and more stability. The community needs to know that the County is here to serve and not steal. Supervisor Pastor also agreed with Vice-Chairman Martin in that the County needs to review the ways things are done. Mr. Besich added that county governments

have all kinds of oddities because unfortunately, the constitution and laws of Arizona get in the way of many things. He gave the example of the County having nothing to say concerning its two biggest spenders—the Courts and the Sheriff’s Office. He stated that counties are also very different all over the nation with some having state-funded officers and courts. So, unfortunately in preparing goals for better, efficient use of taxpayer dollars, the state constitution rules many of those issues. Discussions were held about the possibility of lobbying the legislature to change some of the rules and regulations governing counties. Chairman Dawson stated that because of the shortfall of funding for school districts by the State, she has been in discussions with legislators about the consolidation of school districts without an election in order to save education in Arizona. She stated, “I believe that this economic crisis can be an opportunity for doing away with layers of bureaucracy that have been created.” Ms. DeNero stated that in an effort to become more efficient and effective, there will be the need to answer the question of “why,” which is important in implementing goals. The next item discussed was “who should be involved in this process?” Ms. DeNero stated that along with the Board, it is critical that the County Manager be involved as far as communicating with Board members because of the Open Meeting Law, as well as his management team, elected officials and constituents. Supervisor Pastor recommended that employees also be allowed to provide input. Ms. DeNero recommended having a cross section of employees involved at a particular point in the process. Mr. Besich recommended putting information out in draft form to allow for comments from employees. Vice-Chairman Martin stated that she would prefer initial discussions with just the Board and management in order for the Board to have a vision and know where it is headed. Then during future conversations, include the elected officials, employees and constituents. She believes if there are going to be “meaningful specifics, we should start smaller or we’ll become wandering generalities.” She also agreed with Supervisor Pastor that employees at all levels should be involved in the process. Vice-Chairman Martin’s preference would be to eventually have the Board, management, elected officials and staff on the same page, and then go to work with the Board leading the others by having some measurable efficiencies and effectiveness that can come out of this process. Ms. DeNero stated that the next item to address is the question of “what?”; however, each question does not need to be answered. What does strategic planning mean to each individual and what does it mean to plan strategically? What is long range planning versus strategic planning? What is your vision and mission? Supervisor Pastor stated that because of questions by several constituents, part of the strategic plan should be to educate the public regarding the duties of a supervisor. Ms. DeNero stated that when those types of questions arise, each supervisor should have a 3-second predetermined speech. Supervisor Pastor agreed that the Board needs to be very clear and specific in what its duties are and what county government does. Ms. DeNero noted that when the County went through the Public Sector Personnel Consultant process, every employee filled out a position description

questionnaire with the exception of the Board and top management so there are no job descriptions for those positions. She felt that would help the Board in answering what they do. Also discussed were the meanings of leadership by the Board and management by staff and the importance of each position and not stepping into the boundaries of the other. The next item discussed was about what the future holds. Ms. DeNero provided the following examples: What about the education and skills of the future workforce; how are we working with the schools; do we have a County Government class and does the Board speak at the class; jobs that exist now and in the future; what jobs are hot and what are not; and how does the County market itself? All these questions are key in terms of changing the perception. The Board members discussed examples of past, present and future jobs. Communication, both internal and external, was discussed and how it could differ in the future. Ms. DeNero reviewed the discussions previously held by the Board in regard to why, where are we going to focus our efforts, when is the right time to do the planning, how does the Board want to operate, how does this process work, what are the ground rules, and how does this process fail? Mr. Besich recommended that one of the things that needs to be discussed is the importance of the County staff remaining calm during this time of economic crisis because people are scared, antsy, tempers flare and we have to remain cool and become peace makers and maintain a positive attitude. Ms. DeNero concluded the work session and stated that at the next strategic planning session on April 14th, the Board would begin to draft a mission statement.

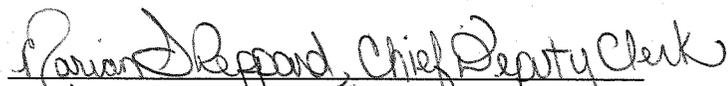
There being no further business to come before the Board of Supervisors, Chairman Dawson adjourned the meeting at 2:53 p.m.

APPROVED:



Shirley L. Dawson, Chairman

ATTEST:


for Steven L. Besich, County Manager/Clerk