

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

Date: February 12, 2008

**JOSÉ M. SANCHEZ**  
Chairman

**STEVEN L. BESICH**  
Clerk of the Board

**TOMMIE C. MARTIN**  
Vice-Chairman

By: Marilyn Brewer  
Deputy Clerk

**SHIRLEY L. DAWSON**  
Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, 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. Linda Ortega led the Pledge of Allegiance and Pastor Chris Martin delivered the Invocation.

**Item 2 - Information/Discussion/Action to canvass the returns of the February 5, 2008, Presidential Preference Election and declare the results official.**

Dixie Mundy, Elections Director, presented this agenda item. She provided the Board with an Election Summary Report, which she reviewed with the Board and provided the following information: Pages 1-22 consisted of a summary of each voting district, the ballots cast by voting party and the percentage of turnout. She noted that for this particular election each county was required by State statute to consolidate all of the precincts into fewer polling places. There were a total of 22 sites, 18 of which were polling places and 4 were vote-by-mail locations. Vote-by-mail was conducted in precincts of fewer than 200 qualified electors. Page 23 was a cumulative report of all votes cast by candidate for a total of 11,955 votes cast, or a 50.93% turnout throughout the County. Page 24 was a breakdown of the votes and ballots cast at each polling place. Page 25 listed the votes cast by early ballot, which for the first time exceeded the ballots cast at polling places. The polling place ballots cast were 20.5% and the early ballots cast were 28.66%. Page 26, the early ballot summary, shows that 6,739 early ballots were cast, 12 were rejected and 6,727 were accepted. Page 27 is a breakdown of the votes cast with provisional

ballots retained for verification by the Recorder's Office of that elector's eligibility, which was a total of 537; 138 rejected and 399 were accepted. The last page taken from the Secretary of State's website reflects each county's polling places, percentage of turnout and ranking as far as percentage-based voter verification. Gila County voted 50.9%, which was the third highest in the State. Each Board member thanked Ms. Mundy and her staff for all their efforts in the election process and for the thoroughness of the elections reports. Linda Ortega, Recorder, stated that Gila County was number one for mail-out ballots in Arizona. Ms. Mundy also acknowledged and thanked the employees who assisted with this election, particularly up north where it was flooding and snowing. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the results of the canvass and declared the February 5, 2008, Presidential Preference Election returns official. **(A copy of the election results is permanently on file in the Board of Supervisors' Office.)**

**Item 3 - Information/Discussion/Action to award Request for Sealed Bids No. 121701-1 for SBS polymer chip seal oil to be used by the Public Works Consolidated Roads Department for the combined Timber and Copper Regions.**

Steve Stratton, Public Works Division Director, presented this agenda item. He stated that this particular oil is a polymer-laden oil that allows the County to do less crack filling on the roads, which is very labor intensive, thereby saving the County money. However, there is only one manufacturer in Arizona so there has been a significant price increase this year. Mr. Stratton recommended that this contract be awarded to Wright Asphalt Products Company. He advised that in the near future he would be presenting the Board with a request to advertise a call for bids for two other types of oil and he is also reviewing the roads to determine which oil will be the most cost efficient. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously authorized the contract award of Request for Sealed Bids No. 121701-1 for SBS polymer chip seal oil to Wright Asphalt Products Company at a cost for the Copper Region of \$599.50 per ton delivered or \$541.50 picked up and a cost of \$601.50 per ton delivered for the Timber Region or \$541.50 picked up.

**Item 4 - Information/Discussion/Action to award Request for Bids No. 092507-1 for chips, AB, and asphalt for the Public Works Consolidated Roads Department for the Timber Region and also for the Copper Region.**

Mr. Stratton advised that 3 bids were received; however, the bid from Mesa Materials was significantly higher because the bid requested delivered prices. He recommended that the Timber Region contract be awarded to Payson Concrete & Materials and that the Copper Region contract be awarded to Rinker Materials, and he also requested that his department be authorized to

use Mesa Materials for a backup in the event one of the other hot plants go down as has happened in the past. He read the prices per ton for each item from each bid to the Board. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously authorized the contract award of Request for Bids No. 092507-1 for chips, AB and asphalt to Payson Concrete & Materials, Inc. for the Timber Region in the amount of \$436,132.11 delivered and to Rinker Materials for the Copper Region in the amount of \$134,977.11 delivered and authorized the use of Mesa Materials products as a backup.

**Item 5 – Public Hearing – Information/Discussion/Action to adopt Resolution No. 08-02-04 designating E. Jackrabbit Lane as a Country Dirt Road and accepting said road into the Gila County Country Dirt Road Maintenance System and to authorize the Chairman’s signature on the Country Dirt Road Easement.**

Steve Sanders, Public Works Division Deputy Director, presented this agenda item. He stated that Jackrabbit Lane is an east-west road off of Russell Road located south of the Claypool-Little Acres area. This 1,000-1,500 foot road services approximately 10 residents and meets the requirements of the County’s Country Dirt Road policy. The County currently has an easement from all residents along the road. At this time, Chairman Sanchez opened the public hearing and called for public comment; none was received. Chairman Sanchez closed the public hearing and entertained a motion. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 08-02-04. **(A copy of the Resolution is permanently on file in the Board of Supervisors’ Office.)**

**Item 6 - Information/Discussion/Action to approve an Intergovernmental Agreement between Gila County and Greenlee County to provide assistance with the management of Greenlee County’s Women, Infant and Children (WIC) Program for the period April 1, 2008, through September 30, 2008.**

Ursula Donovan, Nutrition Manager, presented this agenda item. She stated that because Greenlee County has a small WIC Program and has had a problem retaining a nutritionist and someone to oversee the Program, an inquiry was made to see if Gila County would be willing to oversee the one employee and do the high risk counseling for Greenlee County. Greenlee’s funds from the Arizona Department of Health would be funneled to Gila County, which would provide funding for the 250 clients that would probably require 1-2 visits per month. Web cameras are being reviewed to possibly provide conferencing between the counties. Upon inquiry from Mr. Besich, Ms. Donovan verified that the Greenlee County employee would become a Gila County employee and that a grant recently applied for through WIC will be brought to the Board for approval. WIC will supply a vehicle for travel and the funding for the web cameras and any other equipment from the \$40,000 being

provided. Greenlee County will supply an office and travel expenses will be provided through the regular WIC budget. Dave Fletcher, Health and Community Services Division Director, clarified that all of the equipment that is WIC-owned is State-owned and that Gila County would be responsible for same and the State, when auditing, will ensure its equipment is State tagged. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the Intergovernmental Agreement with Greenlee County to provide assistance with the management of Greenlee County's Women, Infant and Children (WIC) Program for the period April 1, 2008, through September 30, 2008.

**Item 7 - Information/Discussion/Action to approve an Agreement between the Gila County Division of Health and Community Services, Housing Services Department, and the Arizona Community Action Association to provide Low Income Weatherization Program services in an amount up to \$10,185 to income eligible residents of the Roosevelt area that are residential Salt River Project customers.**

Malissa Buzan, Housing Services Program Manager, presented this agenda item. She stated that this is a trial pilot project that will end on April 30, 2008. There are approximately 600 residential customers of Salt River Project within Gila County, all within the Roosevelt area, that have not had access to a utility fund to assist with the weatherization program because they are serviced by Salt River Project. Salt River Project has now approved weatherization for its customers so approval of this agreement will allow these residents to access a utility fund in addition to the regular State weatherization fees. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the Agreement with the Arizona Community Action Association to provide Low Income Weatherization Program services in an amount up to \$10,185 to income eligible residents of the Roosevelt area that are residential Salt River Project customers.

**Item 8 - Information/Discussion/Action to accept the resignation of Linda Haught Ortega, Gila County Recorder, effective at 5:00 p.m. on February 15, 2008.**

Steve Besich, County Manager/Clerk, presented this agenda item. He stated that Ms. Ortega had submitted a letter announcing her retirement and the letter also included a recommendation for her replacement, which the Board may or may not want to consider. Each Board member and Mr. Besich spoke of the invaluable service Ms. Ortega has provided to the County over the years and thanked her for her service. Ms. Ortega briefly spoke on her work history and retirement plans and is leaving with "mixed emotions." She also recommended that Sadie Jo Tomerlin Dalton, Chief Deputy, be appointed to fill the remainder of her term. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously accepted the resignation of

Linda Haught Ortega, Gila County Recorder, effective at 5:00 p.m. on February 15, 2008.

**Item 9 - Information/Discussion/Action to fill the vacancy created by the resignation of Linda Haught Ortega, Gila County Recorder, effective at 5:00 p.m. on February 15, 2008.**

Mr. Besich presented this agenda item; however, no discussion was held. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously appointed Sadie Jo Tomerlin Dalton, Chief Deputy, to fill the vacancy created by the resignation of Linda Haught Ortega, Gila County Recorder, effective at 5:00 p.m. on February 15, 2008. Mr. Besich advised that Ms. Dalton's swearing in ceremony will be held next week.

**Item 10 - Information/Discussion/Action to authorize the advertisement of Request for Qualifications No. 082107-1, Communication Systems Planning and Operations Study, for the Sheriff's Office.**

Adam Shepherd, Undersheriff, presented this agenda item. He stated that this is a planning and operations study that is not an agency specific program; it is a collaborative effort between the Public Works Division, Emergency Services Department, Information Technology Department and the Sheriff's Office. In a past meeting, the representatives from each department discussed the County's issues with radios. Historically each department has funded and planned its own separate projects, which has recently caused some problems since all departments co-use the sites. When problems occur, there are too many vendors working on the equipment. A comprehensive study has never been done on the overall communications for the County and each department has decided to integrate its programs and equipment instead of working alone. This Request for Qualifications requires that the consultant be a non-vendor and is requesting information on what is needed and the cost to obtain a comprehensive study on where to take the County's wireless program/equipment in the future. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously authorized the advertisement of Request for Qualifications No. 082107-1, Communication Systems Planning and Operations Study, for the Sheriff's Office.

**Item 11 - Information/Discussion/Action to authorize the Chairman's signature on a TALX UC eXpress Unemployment Cost Management Service Agreement and Addendum between Gila County and TALX Corporation to provide account and claims management services for an initial period of five years commencing on August 1, 2007, with automatic one-year renewal options unless either party chooses to terminate the Agreement.**

Richard Gaona, Finance Director, presented this agenda item. He stated that this service for the County's unemployment issues has been provided to the

County for over 10 years through the Sheakley Corporation, now known as the TALX Corporation. This contract originated in the Personnel Department whereby all unemployment issues are handled for the County; however, the payments are made from the payroll cost area, which is his responsibility. This 5-year contract expired August 2007 and now the TALX Corporation is requesting an increase in its fees. The last 5-year contract was in the amount of \$9,844/year and TALX is proposing a 2% increase on the second and fifth anniversary of the contract. This includes a 25 claim annual workload and any claims above that amount will be billed at \$14 per claim. Supervisor Dawson inquired about starting this contract as of March 1, 2008, instead of August 2007 and Mr. Gaona explained that since the contract expired August 2007, the company wanted to go back to that date to ensure receipt of payment, which has been made quarterly by the County. Mr. Besich stated that because the County is a governmental agency, there is a non-appropriation clause and August was probably selected because that is when the County sets its tentative and adopted budgets. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously authorized the Chairman's signature on a TALX UC eXpress Unemployment Cost Management Service Agreement and Addendum with TALX Corporation to provide account and claims management services for an initial period of five years commencing on August 1, 2007, with automatic one-year renewal options.

At this time, Chairman Sanchez requested that the Board move to Agenda item number 13.

**Item 13 - Information/Discussion/Action to seek legal advice from Eric Walberg, Gila County's attorney for the former maintenance yard in Star Valley/Chaparral Pines. Request that the Board of Supervisors go into Executive Session per A.R.S. § 38-431.03 (A) (3) (4) to provide legal advice and seek direction.**

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board convened into Executive Session at 11:05 a.m.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board reconvened into Regular Session at 11:23 a.m.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the Settlement Agreement in the amount of \$13,032.36 conditional upon the Arizona Department of Environmental Quality approving the permanent closure of the site owned by Chaparral Pines, LLC.

**Item 12 – CONSENT AGENDA ACTION ITEMS:**

**A. Approval to adopt Resolution No. 08-02-03 supporting the acute care (AHCCCS) proposal to be submitted by Pinal County to serve as an**

**AHCCCS acute care provider in Pinal and Gila Counties.** (A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)

**B. Approval of the reappointments of John Perlman and Arthur E. Lloyd as Justices of the Peace Pro Tempore for the Payson Regional Justice Court; Gary V. Scales and Peter J. DeNinno as Justices of the Peace Pro Tempore for the Globe Regional Justice Court; and, Rebecca Baeza, J. Dee Flake, John Huffman, Ronnie O. McDaniel and James E. Weeks as Justices of the Peace Pro Tempore for Payson and Globe Regional Justice Courts for the period January 1, 2008, through December 31, 2008.**

**C. Approval of the 2008 APS Energy Wise Low Income Weatherization Program Agreement between Arizona Public Service Company and the Division of Health and Community Services, Housing Services Department, in the amount of \$60,000 for the continued provision of services to income eligible Gila County residents who are APS customers.**

**D. Approval of the January 15, 2008; January 22, 2008; January 28, 2008; and, January 29, 2008, BOS meeting minutes.**

**E. Approval of the January 2008 monthly departmental activity report submitted by the Globe Regional Constable.**

**F. Approval of personnel reports/actions for the week of February 12, 2008.**

Departure from County Service:

1. Election Worker – Recorder – 02-01-08 – General Fund – Julie Ann Haught – DOH 01-07-08 – Temporary position
2. Automotive Mechanic – Public Works/Auto-Equipment Maintenance – 02-15-08 – Public Works Fund – Bradley Bennett – DOH 12-05-01 – Resigned
3. Administrative Clerk – Child Support – 02-07-08 – General Fund – Julie Kidd – DOH 08-07-06 – Resigned
4. Clerk Senior – Recorder – 01-17-08 – General Fund – Yvonne Johnson – DOH 11-13-07 – Resigned

Hires to County Service:

5. Animal Care Worker – Health and Community Services – 02-11-08 – Rabies Control Fund – Willow Raven – Replacing Charlie Riddle

End Probationary Period:

6. Road Maintenance/Equipment Operator Senior – Public Works/Consolidated Roads – 02-18-08 – Public Works Fund – Brian Jennings
7. Road Maintenance/Equipment Operator – Public Works/Consolidated Roads – 02-04-08 – Public Works Fund – Geoff Little

8. Public Works Roads Supervisor – Public Works/Consolidated Roads – 01-21-08 – Public Works Fund – Allen Oswalt

Request Permission to Post:

9. Automotive Mechanic – Public Works/Automotive-Equipment Maintenance – Position vacated by Bradley Bennett
10. Automotive Mechanic – Public Works/Automotive-Equipment Maintenance – Position vacated by Merle Ray

**SHERIFF’S PERSONNEL ACTION ITEMS:**

Departure from County Service:

11. 911 Dispatcher – Sheriff’s Office/Payson – 02-17-08 – General Fund – Shalane Hickman – DOH 04-30-07 – Resigned

Hire to County Service:

12. Deputy Recruit – Sheriff’s Office/Payson – 02-18-08 – General Fund – Richard Corso – Replacing Dan Adams

Position Review:

13. Change position control number – Deputy Sheriff – Sheriff’s Office/Globe – 02-04-08 – General Fund – Charlie Links
14. Change position control number – Administrative Clerk Senior – Sheriff’s Office/Payson - 02-04-08 –General Fund – Michelle Keegan
15. Change position control number – Emergency Communication Services Manager – Sheriff’s Office/Payson – 02-04-08 – General Fund – Trudy Warrick
16. Change position control number – Detention Commander - Sheriff’s Office/Globe – 02-04-08 – General Fund – James Eskew
17. Change position control number and Change fund code – Certified Medical Assistance – Sheriff’s Office/Globe – 02-04-08 – From Sheriff Forest Service Agreement Fund – To Detention Health Services – Kathy Canizales
18. Change fund code – Certified Medical Assistance – Sheriff’s Office/Globe – 02-04-08 – From Sheriff Forest Service Agreement Fund – To Detention Health Services – Noreen Valdez

**G. Approval of the finance reports which lists disbursements that will be issued during the week of February 12, 2008. (separate handout)**

\$2,051,206.39 was disbursed for County expenses by check numbers 205624, 205761 through 205984. **(An itemized list of disbursements is permanently on file in the Board of Supervisors’ Office.)**

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved Consent Agenda action items 12A-12G.

At this time, Chairman Sanchez moved to Agenda item number 15.

**Item 15 – Information/Discussion/Action to adopt Resolution No. 08-02-05 opposing the Tonto National Forest’s Recreation Facility Analysis 5-**

## **Year Proposed Program of Work and Programmatic Results of Implementation.**

Mr. Besich presented this agenda item. He stated that conversation continues on how the U. S. Forest Service (USFS) operates and how its decision-making process works. He stated that even though the USFS conducts numerous meetings to obtain public comment, it seems to make no difference. He provided the USFS' Noxious Weed Program as an example. There was a loud public outcry from residents of Gila County to not spray herbicides on noxious weeds and the Board of Supervisors also submitted a resolution against any spraying; to date no changes have been made to the USFS's Noxious Weeds Program and spraying schedule. Mr. Besich stated that Resolution No. 08-02-05 is self-explanatory and he believes that if the public lets its guard down the USFS will do whatever it wants. He stated that just as the County is against the USFS closing roads, he believes the USFS needs to consider the people's opposition also and their recommendations for these recreational facilities. Supervisor Dawson stated that she attended the USFS presentation held at the Globe City Council's meeting; however, the USFS representatives did not remain for any public comments because they aren't interested in what people have to say. She is holding a rally tonight at the old CC Camp in the Pinal Mountains that used to be open all the time; however, it's open for now, but gates have been put in place. She said that during the USFS presentation, it was mentioned that the restrictions on the Pinal Mountains would not include closure; however, in shortening the times the Pinal Mountains are open and charging fees for access is limiting people's ability to go to the Tonto National Forest. The USFS also stated that at Roosevelt Lake a total of \$2.4 million in fees was collected and \$2.2 million in federal aid was received, but the Globe District only generated \$7,000. Supervisor Dawson stated they have not made any improvements in the Tonto National Forest-Globe District that would be worthy of charging fees, but it's certainly a site that is important – "It's the backyard of the Globe-Miami area. The proposed restrictions for people who cannot afford to go to Roosevelt because they don't have boats or fees for fishing from the banks, many of which are no longer accessible, will limit what families can do together at no expense and it is ridiculous and I strongly object to this USFS plan." Vice-Chairman Martin stated, "I am sick and tired of our rights and privileges being eroded by a federal hand. I'm so sick and tired of us having a constant erosion of our customs and cultures...I think when they are willing to pay us for what it really costs us to patrol their lakes and hunt up their lost people and pick up their garbage then they can start charging our residents to use these areas. I think our folks pay sufficiently right now to pick up the slack of the USFS's recreation proposals. I don't know when we say 'enough is enough', but I am ready to say 'enough is enough.'... For the folks in this County, our wealth generating ability, our income generating ability has been so severely restricted by the rules and regulations of the federal government that what we do pay for now is paid for not by product that comes off that land, but by homeowners and small business owners. They pay and

they pay to pick up the slack that is never covered in these USFS plans and then they are asked to use these sites during particular hours...If you think I'm on a rant, you're right...I'm tired of the constant nibbling away; over here its traffic, over there it's recreation, over here it's something else." Vice-Chairman Martin then requested that the resolution be read aloud, which was read by Mr. Besich. Chairman Sanchez recognized Velma and Myles Hodson of Roosevelt Estates, who were present at the meeting. He stated that the Hodsons have tried to stay on top of these USFS regulations in regard to the Tonto National Forest and he thanked them for their work, especially in keeping him abreast of what is going on and keeping the Board involved. Supervisor Dawson and Vice-Chairman Martin also thanked the Hodsons for their informative e-mails. Supervisor Dawson stated that it is a constant vigil to read through what she feels is intentional vague wording for the USFS in putting forth these analyses or asking for public information and the Hodsons have worked hard to point out all the ramifications that come with these analyses. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 08-02-05.

At this time, Chairman Sanchez moved back to Agenda item number 14.

**Item 14 - 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 11:56 a.m., Chairman Sanchez recessed the Regular Meeting and stated that the Work Session would begin at 1:30 p.m.

**Item 16 - Work Session on Strategic Planning**

At 1:40 p.m., Chairman Sanchez reconvened the meeting for a Work Session on Strategic Planning. Mr. Besich stated that several issues would be discussed and John Nelson, Deputy County Manager, would begin with a financial update.

**Item 16A - Financial update and projections (30 minutes)**

Mr. Nelson presented some brief information on the current economy and advised the Board that this is a very critical financial period that changes daily and as the State finalizes its budget with a reported billion dollar deficit he will remain in close contact with the Board to advise how the State's budget will impact Gila County. He then began a PowerPoint presentation to update the Board on where the County stands as of mid-year, December 31, 2007. Based on the budget for FY 2007-2008, there was a projected deficit of \$111,000;

however, actual year-to-date (YTD) figures from July 1, 2007, through December 31, 2007, show a gain of \$879,678. He explained how counties operate with 13 accounting periods with the 13<sup>th</sup> period extending 6 weeks after the end of the year, June 30<sup>th</sup>, to allow for all the accruals to be processed. It is projected in the budget for the second six months (January 1-June 30) that there will be a deficit of \$342,302; however, it is estimated that the County will end the year with a gain of \$537,376. He explained that Gila County has always taken the position in its budgeting process of funding 100% of all authorized positions; however, because of vacancies in positions the County is able to save those payroll funds resulting in a year-end gain. The next chart presented showed a comparison of FY 2007-2008 to the previous years of FY 2004-2007 because past trends are usually a good predictor of the future and it shows the County to be consistent with the past years. In reference to the fund balance, Mr. Nelson stated that for the past 4 years the County has been putting \$1 million away; however, this year based on the projected year end, the County will only add \$537,000 to the fund balance because of the slowdown in the economy. This will bring the fund balance to a projected total of \$10.7 million at the end of June 30, 2008. The next chart, the General Fund Revenue Forecast for FY 2008-2009, showed that the revenue is projected at an increase of \$557,971 with most of the increase coming from property tax receipts for new construction. This will result in a property tax rate of \$3.75 per \$100 of assessed valuation. The TNT (Truth in Taxation) rate will be \$3.76, and it is based on no increase in the property tax levy on existing properties from the prior year. Supervisor Dawson inquired about the local copper mines coming back on line and the affect that would have on the County's taxes. Mr. Nelson replied that it would help in the assessed valuations by shifting some of the property tax burden from the homeowners to the mines; however, the mines are now claiming that its costs of reclamation are equal to the copper in the ground and therefore its assessed valuation is zero. Mr. Besich stated that eventually there may be a local severance tax or point of origin tax that would benefit the copper producing counties. The next chart reviewed was the Property Tax Levy/Rate for FY 2009 showing the recommended tax rate, the TNT tax rate and the maximum tax rate. By law, counties can increase the property tax levy by 2% per year for a maximum tax rate. If the County had done this over the past 2 years, the current property tax rate would now be \$3.92 and would have been an increase of \$1,523,499 in increased levy this year. Mr. Besich also reminded the Board that when the current Board took office the property tax rate was \$4.41 versus the proposed \$3.75 for FY 2009. Mr. Nelson also briefed the Board on the General Fund Budget Forecast for FY 2009. Significant items in this budget will be an increase in State retirement for the Department of Public Safety (DPS) in the amount of \$101,000 and elected officials of \$164,000 along with the costs for the Primary/General Election in the amount of \$200,000. Total expenditures are estimated to be \$1,602,886. In reviewing the General Fund Forecast for FY 2009, with \$557,971 in revenue increase and \$1,602,886 in expenditure increase, the result will be a \$1.2 million deficit; however, with the

projected savings in salaries of \$600,000, the result would be a deficit of \$640,773, which would have to come out of the fund balance. Mr. Nelson noted that these numbers are gross projections and they change every day. He also noted that these figures do not include any amounts for State programs that may be passed onto the counties or any revenue the State may take from counties. There is also a Qwest lawsuit pending in which Qwest has sued the Arizona Department of Revenue for prior assessed valuations and if Qwest is successful in that lawsuit, there will likely be a refund to Qwest of property taxes paid to counties. Mr. Nelson then emphasized to the Board the need to have a \$10 million fund balance set aside as a reserve for any future revenue shortfalls, emergencies, etc. It has been a goal of the County to have this reserve; however, Mr. Nelson believes now it needs to be more than a goal; it needs to be a Board policy. He included in the Board packet the GFOA (Government Finance Office Association) Best Practices, which states that each government needs to develop a policy on stabilization funds to guide the creation, maintenance and use of resources for financial stabilization purposes. The rationale is so governments can protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. He stated, "During your planning process the Board needs to actually develop a policy on what these reserves should be and how these funds are to be used." Under the GFOA Recommended Practices, it is recommended, at a minimum, that governments maintain an unreserved fund balance of no less than 5% to 15% of the regular General Fund operating revenues. Mr. Nelson provided a chart of Gila County's revenue sources, including all sub-funds that have been segregated for various reasons, which totals \$44,780,090, and based on the government recommendations. He stated that a rate of 5% would require an unreserved fund balance of \$2,250,000; at 10% - \$4,500,000; and, at 15% - \$6,750,000. He also explained that at the beginning of each new fiscal year in July while waiting for income from property taxes, the County must reserve approximately \$4 million for cash flow to ensure not having to register warrants, obtain a line of credit or do a taxation anticipation notice. The Fund Balance Recommendation Chart reflects that as the County maintains the \$4 million for cash flow plus the government-recommended 5%-10% rates for the unreserved fund balance (as shown above), the Fund Balance Recommendations would then total at 5% - \$6,250,000; at 10% - \$8,500,000; and, at 15% \$10,750,000. He reiterated the need to develop a policy for Board implementation as a government agency. Mr. Nelson stated that because he believes Gila County is a high-risk county, a policy is necessary for establishing an amount for the fund balance and specific uses for those funds. Upon inquiry from Vice-Chairman Martin, Mr. Nelson explained that he believes Gila County is high risk because of the potential for flooding, forest fires, and because Gila County contains a large amount of public land that it does not control and the County's low risk is the stable economy now that the County has lived through the copper mine crash. Vice-Chairman Martin inquired what the current amount is of the unreserved fund balance, but Mr. Nelson did not reply. He did, however, state again that he

would encourage the Board to develop a policy and that all information was available for review. He recommended that the Board policy should request that management develop financial policies, guidelines, budget policies and taxation policies to keep the County within the 10%-15% level and that if there was a need to utilize the unreserved fund balance for a recession, disaster or something of a similar nature that would cause the unreserved fund balance to fall below the 10% level, it would require Board approval. This would require an explanation for the expenditure along with a plan for correcting it. Mr. Nelson also gave a brief overview of FY 2010 and beyond, which shows that revenues will be slow until FY 2011. He also cautioned the Board that when planning its budget in short cycles of 6 months to a year that it not implement a lot of new programs or cut taxes during the good periods and then during a downtime be hit with a huge deficit and have to cut programs or raise taxes, but to plan for a 3% growth that will probably be maintained by the County for quite some time. Mr. Nelson reviewed in detail the significant expenditures for FY 2009 that he mentioned earlier, which will be for DPS and elected officials retirement and he believes both plans are under funded. Chairman Sanchez inquired the reason these costs are so high. Mr. Nelson replied that the total increase in the cost for DPS retirement is going to be entirely paid for by the counties with the DPS employees being held at the same rate, which he believes is statutory; however, the statute could be changed to require that the total amount going to the DPS retirement could be split between the counties and the employees. Chairman Sanchez inquired if a change in the statute would come from the State or from the DPS Retirement Board. Mr. Nelson replied that it would be up to the State Legislature to change the statute, but he believes it will remain as it now stands. After a brief discussion of various items by the Board and Mr. Besich, Mr. Nelson gave a closing statement and concluded his presentation. Chairman Sanchez thanked Mr. Nelson for the report. **(A copy of Mr. Nelson's complete report is available in the Board of Supervisors' Office.)**

**Item 16B - Proposed policies: Rule 27 – Education Assistance Program and Rule 17 – Promotion, Demotion and Transfer (15 minutes)**

Berthan DeNero, Personnel Director, presented the proposed policy of Rule 17 – Promotion, Demotion and Transfer. She stated that Mr. Besich requested that she draft a County policy for progressive promotions so that a position control number wasn't set to a specific position, but instead to a range of positions such as a 1, 2 or 3 Accountant or a Sheriff's Office Sergeant, Lieutenant, etc.— those types of groupings. This policy will be a tool that the different departments can utilize as a retention tool so County employees don't have to wait until someone retires in order to get a promotion or an increase in pay due to increased responsibilities, skills, abilities, education, etc. Also attached to the proposed policy was another chapter of the mechanism, which would be included in the Gila County Merit Systems Rules and Policies to ensure that everyone is held to the same standard in providing this benefit. Upon inquiry

by Supervisor Dawson as to whether or not Public Sector Personnel Consultants (PSPC), which handled the County's market salary survey, had been contacted about this proposed policy and how it would fit in with the salary study, Ms. DeNero stated that she has not consulted with PSPC at this time. Supervisor Dawson stated that when the County spent the money on the salary survey with PSPC it was because the Board wanted to get a firm and fair schedule of jobs, not a word game in defining positions in order to get increases in pay for employees. Supervisor Dawson stated that she believes a lot of work will need to go into this proposed policy to keep it from becoming what the County was practicing 2 years ago before the salary study was adopted. Ms. DeNero stated that she sees this working more in groups of jobs that are very similar and have specific criteria that has to be met for this progressive promotion, whether it be in-house training or out-of-County training or certifications, etc. Mr. Stratton provided an example to the Board of the road crews with operators 3, 2 and 1 and stated that typically an employee, whether they have the skills or not, cannot move up to an operator 3 until another employee retires or quits. Therefore, the operators 1 or 2 have no chance for promotion as they gain more skills and become more valuable in the market place. Given this situation, those employees resign from the County's employ and begin working at the mines or other places of employment. He stated that if the Board adopted this policy, the Public Works Division has its own in-house certified trainers. He suggested that to qualify there would be a written test and field test that an employee would have to pass in order to move to the next level and there would be very significant and exact criteria that employees would have to pass. It would allow the employees to put their future into their own hands and help the County retain its employees as the Road Crew has recently lost 6-7 employees, which includes mechanics, to the mines and another employee is leaving to work at Pinal County, which has this type of policy in place. Vice-Chairman Martin stated that her problem with "chasing" the mines or any other company's structure is that right now it isn't the good times and the County just came out of bad times. She stated, "If we progress with those industries and then suddenly those industries go out of business...we are far above that. That's what PSPC was looking at for equitable, across-the-board salaries for the County's type of work. How do we reward employees in the conditions the County is currently in right now knowing that this time next year it may go the other way?" Mr. Stratton stated that it is not his intention to chase other industries, but rather to allow County employees to grow in place and help retain them in that way. The Public Works Divisions is doing more with fewer personnel, but there are many unfilled positions because of the inability to get qualified people. Mr. Besich stated that he doesn't look at educating employees or having some sort of orderly process to grow as chasing any industry, but rather that our employees are the County's most valuable resource. He stated, "If that's the philosophy, policy and direction that this Board wants to adopt, that's good, but if not the County can continue doing what we are doing. What we are trying to do is bring some order to both the education assistance program (the next agenda item) and

address some of the issues the department heads are dealing with on a day-to-day basis.” He requested that the Board provide him with some input; otherwise, he would not bring this policy back to the Board for its adoption. Vice-Chairman Martin stated that she appreciates growing in place and answering the County’s needs with the best employees and rewarding them. Vice-Chairman Martin explained, “When I mentioned ‘chasing another industry’ it seems to me that the County chases an industry and then that industry peaks and drops out and the County is sitting here paying these salaries that makes no sense in the bigger pool. How do we attract, train, keep and value excellence?” Mr. Besich stated that it is a balancing act that needs to be dealt with each year and what the budget policies are toward salary increases and many times the Board has had to visit and revisit the issues such as was done with the Sheriff’s Office. After continued discussion, Supervisor Dawson recommended that the County needs to “sell itself better...and promote the fact that working at this County is a secure job if the employee does a good job.”

Marian Sheppard, Chief Deputy Clerk, addressed Rule 27 – Education Assistance Program. She stated that Mr. Besich requested that she draft this policy. In doing so, she reviewed the policies of other counties and Phelps Dodge, a main employee competitor of Gila County government, and from that information the policy was written and then a review team critiqued the policy. Ms. Sheppard advised that in the past, tuition and other forms of educational assistance have been offered to employees; however, many employees are unaware of this assistance. This program will be available to all County employees that qualify and will encourage continuing education. The following criteria will apply: 1) the course has to be directly related to an employee’s current position or is related to the class specifications of the position in a related career track leading to a degree, certificate or license; 2) the County will pay for tuition as well as registration fees, lab fees, and reimbursement for CLEP (College Level Examination Program) tests; 3) an annual reimbursement amount may not exceed \$5,250; 4) for undergraduate course work the County will reimburse the employee at 100% for an “A” grade—75% for a “B” grade—50% for a “C” grade—100% for a CLEP test and 100% for a passing a pass/fail class for a certificate or license; 5) amounts expended in one year cannot be carried over to another year; 6) in the event of a reduction in force, an employee, if passing a class at the time of being laid off, would still receive reimbursement; 7) if an employee voluntarily leaves the County, they would be responsible for repayment of all reimbursements received during the previous 12 months of employment. An employee would fill out and submit the Education Assistance Application to their immediate supervisor. Should the immediate supervisor not approve the Application, the process continues with a review of the Application being conducted by the department head or elected official, Personnel Department and the County Manager whereby a final decision will be rendered. Mr. Besich stated that \$250,000 is budgeted yearly for training and only \$160,000-\$170,000 has actually been expended. He

believes this policy will give some uniformity to how the County applies continuing education assistance. Chairman Sanchez inquired how collection will be made from employees leaving the County. Mr. Besich stated that the employee must sign the Application, which contains the following: "I also understand that if I voluntarily or involuntarily terminate my employment with Gila County within 12 months of being paid for education-related expenses, I agree to reimburse upon demand, any amount due the County according to the Education Assistance Program Policy (Rule 27). I hereby authorize Gila County, to the extent permitted by law, to recover all or part of such educational assistance costs either (1) by deduction from my paycheck or money due to me upon termination of my employment, or (2) available remedies at law." Supervisor Dawson stated that she believes there is a legal question on whether the County could collect the money from a final paycheck. Mr. Besich replied that if the Board wishes to proceed with this policy, he will have Bryan Chambers, Chief Deputy County Attorney, review same.

**Item 16C - Facilities for Finance Department; staffing and market study (20 minutes)**

Mr. Besich stated that this item is in regard to securing new facilities for the Finance Department, which has outgrown its present location. He has charged the Public Works Division and Facilities Department to study new location possibilities. He has also agreed to support the Finance Department's request for a market salary study to be conducted by Public Sector Personnel Consultants. Mr. Besich has also requested that John Nelson and Richard Gaona, Finance Director, make recommendations as to an adequate level of staffing and whether additional positions would need to be phased in or not. When all information has been received, a recommendation will be made to the Board. Supervisor Dawson suggested that the School Superintendent's Office could be relocated to the old East Globe School it is currently leasing whereby it would be the center of education and the Finance Department could move into that vacated space. Mr. Besich stated that all options are being explored.

Mr. Besich requested to move to Agenda item numbers 16G and 16H at this time as Steve Cullen, Senior Dean of the Gila Community College, had just arrived.

**Item 16G - Gila Community College (20 minutes)**

Mr. Besich called on Mr. Cullen to provide an update on the Gila County Community College (GCCC). Mr. Cullen stated that GCCC is building up the college at the Payson, Globe and San Carlos campuses. The Payson and Globe campuses are running out of facility space because they have grown so much. He thanked Gila County in assisting with the growth of GCCC over the past 32-33 months and he stated that the FTSE (Full-Time Student Equivalent) enrollment has gone from 212 FTSE to a projected 850 FTSE for this year. The issue becomes the fact that community colleges in rural Arizona receive \$2100-

\$2300 dollars per FTSE unit, but as a provisional community college district, GCCC only receives State aid in the amount of \$944 per FTSE and he doesn't see the equity in that calculation. He gave a brief update on the new programs being offered, which include the nursing program and heavy equipment program along with an upcoming police academy, electrical and instrumentation program and maintenance program and on the drawing board is a cosmetology program. The same efforts are being duplicated in northern Gila County with the workforce readiness academy, 2 allied health care programs and a lab and medical assistance program. Mr. Cullen advised that his time is divided equally between the Globe campus and the Payson campus. He concluded by stating that with a projected FTSE of 1100 for next year, "that puts us squarely on the radar map with the State Legislature and at some point they have to see the experiment is over and Gila County is the real deal when it comes to post secondary education." Mr. Besich advised that he would speak to each Board member individually about how Gila County is reimbursed for FTSE as he believes it is being incorrectly calculated and if it proves out a large amount of money could be coming back to the college. Upon inquiry by Supervisor Dawson if the college lobbyist is working on workforce development through the Legislature, Mr. Besich stated he was not sure; however, he is committed to talking to the Governor's Office about the ability of Gila County taxpayers to go for bonding for building purposes as currently this is not possible under the provisional district status.

At 3:09 p.m. Chairman Sanchez called for a 15 minute recess to attend the retirement party of Linda Haught-Ortega.

At 3:42 p.m. Chairman Sanchez reconvened the meeting.

#### **Item 16H - Flood issues/options (20 minutes)**

Mr. Stratton advised the Board of all the overtime his road crew staff has accrued because of the flooding issues. He provided an update to the Board on the current standing of all the flooding issues over the past several weeks with Tonto Creek crossings that are still closed; however, medicine, mail and groceries are being transported via the deuce-and-a-half truck. There are also problems in the Dripping Springs area, Gisela and Flowing Springs, the latter of which was finally taken care of temporarily by the Forest Service. He advised that the County has a lot of flood control structures that at some point will need to be addressed. The County is also currently in the 404 Permitting Process with the U.S. Army Corps of Engineers and has been for 1-1/2 to 2 years and at the cost of \$150,000 plus. The County is awaiting the signatures of property owners that are affected by these berms and dikes so that the County can also represent them at the U.S. Army Corps of Engineers and then a recommendation will be made to the Board after permitting is received. He also advised the Board of a dike that was half-way breached in the Tonto Basin area that he didn't even know existed. After research was conducted, some old

files were located and it appears that Gila County was the sponsor of that dike and efforts are ongoing to try to identify whose property the dike is located on and if the County would have any authority to do any work on it. This poses another problem and that is if Public Works does the dike repairs could the County recover its costs with HURF (Highway User Revenue Funds) money or would it have to be contracted out? Mr. Besich stated that he doesn't know for a fact if the County was the sponsor as this was done in the old days. The County may have been a de facto sponsor based on a lone decision by a past Supervisor and some of these things come back to haunt the County. Vice-Chairman Martin stated that she was aware of the dike from her past history as Chairman of the NRCD (Natural Resource Conservation District), which used to be known as the Soil Conservation Service, for the Tonto District and includes all of Gila County. She knows that NRCD money went into that dike back in the 1950s and in the 1970s NRCD and possibly the County did more dike work. In 1993 NRCD and the County repaired some of those dikes and added to them, but she's not sure what percentage of the work was done by each entity and a lot of the funding was done with both federal and State monies. She suggested that the County contact John Dryer who would know a lot about the dike. She does know that it sits on private property and the material for the dike came from Steve Cline's property. Mr. Besich advised that the person to contact would be Bob Arambula who is still with the NRCD in Flagstaff. Mr. Stratton advised that his staff would be going to the east side of the dike to try to ascertain what it would take to repair the dike. Supervisor Dawson also advised of some culvert bridges that were washed out in the Six Shooter Canyon area and inquired if the County is the entity that grants the approval for residents to build these bridges because when these culverts wash out they are creating dams downstream. Mr. Stratton advised that the County does not have jurisdiction in that area, but rather it is the jurisdiction of the U.S. Army Corps of Engineers. In regard to Tonto Creek, Vice-Chairman Martin stated that the moment that Roosevelt Dam was constructed, Tonto Creek became an A-grading stream and it will continue to A-grade until it reaches the top level of the dam at some point in time and for the County to continue to rebuild and improve the dikes will not solve the problem. She suggested the Board possibly entertain the idea of trading Forest Service land up on the benches for that land along the creek and relocate the residents up on the benches as a long-term resolution. After continued discussion, it was the consensus of the Board that large signs should be posted along Tonto Creek stating: "Area prone to extended periods of flooding." Mr. Stratton stated that his department receives a lot of complaints as to the reason the County issues building permits in that area, but to his knowledge the areas were not located in the floodplain, the parties had a good building plan and owned the land, so the County could not deny the permits. He also recommended posting signs on potential flooding. Chairman Sanchez stated that the proposed bridge across the Tonto Creek to be paid for by federal funds is now a dead issue; however, he has made a pledge to contact the Governor's Office, the U.S. Army Corps of Engineers and other agencies to see if a solution can be found. Vice-

Chairman Martin also updated the Board on the federal Technical Corrections bill. Mr. Stratton also advised that the County is working with the Forest Service to realign some of the Tonto Creek crossings for safety reasons. The County has also ordered some culvert for Oak Creek to try to maintain the flow so there isn't a separation of the north and south. The County is also in the process of trying to acquire some property on the east side of the creek to have a facility on that side to emulate the services on the west side and have equipment and generators for wells, fuel and propane to stop a lot of the unnecessary crossing of the creek when it is flooded. He advised that the Facilities Department is currently having some property appraised for purchase that is not located in the flood prone area. Discussion was also held on advising people to make sure they have flood insurance. Matthew Bolinger, Director of Emergency Services, also updated the Board on his work to get volunteers to operate an assistance center in the Tonto Basin area during flooding seasons. Volunteers are still continuing to provide food, medicine and mail to the stranded residents for which the residents are very appreciative.

In concluding the work session, Chairman Sanchez stated that the remaining items (listed below) would be discussed at a future work session, which was tentatively set for March 11, 2008. No action was taken by the Board on any Work Session items 16A-16H.

**Item 16D - Forest health-fire (20 minutes)**

**Item 16E - Economic development-Payson Event Center (20 minutes)**

**Item 16F - Gila County water issues (20 minutes)**

**Item 16I - Future issues:**

- 1. New World accounting system**
- 2. Mapping - Matt Bolinger**
- 3. Public Works major projects update - Steve Stratton**
- 4. Code of the West**
- 5. Current legislative issues**
- 6. Automation of Clerk of Board of Supervisors' Office - Marian Sheppard**

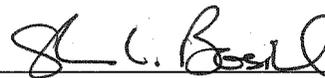
Vice-Chairman Martin also stated that one of the items scheduled for a future work session, The Code of the West, has never been approved by the Board and she requested that it be placed on next week's agenda.

There being no further business to come before the Board of Supervisors,  
Chairman Sanchez adjourned the meeting at 4:21 p.m.

**APPROVED:**

  
Jose M. Sanchez, Chairman

**ATTEST:**

  
Steven L. Besich, County Manager/Clerk