

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

Date: July 21, 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

PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member (via telephone conferencing); 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. Tommie Martin led the Pledge of Allegiance and Pastor Chris Martin delivered the Invocation.

Chairman Sanchez announced that Supervisor Dawson was attending an out-of town meeting. Supervisor Dawson stated that she was at a press conference at the Arizona State Capitol regarding the sale of the ASARCO (American Smelting and Refining Company) Mine in Hayden and would participate in a portion of the Board meeting via a telephone conference call until she would need to leave for the press conference.

Item 2 - Presentation of the Gila County Probation Department's annual report to its stakeholders and presentation of the following awards: Probation Supervisor of the Year, Probation Officer of the Year, Detention Officer of the Year and Employee of the Year.

Frank Owens, Probation Department Director, presented the Probation Department's 2007 annual report to the Board, which included information regarding the budget, statistical numbers for adult and juvenile probation, the court appointed Special Advocacy Program and detention. The report is also available on the internet at the following location:

<http://www.supreme.state.az.us/gilasc/prob/prob.html>. He then requested the Board's assistance in presenting awards to some of the outstanding Probation Department employees of the year, as follows: Officer of the Year—Larry Pontel; Employee of the Year for 2007—Martina Burnam; Detention

Officer of the Year—Jessy Carter; and, Supervisor of the Year—Cynthia Romance. Each Board member expressed their appreciation to Mr. Owens and his staff for the excellent work performed by the Probation Department for Gila County.

Item 3 – Motion to convene as the Library District Board of Directors. Information/Discussion/Action to adopt the tentative 2008-2009 fiscal year budget for the Gila County Library District.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board convened as the Gila County Library District Board of Directors. Jacquie Griffin, Assistant County Manager/Librarian, presented the tentative Gila County Library District 2008-2009 fiscal year (FY) budget in the total amount of \$1,206,247, which was included in the tentative Gila County budget on page 9. Because the Library District is a secondary taxing district and because the Board of Supervisors sits as the Library District Board of Directors, every year the Library District budget is adopted separately from the main Gila County budget. Ms. Griffin referred to the budget line item entitled “Assistance to Public Libraries” which represented a 9% increase as the County is increasing the amount being offered to the cities, towns and tribal library as well as the 3 community libraries that do not have oversight by another government entity. Each Board member expressed their appreciation to the librarians and Ms. Griffin. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously adopted the tentative 2008-2009 FY budget for the Gila County Library District in the amount of \$1,206,247.

Item 4 - Information/Discussion/Action to adopt the tentative 2008-2009 fiscal year budget for Gila County.

John Nelson, Deputy County Manager, presented the tentative Gila County FY 2008-2009 budget to the Board. He explained that adopting the tentative budget, as required by statute, accomplishes the following: 1) it authorizes the County to publish in the newspaper the tentative budget, as approved by the Board, along with a Truth in Taxation (TNT) public hearing notice to be held on August 4, 2008, which is required to advise the public of Gila County’s intention to raise its primary property taxes over last year’s level; and, 2) it sets the upper expenditure limit for Gila County. It does not approve the tax rate or approve individual budgets as those are subject to change by the Board. The total tentative budget the Board is being requested to adopt is \$91,170,013, which is an increase of \$8,259,460 or 9.9% from last year’s budget. Mr. Nelson passed out some informational paperwork, part of which addressed the specific budget increases as follows: 1) a proposal to borrow \$5 million from the Greater Arizona Development Authority (GADA), which is tax-exempt financing, to address the County’s short- to medium-term facility issues regarding the women’s section and intake facilities at the Globe jail, as well as inadequate courtrooms in Payson; 2) a \$1,135,591 increase for law enforcement and \$310,204 for judicial services, both for retirement benefits and health

insurance passed down to the counties from outside entities; 3) grant program increases for the WIC (Women's, Infants and Children) Program in the amount of \$300,000, Transportation Enhancement in the amount of \$336,065 and the Cross Boundary Pilot Program for \$125,000. The WIC funds can only be used for capital purposes to support the WIC program for facility needs and a vehicle for Payson. The Transportation Enhancement funds are for the Fairgrounds entrance and modifications being done there. The federal government has seen what the County has done with its public lands to reduce fire danger and has finally agreed to participate with the County in the Cross Boundary Pilot Program to provide training, additional water bladders and dip sites and assist with more burn pits. The County will be receiving \$125,000 from the Forest Service for this program. The above net increases total \$1,052,600 or 1.6% compared to inflation of 3.1%. Mr. Nelson advised that the proposed tax rate will be \$3.92 per \$100 of assessed valuation, which is down \$.19 from last year's rate of \$4.11 and overall it's down \$.49 or \$4.41 from when this Board first took office. In 2005, Arizona voters approved a limit on property tax increases of no more than 2% per year so the proposed \$3.92 tax rate will be slightly below the 2% increase and approximately one half of inflation.

At 10:34 a.m. Supervisor Dawson stated that she was in support of the budget as presented; however, she expressed her regret for the Board not being able to provide employee raises for the upcoming year. She then excused herself from the meeting (telephonically) to attend the press conference.

Mr. Nelson continued with his presentation by stating that with the property tax decrease to \$3.92 and with the assessed values going up, the result is a 2% increase, which does require a TNT notice to be published. He gave the example that the owner of a \$100,000 home will see a property tax increase from \$376.56/year to \$392.00/year or a \$15.44 increase; however, the Board chose to not have a property tax increase last year so basically this is a 2-year increase of \$15.44 or \$7.22/year. The TNT notice to be published will state that there will be a tax increase overall in Gila County of \$792,524. Mr. Nelson then reviewed the costs/reductions in income passed down by the State to the County in the amount of \$776,526. Those costs included the following: 1) reduction in Highway User Revenues funds (HURF) in the amount of \$242,250; 2) reduction in Vehicle License Tax of \$63,685, both of which were from the Road fund; 3) reduction in Vehicle License Tax in the amount of \$109,534; 4) assignment of costs for Department of Public Safety Lab of \$111,750; 5) withholding of ALTCS (Arizona Long Term Care System) overpayment of \$127,857, with items 3-5 impacting the General Fund; and, 6) refund of taxes to Qwest as the result of a lawsuit in the amount of \$121,480. He explained that the total tax increase for the County is pretty close to the costs the State passed down to the County. Mr. Nelson then reviewed the recommendations being proposed for the overall budget, which included the following: 1) no increase in new employee positions; 2) no increase in supplies and services, which is basically a cut in these items because of increased costs due to inflation; 3) no salary increases; however, a review of the budget will be done in

December/January to see if it is possible to fund a salary increase of some type at that time because of the higher costs of gas and food for employees; 4) a 60-day hiring freeze on all vacant positions; however, he requested that the County Manager be granted the authority to waive that freeze in the event a critical position was vacated; and, 5) a capital freeze again allowing the County Manager the authority to override the freeze in the event of an emergency. Also reviewed for freezes, but not being recommended at this time, included a permanent freeze on positions and travel. Mr. Nelson stated that he had confidence that the management team, elected officials and department heads, during a financial crisis, would respond to the problem so it was decided that those freezes would not be imposed at this time. Chairman Sanchez stated that input was needed from all of the elected officials to continue working with the Board and the Finance Department. He stated that the Board previously adopted Public Sector Personnel Consultants' proposal with built-in recommendations for employee raises; however, the downturn in the economy had not been anticipated. Mr. Nelson stated that in comparing the revenues to the expenditures, in order to balance the FY 2008-2009 budget it will require the use of \$800,000 from the County's reserve or "rainy day" fund. Economists are expecting the national economy to bottom out and start picking up in the third quarter of 2009 and Arizona typically lags a quarter behind the national economy. Mr. Nelson stated that what makes him the most nervous is that a meeting was held last week with the Arizona Tax Research Association, which included representatives from Salt River Project and the local mines, and it was the consensus that the State budget is not going to work. The State Legislature, which will have many new legislators, will meet in January 2009 on how to once again solve the State's budget deficit with the possibility of additional costs being shifted down to the counties. If that happens, any additional costs would also have to be taken from Gila County's reserve account. Mr. Nelson reviewed the pie charts supplied to the Board, which showed that of the total FY 2008-2009 \$91 million budget, 39% represents the General Fund over which the Board has some control; the remainder is restricted funds. However, of that 39% in the General Fund, law enforcement, judicial services and AHCCCS/ALTCS (Arizona Health Care Cost Containment System/Arizona Long Term Care System) take up 67% or two-thirds. The remaining one-third goes to general government, health, welfare, sanitation, education and recreation. He stated that 51% of the General Fund revenues are generated from property taxes so basically what happens to the General Fund affects property taxes. Of the remaining General Fund revenues, 23% comes from State Shared Revenues such as sales tax, auto license tax, the lottery, etc, so if the State is looking at any additional cuts, they will again be passed down to the counties. Vice-Chairman Martin agreed with Mr. Nelson's view of the State Legislature reconvening to address another budget cut, but she is glad the County has been able to hold the line on its services without making any cuts at this point. Vice-Chairman Martin addressed salary increases and she would like to have some figures for the cost of perhaps giving everyone a \$1,000 raise across the Board both now and in January. While she is "sold on the Public Sector idea", Vice-Chairman Martin stated that she would

like a way to help employees through this financial crisis, particularly those employees making \$25,000 or less. Vice-Chairman Martin also expressed her appreciation to the management team for presenting this budget without cutting back on services. Mr. Nelson stated that his biggest concern is a continued State budget deficit occurring this upcoming fiscal year and the impact it will have on counties. He stated that one thing the counties were able to dodge was the transfer of State prisoners back to the counties. He stated, "If that happens to us, I don't know what we'll do...That's going to be a tremendous burden on our already overwhelmed criminal justice system." Mr. Nelson stated that while initially figuring the budget, the health insurance premiums increase of 12% was first discussed with the intent of passing the costs to the employees; however, since salary increases will not be given, it was decided that the County would absorb the increased health insurance costs. He stated that in regard to the Qwest lawsuit and subsequent tax refund, Gila County's proportionate share is \$121,480, which has been ordered by the court to be paid in full by July 31, 2008, or 10% interest will begin accruing. Chairman Sanchez stated that today the Board is being requested to adopt the tentative FY 2008-2009 budget. He also reviewed the meeting date for adopting the final budget, which will be on Monday, August 4, 2008, and then on Monday, August 18, 2008, the Board will hold a meeting to set the tax rates and levies for the special taxing districts. At this time, Chairman Sanchez read for the record written comments received on Public Participation forms from residents of Tonto Basin. They were as follows: Barbara Godbold—"Interested in knowing if an IGA (Intergovernmental Agreement) will be signed with ADOT (Arizona Department of Transportation) to agree to pay \$168,000, which is the 5.7% match for the (construction of a) bridge across Tonto Creek. Is this money appropriated in the present budget?" Ron Fogle—"I am in favor of the budget including bridge allocation for item number 4." Cheryl Fogle—"Please allot \$ for bridge or safe crossing and passageway for Tonto Basin residents." Keith Godbold—"Is bridge project included in present budget (\$168,000) Tonto Creek area?" Chairman Sanchez stated that he intended to report all of this information at the upcoming meeting in Tonto Basin; however, he deferred the written questions to Mr. Stratton. He noted that the matching funds were available in the proposed budget. Mr. Stratton stated that ADOT was notified 2 weeks ago about the County drawing down money and wanting to enter into an agreement. A meeting has been scheduled with ADOT tomorrow, which will begin that process. He stated that the match for the Tonto Creek Bridge project is not general funded; it is HURF (Highway User Revenue Funds) funded. The entire amount of \$168,000 was not budgeted because it is believed that only \$125,000 of the match will be utilized this year and the remainder will be funded the following year as the project cannot be completed in 1 year. He stated that the County is currently in the process of talking to an engineering firm and agreeing on the scope of the work so someone will be in charge of the process and move it forward quicker than if only County staff were working on it. Chairman Sanchez advised that a flood mitigation meeting will be held in Tonto Basin on July 31, 2008, at 5:30 p.m. and Gila County Emergency Services will be sending out a flyer to notify all Tonto Basin

residents of that meeting. The Board expressed its appreciation to the staff for the work done on the budget. Upon motion by Vice-Chairman Martin, seconded by Chairman Sanchez, the Board adopted the tentative FY 2008-2009 budget for Gila County.

Item 5 - Public Hearing - Information/Discussion/Action to consider a Class 'B' bingo license application being submitted to the Arizona Department of Revenue (ADOR) by the Pleasant Valley Volunteer Fire Department and offer a recommendation for approval or disapproval of the application to ADOR.

Marian Sheppard, Chief Deputy Clerk of the Board, stated that this application for a Class 'B' bingo license is submitted directly to ADOR; however, ARS §5-404 states that the local governing body must immediately post a public hearing notice at which time the application must be reviewed by the Board and a decision made to recommend ADOR's approval or disapproval of the application. Ms. Sheppard advised that she posted a public hearing notice, which appeared in the Arizona Silver Belt. Ms. Sheppard stated that to date she had not received any verbal or written objections; therefore, she recommended that the Board approve the application and she would forward it to ADOR. The Pleasant Valley Volunteer Fire Department is the applicant and monies raised will be used to help run the Fire Department. At this time, Chairman Sanchez opened the public hearing and asked for public comment; none was offered. Chairman Sanchez closed the public hearing and entertained a motion. Upon motion by Vice-Chairman Martin, seconded by Chairman Sanchez, the Board agreed to recommend to ADOR that the Class "B" bingo license application submitted by the Pleasant Valley Volunteer Fire Department be approved by ADOR.

Item 6 - Information/Discussion/Action to approve an Intergovernmental Agreement (Contract No. DE070366-001) between the Gila County Health and Community Services Division d/b/a Gila Employment and Special Training (GEST) and the Arizona Department of Economic Security, Rehabilitation Services Administration (RSA) to fund the full time Disability Program Navigator position for the period April 1, 2007, through March 31, 2012, in the total amount of \$70,468.

David Caddell, GEST Program Manager, advised the Board that this Intergovernmental Agreement (IGA) replaces the establishment grant that funded the Disability Specialist position. This annual amount (\$70,468) can be amended for any changes of items in the budget. He referred the Board to the breakdown of the budget as shown in Exhibit 1 on page 100 of the Board packet. This Agreement is a 50-50 split in costs between RSA and the Gila County GEST program. Upon motion by Vice-Chairman Martin, seconded by Chairman Sanchez, the Board approved an Intergovernmental Agreement Contract No. DE070366-001 with the Arizona Department of Economic Security Rehabilitation Services Administration to fund the full time Disability

Program Navigator position for the period April 1, 2007, through March 31, 2012, in the total amount of \$70,468.

Item 7 - Information/Discussion/Action to authorize the submission of paperwork to the U.S. Army Corps of Engineers in order to obtain permits as required under Section 404 of the Clean Water Act for 4 berm repair projects in Gila County.

Steve Stratton, Public Works Division Director, stated that a few weeks ago he requested that the Board approve a letter to the U.S. Army Corps of Engineers to withdraw Gila County's application, which relates to Section 404 of the Clean Water Act. At the same time Mr. Stratton also requested permission to break the berm repair projects into separate sites and then reapply for individual permits. He stated that at the current time this paperwork is to obtain permits for 4 berms and 3 sites, as follows: 1) Byrne's—Wheatfields; Gisela; Punkin Center (above Foster's Trailer Park); and, Punkin Reno (adjacent to where Reno Creek comes into Tonto Creek). He clarified that Punkin Center and Punkin Reno are 2 berms, but are considered 1 site. Mr. Stratton requested permission to instruct the County's consultants to apply to the Corps of Engineers for permits for those 4 berms only. Chairman Sanchez stated that 4 written comments were received on Public Participation forms from residents of Tonto Basin, who were present at the meeting. He also acknowledged William Byrne, Jr.; William Byrne, Sr.; and, Ted Thayer, who were also present and have been active in assisting the County in this matter. Chairman Sanchez then read the following written comments received, as follows: Ron Fogle—"We need our berms repaired to keep us from flooding."; Cheryl Fogle—"We need to repair the berm/dikes to help residents with flood prevention."; Barbara Godbold—"Is money appropriated for dike construction at a 25% match with NRCS to bring the dikes to be able to withstand 107,900 cu. ft. per second (100 year flood flow rate)?"; and, Keith Godbold—"Is berm repaired to 100 year flood status included in the budget?" Mr. Stratton addressed the written questions by stating that this is a typical section. In order to get a berm to a 100-year flood it would take a very extensive hydrologic study. This typical section could not be utilized for each site and the engineering cost would be quite high. It would have to be funded from the County's General Fund and Highway Revenue User Funds (HURF) could not be used. He advised that the County does not have any money allocated to repair any of these berms and the work cannot be done in-house for 2 reasons, namely: 1) HURF funds in his department where the equipment is located has to be utilized on bridges and roads or the County has to be repaid by another source in order to recover those funds; and, 2) the cost would be over the amount that the County can expend by statute in Title 34 so the answer to the written questions is "no". Mr. Stratton stated that he has informed the Board and the public that the County is only applying for the permits at this time, which is the most difficult portion of the process and this has been ongoing for over a year and a half. He stated that the residents need to explore methods to fund the projects. Chairman Sanchez stated that at the flood mitigation

meeting to be held on July 31, 2008, he is going to request a more complete discussion on the funding. Chairman Sanchez stated that he has shared with the residents that although the County has a flood control district there is no levy for it; therefore, the funding for these repairs is something the Board will have to address at a later date.

At 11:18 a.m. Supervisor Dawson rejoined the meeting telephonically.

Mr. Stratton stated that in discussions with Mr. Byrne, Mr. Byrne inquired if there was any export from the current County road job and he advised Mr. Byrne that there is not; however, any time there is any activity by the mines, the Arizona Department of Transportation (ADOT) or the County, he would be willing to help where he could by diverting materials from an ADOT road job, if ADOT was willing to cooperate. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously authorized the submission of paperwork to the U.S. Army Corps of Engineers to obtain permits as required under Section 404 of the Clean Water Act for 4 berm repair projects in Gila County as stated above.

Item 8 - CONSENT AGENDA ACTION ITEMS:

- A. Approval of Addendum No. 1 to a 36-Month Cable One Commercial Service Agreement between Gila County and Cable One, Inc. which modifies Appendices A and B of the Agreement to add 10 Mbs of bandwidth for the downtown County Attorney's (CA) Office at an additional cost of \$450 per month to be paid by the CA and to add 2 Mbs at a cost of \$400 per month to be paid by the I.T. Department to provide additional Countywide bandwidth.**
- B. Approval of an Intergovernmental Agreement (Contract No. HG854565) between the Arizona Department of Health Services and Gila County to continue providing Tuberculosis Control Program services for the period July 1, 2008, through June 30, 2013, not to exceed \$25,000 per year for reimbursed expenses.**
- C. Approval of Amendment No. 10 to an Intergovernmental Agreement (Contract No. HG354349) between the Arizona Department of Health Services and Gila County in the amount of \$112,000 to continue providing Tobacco Education and Prevention Program services for the period June 30, 2008, through June 30, 2009.**
- D. Approval of Amendment No. 6 to Contract No. 0006-0444 between the Pinal Gila Council for Senior Citizens, Area Agency on Aging, Region V and Gila County Housing Services Department in the amount of \$18,000 to continue providing minor home repair services for the period July 1, 2008, through June 30, 2009.**

E. Approval of the Byrne Justice Assistance Grant Agreement No. DC-09-029 between the Arizona Criminal Justice Commission and the County Attorney's Office in the amount of \$72,063 with a grant match requirement of \$15,291 of which said funds will be applied to drug prosecution.

F. Approval of the July 8, 2008, BOS meeting minutes.

G. Approval of the June 2008 monthly departmental activity reports submitted by the Globe Regional Justice of the Peace and Clerk of the Superior Court.

H. Approval of personnel reports/actions for the week of July 21, 2008.

Departure from County Service:

1. Deputy Probation Officer 2 – Probation – 07-11-08 – General Fund – Teresa Bunker – DOH 10-20-03 – Resigned
2. Surveillance Officer – Probation – 07-01-08 – 50% Juvenile Intensive Probation Supervisor Fund – 50% Adult Intensive Probation Supervisor Fund – Wendra Kracinski – DOH 04-16-07 – Separated without prejudice
3. Deputy Probation Officer 2 – Probation - 07-09-08 – Adult Probation Services Fees Fund – Travis Shields – DOH 09-23-02 – Resigned

Hire to County Service:

4. Administrative Clerk Senior – Health and Community Services – 07-21-08 – Health Services Fund – Sharon Caridi – Replaces Tammy Renfro
5. Custodian Lead – Public Works/Facilities Management – 07-21-08 – Facilities Management Fund – Antoinette Gonzales – Replaces Rhonda Wood

End Probationary Period:

6. Juvenile Detention Officer – Probation – 07-07-08 – General Fund – Rick Cayouette
7. Administrative Clerk Senior – Health and Community Services – 06-10-08 – Immunization Fund – Sharon Heller
8. Lube Specialist – Public Works/Auto Equipment Maintenance – 07-21-08 – Public Works Fund – Merle Ray

Request Permission to Post:

9. Road Maintenance/Equipment Operator – Public Works/Consolidated Roads – Position vacated by Nancy Fransden

SHERIFF'S PERSONNEL ACTION ITEMS

Departure from County Service:

10. Detention Officer – Sheriff's Office/Globe – 07-25-08 – General Fund – Erin Perkins – DOH 01-22-07 - Resigned

End Probationary Period:

11. Deputy Sheriff – Sheriff's Office/Globe – 07-21-08 – General Fund – Robert Corn

I. Approval of the finance reports which lists disbursements that will be issued during the week of July 21, 2008. (separate handout)

\$900,030.85 was disbursed for County expenses by check numbers 209970 through 210079. **(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 8A-8I.

Item 9 - 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.

Chairman Sanchez and Mr. Besich presented information on current events.

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

APPROVED:



Jose M. Sanchez, Chairman

ATTEST:



Steven L. Besich, County Manager/Clerk