

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

Date: November 6, 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 (via video conferencing); Shirley L. Dawson, Member; Steve Besich, County Manager/Clerk; Marilyn Brewer, 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 Special Session at 10:00 a.m. this date. Steve Besich led the Pledge of Allegiance and Linda Eastlick delivered the Invocation.

Chairman Sanchez announced that Vice-Chairman Martin would participate in today's meeting via video conferencing from her office in Payson.

Item 2 - Information/Discussion/Action to adopt Resolution No. 08-11-01 designating 20% of its Forest Fee Reserve Funding to be allocated to Title II local projects and to adopt Resolution No. 08-11-02 electing Full Payment Option of Title I of the Secure Rural Schools Community Self-Determination Act Forest Fee Reserve payment system.

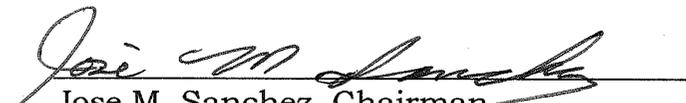
Steve Besich, County Manager/Clerk, stated that the Board had received information from Gene Blankenbaker, Tonto National Forest Supervisor, whereby the State of Arizona must submit each county's election to receive a share of the state payment under the SRS (Secure Rural Schools) Act or to receive a share of the State 25 Percent Payment to the U.S. Forest Service Albuquerque Service Center by November 14, 2008. Arizona would receive \$1.3 million under the projected State 25 Percent Payment and \$20.8 million under the SRS Act for the first year. Mr. Besich advised that there were 2 resolutions with the first one designating 20% of Gila County's Forest Fee Reserve Funding to be allocated to Title II local projects. Title II projects allowed under this Act include the Firewise Communities Program and fire

suppression activities. If the County designates that 20% of its Forest Fee payments be allocated to the Title II projects under this legislation, it would mean that \$500,000 could be put into continuing and upgrading the County's fire suppression program. Mr. Besich stated that this would be very helpful and would also depressurize some of the drain on the County's budget because the forests cannot be ignored. The other resolution would elect the full payment option pursuant to the provisions outlined in Title I of the Secure Rural Schools Community Self-Determination Act of 2000. He stated that if the County takes more than 5% of the Forest Fee Reserve Funding, then the County is penalized for its PILT (Payment In Lieu of Taxes) contributions the following year. He requested that the Board approve these 2 resolutions so the County can be timely in its submission and then "we will go about developing the programs and the Title I SRS Forest Fee Reserve payments at a later date because it is my understanding that the funds won't come in until January 2009." Mr. Besich advised that Gila County is basically following Greenlee County's lead on these resolutions. He stated that John Nelson, Deputy County Manager; Dennis Miller, Consultant to Gila County; and Richard Gaona, Finance Director, were present to answer any questions. Chairman Sanchez stated that this has quite an impact on the County's resources compared to the past and "it is a great thing for Arizona and Gila County because of the amount of federal forest land that we have." Vice-Chairman Martin felt that the resolutions were "right on target" and she preferred that the County select the 20% option instead of 15% because not only are there fire issues in the northern part of the County, but there are also Community Wildfire Protection Plans that need to be done for Globe-Miami, Tonto Basin and Young and these funds could go toward those Plans. On the other item, she preferred that the Full Payment option be selected and then take the next 60 days to see exactly how that money will be allocated and how it can or cannot be used. Upon inquiry from Supervisor Dawson, Mr. Miller provided additional information on the Title II program. Mr. Miller advised that with the expanded funding, there is now a requirement that the 15%-20% be spent on either Title II or Title III projects; however, Title III projects have some limits. The downside of Title III is that for every dollar spent, a dollar is deducted from the PILT funds. Title II funds are not deducted from PILT funds. The Title II projects must be approved by Resource Advisory Committees (RACs) and some of those members include the following: Representative Jack Brown, Supervisor Richard Lunt of Greenlee County and Rick Finkerton of Star Valley. There are 2 other members from Navajo County and one vacant position. He stated that it is important that the County meet that 15%-20% requirement of Title II so funds are not deducted from the PILT funds. Supervisor Dawson stated that she understands this is a 5-year program. Mr. Miller advised that the program is only for 4 years and he has heard that either the Forest Fee Reserve Funding or the PILT funds could be eliminated at the end of the 4 years, but that is not official. He understands that the schedule of payments will decrease each year, but apparently the 4 years of funding is assured. Vice-Chairman Martin stated that the program does only go through 4 years as that

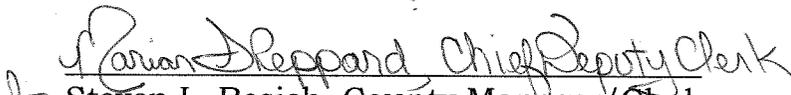
was one of the compromises made. Chairman Sanchez stated that the Forest Fee Reserve Funding is primarily designed for schools and roads. Mr. Miller advised that the other 80% has to be allocated between schools and roads. Gila County has, in the past, allocated 95% to the schools and 5% to roads because the 5% for roads is deducted from the PILT funds and that is the minimum amount acceptable to the auditors. Mr. Besich stated that every county in Arizona is involved in this funding with the exception of Yuma and LaPaz Counties. Chairman Sanchez stated that he anticipates discussions on these items being held at County Supervisors Association meetings. Chairman Sanchez then called on Linda O'Dell, School Superintendent, to speak. Dr. O'Dell stated, "It is my understanding that final reauthorization was for 4 years and that was put in the Bail-Out Bill." She also advised that there has been a lot of e-mail chatter among the school superintendents, county managers and attorneys and most counties are approaching the forest fees in the same manner that is being presented today and that seems to be the common consensus as to how the state and counties can best access these funds. Chairman Sanchez requested that each Resolution be adopted by individual motions. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously adopted Resolution No. 08-11-01 designating 20% of Gila County's Forest Fee Reserve Funding to be allocated to Title II local projects. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously adopted Resolution No. 08-11-02 electing Full Payment Option of Title I of the Secure Rural Schools Community Self-Determination Act Forest Fee Reserve payment system. **(A copy of each Resolution is permanently on file in the Board of Supervisors' Office.)**

There being no further business to come before the Board of Supervisors, Chairman Sanchez adjourned the meeting at 10:20 a.m.

APPROVED:


Jose M. Sanchez, Chairman

ATTEST:


Steven L. Besich, County Manager/Clerk