

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

Date: January 28, 2014

MICHAEL A. PASTOR

Chairman

MARIAN E. SHEPPARD

Clerk of the Board

TOMMIE C. MARTIN

Vice-Chairman

By: Laurie J. Kline
Deputy Clerk

JOHN D. MARCANTI

Member

Gila County Courthouse
Globe, Arizona

PRESENT: Michael A. Pastor, Chairman; Tommie C. Martin, Vice-Chairman (via ITV); John D. Marcanti, Supervisor; Don E. McDaniel, Jr., County Manager; Jacque Griffin, Assistant County Manager/Librarian; Bryan B. Chambers, Deputy Attorney Principal; Marian E. Sheppard, Clerk of the Board; and Laurie J. Kline, Deputy Clerk.

Item 1 – CALL TO ORDER - PLEDGE OF ALLEGIANCE

The Gila County Board of Supervisors met in a work session at 10:00 a.m. this date in the Board of Supervisors' hearing room. Eric Mariscal led the Pledge of Allegiance.

Item 2 – REGULAR AGENDA ITEMS:

A. Information/Discussion regarding the County Manager's Strategic Blueprint for 2014.

Don McDaniel, County Manager, asked the Board to consider addressing agenda item 2-B at this time. Chairman Pastor moved to agenda item 2-B.

B. Information/Discussion/Action to adopt Resolution No. 14-01-05 requesting the United States Congress to restore Payments in Lieu of Taxes (PILT) funding for FY 2014.

Jacque Griffin, Assistant County Manager/Librarian, advised that Payment in Lieu of Taxes (PILT) funding has been included in the U.S. Farm Bill; however, she stated that there is no certainty regarding the successful continuation of PILT funding. The County Supervisors Association (CSA) and National Association of Counties (NACo) requested that each Arizona County adopt a resolution to support this effort. The resolutions from each county will then be sent to the Congress of the United States to request restoration of PILT funding

and that it will become a permanent funding source; thereby, annual requests to Congress to receive PILT funding would not be required.

Vice-Chairman Martin inquired whether Chairman Pastor had any insight to share from the recent meeting he attended hosted by Senator John McCain. Chairman Pastor stated that Senator McCain advised that all county boards of supervisors should adopt a resolution and include in the resolution the impact of PILT to the County, the services provided, and the amount of money received per acre from PILT. He wants the resolutions to be sent to CSA, whereby CSA will compile the information to be sent to Senator McCain. Vice-Chairman Martin inquired whether Senator McCain indicated if he was voting in favor of PILT funding. Chairman Pastor stated that at a recent meeting with Senator McCain he expressed his support of PILT. Upon motion by Vice-Chairman Martin, seconded by Supervisor Marcanti, the Board unanimously adopted Resolution No. 14-01-05 requesting the United States Congress to restore Payments in Lieu of Taxes (PILT) funding for FY 2014. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

A. Information/Discussion regarding the County Manager's Strategic Blueprint for 2014.

Mr. McDaniel advised that he has developed this strategic blueprint in preparation for the upcoming 2014-2015 fiscal year budget adoption process. He further advised that a Strategic Plan was adopted by the Board of Supervisors several years ago to set the priorities and directions of the County, and the budget process is tied into that Plan. Mr. McDaniel stated that the Strategic Plan sets priorities for the annual budget process; provides a continuous five-year strategic direction for Gila County; and encourages collaboration and cooperation across the entire County governmental structure.

He then proceeded to review the proposed elements of the 2014 strategic blueprint.

2014 Budget Assumptions:

- Transportation Excise Tax Continuation Election
 - ✓ Include 100% Revenue from Tax till 12/14 and 50% 7/15
 - ✓ Contingency Plan if Tax Continuation fails

Mr. McDaniel advised that a primary endeavor will be to secure the continuation of the County's half cent transportation excise tax, which generates approximately \$3 million per year. The tax is due to end December 2014. At present the County receives all of the revenues generated by the tax;

however, if the measure is presented to the voters and it passes, it is anticipated that the cities and towns within Gila County will share in that revenue, so the County would only receive half the amount as in the past beginning July 2015. If the ballot measure fails, Mr. McDaniel advised that a contingency plan needs to be put in place. Chairman Pastor shared a few of the comments he has received thus far. He feels there is a need to educate citizens on this issue as there are already some misconceptions among people in the community. Supervisor Marcanti wanted assurance that the revenue generated from this tax is used for road projects in unincorporated Gila County. Steve Stratton, Public Works Division Director, replied that the revenue is primarily used for projects within the unincorporated areas of the County; however, the County has used this money on occasion for projects within incorporated areas of the County when the projects benefit both the County and municipalities.

- Classification and Compensation Study completion and implementation
 - ✓ Study budgeted in FY 2013-2014
 - ✓ Implementation budgeted in FY 2013-2014
 - ✓ Implementation effective July 1, 2014
 - ✓ Implementation funds carry over into FY 2014-2015
 - ✓ Amount unknown at this time – will be known by FY 2014-2015 budget adoption date
 - ✓ Compensation Plan and pay adjusted yearly in January based upon the Consumer Price Index and availability of funds

Mr. McDaniel stated that once the Classification and Compensation Study has been completed and implemented, it will be reviewed each year to align salaries with the Consumer Price Index. If it is determined that increases need to be given to employees and funds are available, it will be done each January.

- Performance Appraisals and Performance Payments
 - ✓ Performance Appraisals due June 15, 2014, for July 2013 to June 2014 period
 - ✓ One time Lump Sum payments to be paid by June 30, 2014
 - ✓ Performance Pay Increases provided yearly in June

Mr. McDaniel advised that for the last year, the Board has authorized a one-time lump sum payment in June to County employees based upon percentage points received from yearly employee performance appraisals. He further advised that once the Classification and Compensation Plan has been

implemented, the Board of Supervisors needs to consider whether it should continue funding the performance appraisal payments that are made in June. He added that the annual cost of that one-time lump sum payment is approximately \$500,000 to \$600,000, which would be in addition to any salary adjustments that would be made based upon the results of the Study. He also stated that the budget would also have to be adjusted for any salary increases.

- Employee Health Insurance Changes
 - ✓ No increase in premiums anticipated
 - ✓ 3 tiered/6 tiered employee payment schedule consolidated

Jacque Griffin, Assistant County Manager/Librarian, stated that she received information very recently regarding substantial changes in the County health care plan which includes an increase in premiums, and a change to the third-party administrator from Meritain Health to Gilsbar Health & Benefit Management that will take effect in February 2014. She commented that Gila County has kept employee premiums lower, comparatively, than most government trusts or counties. Another change will be to employee dental coverage. Employees will have the option of choosing the prior dental coverage plan or the plan the County has presently.

- County Facilities Master Plan
 - ✓ Payson options – Napa, Chamber
 - ✓ Globe options – Las Lomas, 4 Amigos

Mr. McDaniel advised that the County contracted with a consultant to develop a Facilities Master Plan (Plan). The consultant has submitted the first draft of the Plan and it is being reviewed by Mr. McDaniel and Mr. Stratton. Mr. McDaniel asked Mr. Stratton to provide a brief update on the options being considered to expand the County infrastructure in Payson and Globe. Mr. Stratton advised that the County is looking at possibly purchasing a residence in Payson and the property of which the NAPA auto parts store is located. The County is also looking at utilizing a County-owned property of which the Payson Chamber of Commerce building is located. One option being considered for the Globe area is the possible purchase of Las Lomas Elementary School, which would be remodeled. The other option would be to construct a building upon vacant land that is County-owned and is located adjacent to the Globe Courthouse. It is referred to as the Four Amigos property because the Four Amigos grocery store used to be situated on that property; however, the building has since been removed. Mr. Stratton further advised

that the County is not only looking at constructing or remodeling buildings; it is also looking at selling properties. He emphasized that the ultimate goal is for the County to discontinue renting properties, which currently provides additional office space.

- County Facilities Security Improvements
 - ✓ Payson building modifications/addition for security conveyor, magnetometer & wand
 - ✓ Globe building modifications/addition for security conveyor, magnetometer & wand

Mr. Stratton provided information regarding the County facilities security improvements and stated that the cost for the construction and remodeling in Payson would be less than the cost of construction and remodeling in Globe; however, there was a “hitch” regarding the entry access proximity cards being exhausted in Payson. He added that the Board and County Manager will determine the access levels given to employees. Chairman Pastor inquired if the cards are “maxed out” only in Payson, to which Mr. Stratton clarified that there is no more capacity for proximity cards available Countywide. He stated that he is working with Stanley, the company that provided the proximity cards, to expand the system to accommodate more proximity cards.

Supervisor Marcanti expressed a sense of urgency to complete this security measure as soon as possible and Vice-Chairman Martin agreed. Mr. Stratton stated that upon Board approval, the Globe Courthouse project would be completed in approximately 120 days and the Payson Courthouse would be completed this fiscal year. Chairman Pastor stated that conservative and cost effective practices should be incorporated into any changes and remodeling projects the County implements in the future. Mr. Stratton replied that the Public Works Division is utilizing the information contained in the energy audit report that was completed in February 2013, and presented to the Board at the July 30, 2013, Work Session.

- Information Technology Infrastructure Upgrades
 - ✓ Aging processors and servers
 - ✓ Aging desktops and laptops
 - ✓ Virtual desktop

Kelly Riggs, Information Technology (IT) Department Director, explained the server environment is in “pretty good shape” and IT has been working over the

last few years to consolidate and move the servers to a virtual environment. He doesn't anticipate any expenditure in this area because the entire server and infrastructure should last approximately three to four more years. He added that a replacement plan for desktop computers has been implemented to replace 20 percent of the computers in the County, which is estimated to be approximately 80 to 100 computers. Eventually the goal is to have desktops in a virtual environment, but at present it would be beneficial to have the desktops updated. Ms. Griffin described the virtual desktop technology as sharing resources with less equipment. There would still be some physical equipment, but with virtual servers it is possible to "house" more information than when it was a stand-alone physical server; there's less equipment and often it would have to be more substantial equipment to "house" the physical servers. Mr. Riggs further explained that the County owns 5 physical servers that are in the "virtual environment" and, as such, they have a lot more memory and capacity, and can process the same amount of information as could be processed with 70 physical servers.

- Economic Development Considerations

- ✓ Decision making structure
- ✓ Funding support

Mr. McDaniel stated that several years ago, the County was funding two independent economic development corporations; one in southern Gila County and one in northern Gila County. At some point in time, the Board of Supervisors decided to discontinue funding them as it was not clear if the County was receiving a return on its investment. Mr. McDaniel further stated that it's an important issue and one that the Board needs to determine the extent that the County should be involved. He advised that in the past, County staff prepared an economic development plan model which addressed methods to fund economic development. In that model, the County would have taken the lead role. Mr. McDaniel stated that due to a lack of funding each budget year and to some degree a lack of understanding by other participants, such as cities, towns and other economic development interested parties, economic development has not progressed. He believes this is an important issue and one that the Board may want to assign staff to develop another model for consideration.

Chairman Pastor advised that he formerly served on the Southern Gila County Economic Development Corporation. He believes that organization is making some progress toward economic development. The Corporation has accepted the County's position on this issue with regard to no longer providing funding to the Corporation; however, the Corporation is hopeful that economic

development discussions with the County will resume in the future. Chairman Pastor agreed that economic development is important to the County's future.

Vice-Chairman Martin believes that the most important issue facing the Board of Supervisors at this time is to consider the steps that need to be taken should the voters not approve the continuation of the half cent transportation excise tax. She stated, "The lifeblood of our rural County and others is a well thought out, built and maintained transportation system." She further stated that if a transportation plan was put in place, economic development would be another tier to that plan. She advised that the County has been involved at "all levels with economic development" and she has come to the conclusion that the economic development corporations (EDCs) don't want to change their methods of operation; however, they do want Gila County to continue funding the EDCs. Chairman Pastor agreed with that statement. She also believes that those involved in economic development sometimes confuse tourism with economic development. She stated, "They need to hire deal makers, who know how to make a deal with a company, and then make a deal with us...I don't think we've had deal makers in the whole time I've been in this job; we've had professional meeting-goers."

Supervisor Marcanti agreed with Vice-Chairman Martin's comments. He suggested that the County hire an economic development director, who would answer to the Board and would be paid based on results.

Chairman Pastor added that Mr. McDaniel opened this conversation today by stating that this outline of topics was a long-term blueprint and a general statement of items for consideration by the Board.

Working with Federal, State and other Agency Issues:

- Tonto Creek Bridge Funding
- Four Forest Restoration Initiative (4FRI)
- Resolution Copper – Southeast Arizona Land Exchange and Conservation Act – H.R. 687
- Restoration of Payments In Lieu of Taxes (PILT) Funding
- Tri-City Regional Sanitary District (Wastewater Solution for Globe/Miami
- Grey Wolf Endangered Species Issues

Mr. McDaniel briefly reviewed the status of these issues. He advised that the National Association of Counties (NACo) and the County Supervisors Association (CSA) have requested county boards of supervisors to submit three to five items of interest which will be addressed at the NACo meeting in March 2014. Ms. Griffin recommended adding the Tonto Forest plan, which she stated encompasses a tribal management plan. Vice-Chairman Martin recommended adding the following list of topics: Secure Rural Schools (Act),

WIFA (Water Infrastructure Finance Authority), healthy county initiatives, criminal justice efficiency, and workforce development. Supervisor Marcanti stated that he would like to see the Lion Springs project completed with a possible match of funding from the Arizona Department of Transportation.

Mr. McDaniel stated the remaining topics on the Strategic Blueprint 2014 were at one time considered to be top priorities. Although they continue to be top priorities, he stated that with regard to available staff time and resources, it has been difficult to complete the objectives for all of these topics.

Merit System Rules and Policies Re-write:

- Human Resources Policies and Procedures Manual

Mr. McDaniel briefly covered the Merit System Rules and Policies stating that three years ago, County staff began revising these rules and policies; however, it has proven difficult to change the policies all at once; therefore, smaller revised sections of the Merit System Rules and Policies will be presented to the Board of Supervisors for approval. To be consistent with the Board-adopted Countywide policies, these policies will become Human Resource policies. Supervisor Marcanti wanted assurance that County employees would have an opportunity to comment on any proposed revisions to the policies. Mr. McDaniel agreed that getting employee input is critical to a viable plan and he suggested providing a mechanism on the Intranet which would allow employees to submit their comments on this topic.

Countywide Policy Manual Completion:

Chairman Pastor advised that certain County departments have policies in place which are specific to that department and he inquired whether “countywide” policies would override those policies. Mr. McDaniel replied that the ultimate goal is to have countywide policies that apply to all employees of the County; however, there are certain areas of the County where there is a need for a policy which may be specific to that department or elected office. He agreed with Supervisor Marcanti’s earlier comment that the Courts operate in part by Countywide policies and in part by their own policies. Mr. McDaniel advised that the County Attorney’s Office and Sheriff’s Office operate in a similar manner. He reiterated that the goal is to have the policies as consistent as possible for all employees.

County Comprehensive Plan:

Mr. McDaniel stated that Bob Gould, Community Development Division Director, is working on this Plan.

Boards, Commissions and Committees Status Report:

Mr. McDaniel stated that Marian Sheppard, Clerk of the Board, has been working diligently to achieve, as close to perfect as possible, the systems and management of the boards, commissions and committees which are under the purview of the Board. He added that due to changes in membership and the different types of boards, commissions and committees, updating changes is an on-going process.

Communication Issues:

Ms. Griffin stated that she has been working to provide communication and information to Gila County citizens via the Gila County website. Chairman Pastor stated that he has received positive feedback with regard to the Gila County website.

County Financial Data Transparency:

Mr. McDaniel stated that in order to improve communication to the public it is particularly important to provide transparency with regard to budget and financial information.

Jeff Hassenius, Finance Division Director, stated that the County is in compliance with Arizona State law providing for transparency to the public via the Gila County website, and has been for several months.

Vice-Chairman Martin stated that the Board needs to give a recommendation today with regard to the State of Arizona issuing Gila County a secondary tax rate for the library. Chairman Pastor stated that CSA was opposed, and Vice-Chairman Martin stated that CSA took a unanimous position on that issue recently. The Board commented that the points regarding these issues brought forth today were beneficial for short and long term action.

Item 3 – CALL TO THE PUBLIC: Call to the Public is held for public benefit to allow individuals to address the Board of Supervisors on any issue within the jurisdiction of the Board of Supervisors. Board members may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to Arizona Revised Statute §38-431.01(H), at the conclusion of an open call to the public, individual members of the Board of Supervisors may respond to criticism made by those who have addressed the Board, may ask staff to review a matter or may ask that a matter be put on a future agenda for further discussion and decision at a future date.

Chairman Pastor directed Mr. McDaniel to meet with Kelly Riggs, Information Technology Director; Deborah Hughes, Assessor; and Debora Savage,

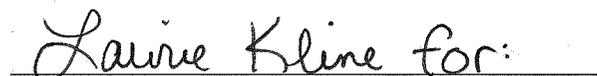
Treasurer, in order to present the Board of Supervisors with an update on the issue of the Treasurer's Office mailing the property tax bills past the deadline. Mr. McDaniel agreed to proceed as requested.

There being no further business to come before the Board of Supervisors, Chairman Pastor adjourned the meeting at 11:40 a.m.

APPROVED:


Michael A. Pastor, Chairman

ATTEST:


Marian Sheppard, Clerk of the Board