

**NAVAJO COUNTY BOARD OF SUPERVISORS MINUTES**  
**MONDAY, May 15, 2006**

At 9:03 a.m. Chairman Thompson called the meeting to order and Supervisor Brownlow led the Pledge of Allegiance and Invocation.

**PRESENT:** Jesse Thompson, Chairman; Percy Deal, Vice-Chairman; J.R. DeSpain, Member; David Tenney, Member; Jerry Brownlow, Member; Mel Bowers, County Attorney; James G. Jayne County Manager, and Darlene Fraley, Deputy Clerk of the Board

**CALL TO THE PUBLIC:** Richard Jarenski of 2761 Hollow Circle, Overgaard, addressed the Board of Supervisors asking them to consider the purchase of Tall Timbers Park from the Forest Service when these lands can be purchased by private parties. He expressed concern that a private party could purchase this park and develop it. He distributed information regarding the procedures involved in such a purchase and requested the Board's consideration of this purchase.

**CONSENT AGENDA:** a) Voucher list for payment; b) Warrants over \$1,000 for March and April; c) Back tax land deeds; d) Letter of appreciation to Congressman Rick Renzi for funding assistance; e) Name an existing road in the Sun Valley area "Macy Road" in Section 28, Township 19, North – Range 22 East; f) Clerk of the Court Fee Report: March; g) Justice Court Reports: Winslow #2, February; Kayenta #4, March; Show Low #5, March; Pinetop #6, March; h) Constable Report: Holbrook #1, March; Winslow #2, March; Snowflake #3, March; Show Low #5, March; Lakeside, Whiteriver, Pinetop, Cibecue, Hondah #6, March; i) Juvenile Justice System Report: March; **Supervisor DeSpain made a motion** to authorize the Chairman to sign the items in the Consent Agenda; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

**HUMAN RESOURCES:** Consideration and possible approval of Personnel Actions: Gail Calisen reviewed the submitted Personnel Action report. The Board discussed reasons for extensions of probationary periods. **Supervisor Brownlow made a motion** to approve the Personnel actions as presented and authorize the Chairman to sign these items; motion seconded by Supervisor DeSpain; vote unanimous approving the motion.

**NAVAJO COUNTY PUBLIC HEALTH SERVICES DISTRICT: Board of Directors Session:** **Supervisor DeSpain made a motion** to enter into a Navajo County Public Health Services District Board of Directors Session; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

- a. Consideration and possible approval of a lease agreement between the Town of Snowflake and Navajo County Public Health Services District for a repeater installation on Water Tower #4: Dr. Kartchner reviewed the proposed lease agreement advising there is no cost for this lease. **Supervisor DeSpain made a motion** to approve the lease agreement between the Town of Snowflake and Navajo County Public Health Services District for a repeater installation on Water Tower #4; motion seconded by Supervisor Tenney; vote unanimous approving the motion.
- b. Consideration and possible approval of Amendment #4 of IGA Contract #HG354183 with the Arizona Department of Health Services for the Public Health Physical Activity Program for 4/1/06 to 3/31/07 for \$43,341.48: Dr. Kartchner advised this contract was scheduled to end in 2005 but the State will fund through the end of next March. Dr. Kartchner discussed the schools participating in this program explaining it targets children and adults. **Supervisor DeSpain made a motion** to approve Amendment #4 of IGA Contract #HG354183 with the Arizona Department of Health Services for the Public Health Physical Activity Program for 4/1/06 to 3/31/07 for \$43,341.48; motion seconded by Supervisor Tenney. Chairman Thompson encouraged Dr. Kartchner to find activities that will address the negative factors, including alcohol, smoking, and drugs, in the lives of the children of the county.

Supervisor Deal encouraged Dr. Kartchner to seek additional funding for a team that can make regular visits to schools to address these issues. Dr. Kartchner will explore this possibility. Vote unanimous approving the motion.

**Supervisor Tenney made a motion** to return to regular session, seconded by Supervisor Brownlow and carrying unanimously with Supervisor DeSpain absent for the vote.

**BOARD OF SUPERVISORS:** Consideration and possible approval of financial assistance not to exceed \$680.00 to support Hardrock Council on Substance Abuse, Inc. (HRCOSA) representatives' attendance at a grief and trauma counselor training conference: Supervisor Deal advised there are few resources available to counsel children when they have lost a loved one, to help them understand their grief. He reviewed the areas that this conference will address regarding that issue. **Supervisor Deal made a motion** to approve funding in the amount of \$340.00 to support a Hardrock Council on Substance Abuse, Inc. (HRCOSA) representative's attendance at a grief and trauma counselor training conference with a manual warrant to be issued from District 1 funds; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

**FINANCE/PURCHASING:**

- a) Consideration and possible authorization for Finance/Purchasing to conduct an Internet public auction for surplus equipment and materials in June 2006 and approve Internet auction schedule for fiscal year 06/07: Mary Springer reviewed the Internet Auction process, advising that when an on-line auction takes place those people without a computer can go to the library and log on to participate. Supervisor DeSpain asked how the Internet auction cost compares to a live auction and Ms. Springer stated that the cost is actually less. Mel Bowers reported this is an appropriate and legal action and a number of public entities are already utilizing Internet auctions. **Supervisor Tenney made a motion** to conduct an Internet public auction for surplus equipment and materials in June 2006 and to approve the Internet auction schedule for fiscal year 06/07; motion seconded by Supervisor Brownlow; vote unanimous approving the motion.
- b) Consideration and possible authorization for Finance/Purchasing to award multiple contracts for purchase of various roadway materials for Public Works IFB B06-03-022: Mary Springer advised that each contractor will receive a contract for all of the products on an as-needed basis to assure constant availability of product. Dusty Parsons advised that they will typically use the low bidder in the area where they need the product. **Supervisor Tenney made a motion** to approve the award of multiple contracts for purchase of various roadway materials for Public Works IFB B06-03-022; motion seconded by Supervisor Brownlow. Supervisor Deal inquired when materials are needed in his District if they could purchase from this contract. Dusty Parsons advised this was the case but delivery is added onto the contract cost. In response to a question, Dusty Parsons advised bid documents would have to be reviewed to determine if the Indian Wells area is covered. Supervisor Deal inquired and received confirmation that the road yard personnel pick up the product. Vote unanimous approving the motion.
- c) Consideration and possible authorization for Finance/Purchasing to award contract to Superior Cleaning Equipment, Inc. for purchase and installation of an Automatic Car Wash system for Public Works IFB B06-01-030: In response to questions, Dusty Parsons advised that this facility will be located at South County and he anticipates a future agreement with Show Low for the city to utilize this facility. He stated the water and sewer will come from the City of Show Low. He reported ADEQ must approve this design and the building for this car wash will be built with DOC labor. He advised there are no large vehicle wash systems in Show Low. Supervisor DeSpain advised that it is important to wash vehicles moving from area to area to prevent the spread of weed seeds. **Supervisor DeSpain made a motion** to approve the award of contract to Superior Cleaning Equipment, Inc. for the purchase and installation of an Automatic Car Wash system for Public Works IFB B06-01-030; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

- d) **Financial Status Report:** James Menlove reported not all revenues have been received to date due to the timing of their allocation. He discussed increased operational costs of employee related expenses, postage, fuel, and utilities. Mr. Menlove stated the County is 83% through the year and overall the county is at 67% of the expenditure budget. Supervisor Brownlow inquired about the approximate cost for employee health insurance. Mr. Menlove stated that if we retain the same health coverage the increase to the county will be 10% to 20% increase with some dependent coverage increasing by 100%. He advised that now the county pays approximately \$8,000 per employee per year for health coverage. James Menlove reported that ASRS will increase by 1.7%. He advised there may not be funding for an employee pay increase over the ASRS contribution rate. He reported other employer contributions for other non-ASRS employees will also increase considerably. Mr. Menlove reported that in 2002 the county was slightly over the expenditure limit. He stated that until final audited figures are available, he will not have concrete information regarding the expenditure limit in later years. He advised the county savings account is very healthy and there is a contingency fund for unexpected disasters yet due to the expenditure limitation those revenues can not be expended. He reported that increased fixed costs and increased mandated costs negatively impact the budget and advised it is the intention to hire a grant writer to help offset operations through federal and state grants. Supervisor Deal stated that the Hopi Chairman advised that the County has hundreds of millions of dollars from Peabody Coal. Jimmy Jayne responded that a report is being generated regarding this tax collection and will be supplied to the Board. Mr. Menlove advised that millions of dollars are paid by Peabody Coal and not only about \$100,000 came to Navajo County. Supervisor DeSpain stated that when he was treasurer about three million came into the County and only about 9% of that went into the general fund. Supervisor DeSpain inquired about the increased fixed costs for the budget and closeness to the level limit, and was advised a plan will come forward. Mr. Menlove stated that a Home Rule vote or an election for an increase to the original base limit will be required and it is the intention to bring a request to the Board for an election to increase the base limit with no cost to the voter. Chairman Thompson inquired if additional employees are being requested. Mr. Menlove stated that there is no excess of employees anywhere in the County; that in addition to a low pay scale they are expected to do more. He stated new employees will be added for Division IV and with that addition there will be no other new employees in the County. Chairman Thompson stated he would like a report of the total number of dollars for funding allocated for NACOG over the years.

#### **PUBLIC WORKS/PLANNING & ZONING:**

- a) **Board of Directors Session: Shumway Road Improvement District:** **Supervisor DeSpain made a motion** to enter into Shumway Road Improvement District **Board of Directors Session;** motion seconded by Supervisor Tenney; vote unanimous approving the motion.
- i. **Consideration and possible approval of Resolution Number - 06** to award the contract for **construction of Shumway Road:** Dusty Parsons reported this award was made at the last meeting and a resolution is now required by the district's attorney. **Supervisor Brownlow made a motion** to approve **Resolution Number 30 - 06** to award the contract for construction of Shumway Road to Hatch Construction; motion seconded by Supervisor Tenney; vote unanimous approving the motion.
  - ii. **Consideration and possible acceptance of Assessment Diagram:** Dusty Parsons explained this request is for approval of the methodology for the assessment with a public meeting for any objections scheduled in July. **Supervisor Tenney made a motion** to approve the Assessment Diagram as presented; motion seconded by Supervisor Brownlow; vote unanimous approving the motion.

**Supervisor DeSpain made a motion** to re-enter regular session; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

- b) **Consideration and possible approval of Resolution Number - 06** accepting Sierra Court, Chandelle Lane, and Lazy Eight Court in Elk Run Subdivision into the County road maintenance

system: Carol Fraley discussed the mileage of the roads to be included in this process. Dusty Parsons stated these roads are in the Heber Overgaard area and the roads meet County standards. **Supervisor Tenney made a motion** to approve **Resolution Number 31 - 06** accepting Sierra Court, Chandelle Lane, and Lazy Eight Court in the Elk Run Subdivision into the County road maintenance system; Supervisor Brownlow seconded the motion; vote unanimous approving the motion.

- c) Consideration and possible approval of Resolution Number \_\_\_\_\_ - 06 extinguishing a 30' easement on the east side of Tract 60 of Book 12 of Plats, Page 1, in the Cedar Hills Area; Carol Fraley advised this area is east of Snowflake and provided a history of the abandonment, stating that the owner had been advised by a previous Board that he only had to request the abandonment in the future to receive it at no cost. **Supervisor DeSpain made a motion** to approve **Resolution Number 32 - 06** extinguishing a 30' easement on the east side of Tract 60 of Book 12 of Plats, Page 1, in the Cedar Hills Area; motion seconded by Supervisor Brownlow; vote unanimous approving the motion.
- d) Consideration and possible approval of Resolution Number \_\_\_\_\_ - 06 extinguishing a portion of a 60' easement on the north side of lots 1 & 2 of book 3 of surveys, pages 5 & 6: Carol Fraley stated that there have been no objections registered against the extinguishment of this easement. Dusty Parsons stated that some buildings have already been built on this easement and the County has no need for this easement. **Supervisor Tenney made a motion** to approve by Resolution **Number 33 - 06** extinguishment of a portion of a 60' easement on the north side of lots 1 & 2 of book 3 of surveys, pages 5 & 6; motion seconded by Supervisor Brownlow; vote unanimous approving the motion. Supervisor Tenney recognized Jack Wilson as the property owner and Planning and Zoning Commission member, Ruth Smith, expressing appreciation for the board's support.
- e) Consideration and possible approval of Resolution Number \_\_\_\_\_ - 06 accepting a portion of Mead Lane (.2 miles in length) that runs from Colt Road to Clydesdale Road and also a portion of Pinon Lane (.1 miles in length) that runs from Colt Road to Clydesdale Road, to add to the County road maintenance system: Carol Fraley discussed the placement of the roads in question, stating that this action will connect the roads as approved in the last Board meeting action. **Supervisor DeSpain made a motion** to approve **Resolution Number 34 - 06** accepting a portion of Mead Lane (.2 miles in length) that runs from Colt Road to Clydesdale Road and also a portion of Pinon Lane (.1 miles in length) that runs from Colt Road to Clydesdale Road, to add to the County road maintenance system; motion seconded by Supervisor Deal; vote unanimous with Supervisors Tenney and Brownlow absent for the vote.
- f) Consideration and possible approval of professional service contracts with PBS&J and Willdan as presented with each contract not to exceed \$30,000: Dusty Parsons advised these firms will help alleviate the increased work load the engineering staff is experiencing. **Supervisor DeSpain made a motion** to approve professional service contracts with PBS&J and Willdan as presented with each contract not to exceed \$30,000; motion seconded by Supervisor Brownlow. Discussion centered on the need for these contracts due to having only one engineer on staff. Vote unanimous approving the motion.
- g) Consideration and possible action regarding:
- i. Establishing the position of alternate member to the Planning and Zoning Commission: Bill Fraley advised the Board that members of the public drive long distances and invest considerable expense in attendance at Planning and Zoning Commission meetings and at the last meeting the commission was unable to conduct business because of the lack of a quorum. **Supervisor Brownlow made a motion** to create the position of alternate member to the Planning and Zoning Commission; motion seconded by Supervisor Tenney. Supervisor Tenney inquired if alternates will only be used in the event that there is no quorum. Bill Fraley responded that it would be his intention to have them attend the meetings. Mel Bowers advised they can not add these positions to the Commission because that would be increase the quorum number, yet in those instances when a commitment is made in advance that the regular Commission member can not attend, they can be contacted for

attendance. Supervisor Tenney inquired if a packet will be available to the alternate and Mr. Fraley stated that would happen. James Jayne further clarified that staff wants the flexibility of alternative planning commission members and alternates will be treated as, advised as and attend as a full member. He said if ten Commission members are present an alternate will be asked to sit in the audience. He stated this would be in the best interest of the public by assuring the body is able to fulfill their public duty. Mel Bowers advised that if a Commission member was not present during the full discussion of an item that member can not participate in vote. In that instance the alternate would vote and then step down following that item. Vote unanimous approving the motion.

- ii. Appointing Joel Lawson and Rick Slone to the Planning & Zoning Commission as alternate members: **Supervisor DeSpain made a motion** to approve the appointment of Joel Lawson and Rick Slone to the Planning & Zoning Commission as alternate members; motion seconded by Supervisor Tenney. Supervisor Deal inquired if there is a letter of interest from these parties and Supervisor Tenney stated he had spoken with both of these men. Vote unanimous approving the motion.

**BOARD OF SUPERVISORS:** A request for clarification and/or modification of the development agreement between Navajo County and Trinity Enterprises and an update on the project progress: Luther Bruce introduced himself stating his purpose in attending is to give a brief review of the tissue project and to request clarification regarding the development agreement. Mr. Bruce stated the site is now the most important point to discuss. He stated his firm has entered into four of the five major equipment package contracts, averaging \$30,000,000 per package and they have executed a total of \$170,000,000 in contracts. He advised the market study is complete and there are approximately 175-180 engineers engaged on this project. He presented a building design and advised there is not a firm construction date but he projects they will break ground in September depending on permits and on engineering completion, with equipment delivery scheduled between next April and July. He reported the market and logistics study is complete. He said that a significant finding of his feasibility study was that in this part of the country products can, on a per truck basis, be shipped from this area for the same price they can ship from Phoenix. As a result, he said that putting the conversion plant on the same site as the tissue plant creates substantial savings in personnel, double handling, damage, etc. He said a Letter of Intent was negotiated with Abitibi for three sites and then it was found that the primary site where the building was to be located (145 acres) is not large enough at the Abitibi site; the natural gas supply is weak in this general area and certainly on that site, electricity can not support the facility because cost escalated sharply and steam from Abitibi is a lower pressure than what is most efficient. He reported the newsprint mill industry is weaker in the general economy creating an uncertainty of Abitibi's future as related to this agreement. He reported they looked at other parcels of land, one in the City of Holbrook, which took them back to the starting point of this development agreement. He stated he wants clarification on three areas of the Development agreement: 1) Is the agreement site-specific? 2) He needs the agreement clarified in terms of transferability. He advised the agreement involves two operating entities AZTEC Western Tissue and Trinity Enterprise Inc. He stated he is the manager of each of those two entities, owning 70% of AZTEC; 100% of Western Tissue and 100% of Trinity. 3) Clarification of the property tax cap at \$300,000 per year.

In response to questions, Mr. Bruce advised he will need app. 800 acres for both facilities and Holbrook's industrial site plus additional private acreage would provide this; Trinity has spent \$1.2 million on this project; and the county has made a payment of \$400-600 for legal fees and \$82,500 for a feasibility study that was locale specific with anyone wanting to locate a business in this area to benefit from this study.

At 11:41 a.m., **Supervisor Deal made a motion** to go into executive session for legal advice pursuant 38-431.03 A-3 as related to this item; motion seconded by Supervisor Tenney; vote unanimous approving the motion.

At 12:30 p.m., the Board returned to regular session. Mel Bowers addressed Mr. Bruce, advising that he and the Board agree that the development agreement is site specific as it references real property as described in Exhibit A which is specific to the Abitibi area; that there are no issues regarding transferability to a financially viable entity; the property tax cap pertains only to the tissue mill and is not specific to the conversion plant. The Chairman and Supervisors advised Mr. Bruce that the Board demonstrated their support of this project through a development agreement as it was in the best interest of public policy to promote the creation of jobs, property taxes, sales taxes and generating dollars. They expressed a willingness to participate in a process to develop an agreement between Trinity Enterprises, Navajo County and the City of Holbrook. Mr. Bruce repeated his understanding of the answers to his questions and Supervisor Tenney stated he is correct, that if the Abitibi site moves forward an agreement is in place; if the City of Holbrook site moves forward an agreement would be considered addressing Navajo County responsibilities and City of Holbrook areas of concern. Mr. Bruce thanked the Board for their consideration and the Board wished him well in building his plant in Navajo County.

**BOARD BUSINESS:** Supervisors discussed recent activities in their districts and reported on legislation that impacts their districts.

At 12:45 p.m., **Supervisor Tenney made a motion** to recess this session; Supervisor Brownlow seconded the motion; vote unanimous approving the motion.

At 1:50 p.m. the Board of Supervisors reconvened.

**ADMINISTRATION/FINANCE:** Consultation, discussion and possible action to provide direction regarding existing NACOG projects and proposed NACOG projects within Navajo County: James Menlove advised the Board that a letter was sent from the Board requesting representatives of NACOG be in attendance today and last week they confirmed their attendance with Randy Sullivan. Today, in talking with NACO representatives, neither Bob Stevens nor Margaret Keener could be located and this meeting was not on their schedule. He said they communicated with Rose Roy and her supervisor at ADOH and she was unable to attend. Chairman Thompson suggested it may have been too short of notice for the representatives to attend. Mr. Menlove advised he would make contact with NACOG again and set up another meeting time at their convenience.

At 1:59 p.m., **Supervisor Brownlow made a motion** to adjourn; motion seconded by Supervisor DeSpain; vote unanimous approving the motion.

A list of warrants as approved in the Consent Agenda are attached to and become part of these minutes.

APPROVED:

DATE:

\_\_\_\_\_  
Jesse Thompson, Chairman

ATTEST:

\_\_\_\_\_  
Clerk/Deputy Clerk of the Board