

**Informal Meeting Minutes
Monday, February 09, 2009
Meeting Scheduled Start Time: 10:00 AM**

**BOARD OF SUPERVISORS
Maricopa County, Arizona
(and the Boards of Directors of the Flood Control District,
Library District, Stadium District, Improvement Districts,
and/or Board of Deposit)**



"The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services to its residents so they can enjoy living in healthy and safe communities"

Board Members

Max Wilson, District 4, Chairman
Fulton Brock, District 1
Don Stapley, District 2
Andrew Kunasek, District 3
Mary Rose Wilcox, District 5

County Manager

David Smith

Clerk of the Board

Fran McCarroll

Meeting Location

Supervisors' Auditorium
205 W. Jefferson
Phoenix, AZ 85003

BOARD OF SUPERVISORS

The Board of Supervisors of Maricopa County Arizona convened in Informal Session at 10:00 AM on Monday, February 09, 2009, in the Supervisors Auditorium with the following members present: Max Wilson, Chairman, District 4; Don Stapley, Vice Chairman, District 2; Andrew Kunasek, District 3; Mary Rose Wilcox, District 5; Fulton Brock, District 1 (entered late). Also present: Lori Pacini, Deputy Clerk of the Board; Shirley Million, Minutes Coordinator; David Smith, County Manager; and Victoria Mangiapane, Deputy County Attorney.

PRESENTATION

Employee Health Initiatives

1. EMPLOYEE SERVICE AWARDS

Present the following employees, who have provided 30 or more years of public service to Maricopa County, with service award plaques commemorating their service: (C-35-09-006-P-00)

30 Years of Service

Name	Department	Employment Date
Payne, Robert D.	Adult Probation	October 31, 1978
Arriaga, Grace C.	Juvenile Probation	November 13, 1978

~ Supervisor Brock entered the meeting ~

35 Years of Service

Name	Department	Employment Date
Sifuentes, George R.	Assessor's Office	October 29, 1973
Carpenter, Stephen K.	Juvenile Probation	December 3, 1973

Michael Rubino, Employee Health Initiatives, introduced the employees being honored who have been Maricopa County employees for thirty or more years. Long-term employees are regularly honored by the Board for their contributions to the residents of Maricopa County. Mr. Rubino related personal, and often funny, insights about each person as they were called forward with their department managers. Group photos were taken of them with Chairman Wilson.

Management and Budget

2. ECONOMIC AND FISCAL FORECAST

Presentation regarding the Economic and Fiscal Forecast (C-49-09-048-P-00)

Elliott D. Pollack, Economist, Elliott D. Pollack & Co.

Sandi Wilson, Acting County Manager

Elliott Pollack said it was too early for any optimism with regards to the economy, even though "a few things are starting to break that ultimately will be positive -- but not yet." He said that whether or not the billion-dollar "bailout" passes, this fiscal year and next fiscal year will either be a bad year or a terrible one -- good is not yet in the equation. He added, "We're past economics and fear is ruling things." He said people are back to buying only the essentials and nothing more.

There is no end in sight for the cutbacks in business. As for housing, more than 90% of new single-family home construction has been wiped out -- from a high of 63,500 building permits a year in Greater Phoenix to an estimated 7,000 permits this year. He added that commercial construction is likely to still worsen.

Mr. Pollack said the fact that most people's "wealth effect" tied up in either stock market profits or equity in their homes, is gone. They feel poorer and they act accordingly.

He said that Arizona is "moving down" faster than most of the country and that hasn't happened since 1975. In 2006 Arizona was 2nd in terms of job growth. Through November 2008, Arizona was 48th in terms of job growth in the U.S. Phoenix is usually first, second or third in job growth in comparison with the other 32 similar job markets. Through November, Phoenix was 28th. Most discouraging is that 85% of the local economy is in decline with only education, health services and other services increasing in terms of employment.

APS and SRP keep records of net residential utility hook-ups, and last year was the lowest in terms of percentage growth since 1954 when they started keeping these records. The population flow that Phoenix needs to bail out the over supply of housing "has slowed to a trickle." There are 30,000 to 40,000 extra units in Maricopa County and no way to estimate when a turn-around will occur, although some believe it may happen in 2011.

Supervisor Stapley addressed the current credit problems with banking institutions, and asked what happens if the big banks don't make it, if the government will take them over? Mr. Pollack said that the government has already nationalized the banking system of the country, adding, if the banking system doesn't make it there is no hope for the economy. When the economy floats on a sea of credit, when that credit is gone, people can no longer buy houses, take vacations or send their kids to college, businesses can't expand equipment or inventories -- basically, nothing can happen.

He doesn't see the big banks collapsing but rather merging or being sold 'piece by piece' and surviving from government supplied capital. Right now banks are afraid of running out of capital because of all the write-offs they are taking on credit card debt and real estate, that they are keeping all the monies the government is giving them as capital, afraid to loan it out.

Supervisor Wilcox asked if prices will continue to go up on gas and food.

Mr. Pollack felt food prices might come down. He restated his axiom, "The problem with oil is that the major producers are found in all the bad neighborhoods". Leaders of those governments buy the people's votes with money made from oil. They will do all they can to push up the price of oil.

Chairman Wilson said he has "seen this movie before (over the years) and has seen the end of the movie." He believed the major change is the increased corruption now - the massive number of bad loans.

Mr. Pollack agreed that the "end of this movie" will again be that Phoenix will continue to grow, but it will take awhile.

Sandi Wilson, was joined by Chris Bradley, Brian Hushek and Lee Ann Bohn to present an updated forecast for Maricopa County that uses new numbers received from Mr. Pollack.

Chairman Wilson said his biggest concern is the decreasing property tax revenue since that source is the main base of Maricopa County's economy.

Chris Bradley, Deputy Budget Director, reported on revenue collections continuing through January and, year-to-date, actual revenues at a minus 9.9%, which coincides with the conservative January forecast by Mr. Pollack. The Vehicle License tax is predicted to decrease by 13%. The jail excise tax is a minus 11.6%, year-to-date. So far, the County is \$20.7 million under budget in revenues.

Mr. Bradley commented on the difficulty in drawing the 2010 budget because it is impossible to know where revenues are headed. He said the base budget for this fiscal year was \$1.535 billion and this will have to decrease by around \$78 million for next fiscal year. The total expenditure level will be reduced by \$35.5 million as a result of all the budget reductions approved this year. He indicated the baseline revenue and the baseline expenditures signal a structural deficit of \$33 million in the General Fund and \$9.6 million in the detention fund, or \$42.6 million total deficit.

Additionally, there are budget issues relating to caseloads in the criminal justice and, indigent representation areas, etc. which roughly total \$20 million. Factoring that in, the possible structural deficit is \$62.6 million.

The State's budget deficit has already impacted the County and more is expected. The single biggest impact would come from the State shifting 2,200 to 2,500 inmates from the Arizona Department of Corrections to the County Jail system and would cost approximately \$60 million. These could potentially add up to \$133.3 million total. That figure does not include construction and start-up costs of \$40 million.

He recapped the Legislature's recent efforts in special session to balance the State's budget for this fiscal year, by passing budget amendment bills and the ways these affect Maricopa County: Elimination of the Trip Reduction Program; charges added for Superior Court risk management costs; reduction of the County Assistance Fund; and a variety of special revenue funding was swept.

Lee Ann Bohn, Deputy Budget Director, reported on two recent meetings to discuss whether proposals submitted by the Sheriff's Office and County Attorney's Office for budget reductions outside of their departments were feasible.

The meeting with the County Attorney's Office last Wednesday produced several ideas that they and Superior Court have agreed implement and/or pilot; a fast-track plea process for serious cases for faster resolution; changes in probation sentences; and a fast-track for probation revocation cases. There was not agreement on budget savings but they did agree to create some "task groups" that would meet to try to identify cost savings associated with the proposals. Discussion will continue on several other ideas that have not yet coalesced.

The meeting set with the Sheriff's Office was held Friday even though no representatives from that office attended, and so details for their suggestions were unavailable. Ms. Bohn and Brian Hushek, Deputy Budget Director, outlined the basics of the Sheriff's budget-cutting proposals. Mr. Hushek said their first proposal was to assume full responsibility for the Parks and Recreation Department, saying they would eliminate 100% of the Park's General Fund budget of \$1.4 million. The MCSO's next proposal was to take over operations of Emergency Management and their \$235,000 General Fund Budget. However, these monies are tied to IGA's with various cities and towns and with federal grants. He said the standard that has been set is for Emergency Management to be "independent of any law enforcement agency." The MCSO's next proposal was to "take over the operation of Protective Services, currently housed within the Facilities Management Department." MCSO estimated this would provide a savings of approximately \$500,000 but there was no line-item confirmation of how that figure was reached. Consultants have examined the current set-up over the years, and the consistent report is that Protective Services needs to report to an appointed agency and not to an elected one. Another MCSO proposal was to outsource Equipment Services, estimating they could save 50% of the \$6.9 million budget. Mr. Hushek remarked that OMB has considered this several times over the past 15 years and found there is not one vendor in the Valley that could provide maintenance and services for all of the County's fleet.

Ms. Bohn reported on the remaining two MCSO proposals, which related to Superior Court and both would require approval by the Presiding Judge. One would be to take-over security functions at the courts to save around \$500,000. She mentioned that the courts provided cuts in their security base during last year's budget reductions and she was not sure how another \$500,000 could be cut. Lastly, MCSO also wants to take-over Juvenile Detention. Carol Boone, Juvenile Detention, attended the meeting and voiced concerns about the differences in the missions of the Sheriff's Office, designed for adult detention, versus juvenile detention practices.

Chairman Wilson asked what the Sheriff planned to do differently than is being done now, that would effect these kinds of savings?

Ms. Bohn replied that the Sheriff had only supplied a list of items with the functions and a dollar amount and no details on the operational savings effected.

Ms. Bohn discussed options with the upcoming FY 2010 budget. OMB will meet with departments in the next month to discuss feasibility and effective date of the budget reduction proposals they submitted.

Chairman Wilson said it would be important to monitor the State's budget proposals and actions as the County works on the coming fiscal year budget.

3. EXECUTIVE SESSION

Vote to convene in Executive Session to consider items on the Executive Agenda dated Monday, February 09, 2009, pursuant to statutory authority listed for each item.

Motion to approve by: Supervisor Stapley, Seconded by: Supervisor Brock
Ayes: Kunasek, Stapley, Brock, Wilcox, Wilson

Chairman's Statement regarding Conflict of Interest issue:

I would like to note for the record that the Board has previously expressed concern about the adversarial positions that the County Attorney's Office has often taken against the Board. This concern has caused us to retain independent counsel to analyze this apparent ethical conflict and to take actions that may be warranted. The analysis and response is ongoing. I must note that the Board in no way waives any conflict or ethical issues that exist as a result of the County Attorney's presence for any executive session matter.

1. PERSONNEL MATTERS - PROMOTION, DEMOTION, SALARY, ETC. - ARS §38-431.03(A)(1)

Discussion and consideration of salary for the Deputy Superintendent of Schools. (E-19-09-086--00)

Dr. Donald D. Covey, Superintendent of Schools, Maricopa County
Brian Hushek, Employee Compensation, Maricopa County

This item was withdrawn at the request of the department.

2. LEGAL ADVICE - §ARS 38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(4)

Maricopa County v. Arizona Motorsports Park, Defendant (E-19-09-084-3-00)
Joy Rich, Assistant County Manager, Planning and Development
Wayne Peck, Deputy County Attorney, County Attorney's Office
Jean Rice, Deputy County Attorney, County Attorney's Office

~ Supervisor Kunasek entered the meeting ~

~ Supervisor Stapley entered the meeting ~

3. LEGAL ADVICE - ARS §38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(4) SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION - ARS §38-431.03(A)(4)

Bashas Inc. v. Maricopa County (E-19-09-085-3-00)
Keith Russell, Assessor, Assessor's Office
Jerry Fries, Outside Counsel,
Jean Rice, Deputy County Attorney, County Attorney's Office

Bruce White left the meeting and Dean Wolcott entered the meeting as Outside Counsel to the Board.

4. LEGAL ADVICE - ARS §38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(4)

Advice Laws 2008 Chapter 285, Section 47 and Laws 2008 Chapter 288, Section 10 and related FY 2008-09 and FY 2009-10 Budget Issues

Sandi Wilson, Acting County Manager
Chris Bradley, Deputy Budget Director
Dean Wolcott, Outside Counsel
Wade R. Swanson, Outside Counsel
Craig Colter, Outside Counsel
Tom Irvine, Outside Counsel
Rebekah Francis, Outside Counsel, did not attend
Diane Sikokis, Director, Government Relations
Rick Bohan, Government Relations
Chiefs of Staff Candland, Isham, Leija, Bloom, Latto. The Chairman affirmed the presence of the Chiefs and Government Relations as necessary for the Board to carry out its duties and responsibilities in this session.

5. LEGAL ADVICE - ARS §38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION - A.R.S. §38-431.03(A)(4) SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION - A.R.S. §38-431.03(A)(4)

Covey v. the Maricopa County Board of Supervisors; CV2006-052611, Counterclaim and Third Party Claim, in consolidated case CV2006-014285 (Hoskins v. Covey) (including related appeals); and Maricopa County v. Sandra E. Dowling and Dennis R. Dowling; CV2006-011451; District 509 vs. Maricopa County Treasurer; CV2008-017959

Tom Irvine, Outside Counsel
Rebekah Francis, Outside Counsel, did not attend
Sandi Wilson, Acting County Manager
Shelby Scharbach, Acting Finance Director
Brian Hushek, Deputy Budget Director
LeeAnn Bohn, Deputy Budget Director
Diane Sikokis, Director, Government Relations
Chiefs of Staff Candland, Isham, Leija, Bloom, Latto The Chairman affirmed the presence of the Chiefs and Government Relations is necessary for the Board to carry out its duties and responsibilities in this session.

Dean Wolcott left the meeting and Paul Golab entered the meeting as Outside Counsel to the Board.

6. LEGAL ADVICE - ARS §38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(4)

Potential litigation with County Attorney and Sheriff regarding public records

Tom Irvine, Outside Counsel
Rebekah Francis, Outside Counsel, did not attend
Paul Golab, Outside Counsel
Ed Novak, Outside Counsel
Sandi Wilson, Acting County Manager
Elizabeth Yaquinto, Director Workforce Management and Development, did not attend
Rick Romley, County Consultant
Diane Sikokis, Director, Government Relations
Rick Bohan, Government Relations
Chiefs of Staff Candland, Isham, Leija, Bloom, Latto, the Chairman affirmed the presence of the Chiefs and Government Relations is necessary for the Board to carry out its duties and responsibilities in this session.

7. LEGAL ADVICE - ARS §38-431.03(A)(3) PENDING OR CONTEMPLATED LITIGATION – RS §38-431.03(A)(4)

Thomas & Arpaio v. Maricopa County Board of Supervisors CV2008-033194
Tom Irvine, Outside Counsel
Rebekah Francis, Outside Counsel, did not attend
Paul Golab, Outside Counsel
Sandi Wilson, Acting County Manager
Elizabeth Yaquinto, Director Workforce Management and Development, did not attend
Rick Romley, County Consultant
Diane Sikokis, Director, Government Relations
Rick Bohan, Government Relations
Chiefs of Staff Candland, Isham, Leija, Bloom, Latto, the Chairman affirmed the presence of the Chiefs and Government Relations is necessary for the Board to carry out its duties and responsibilities in this session.

8. SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION - ARS §38-431.03(A)(4) PENDING OR CONTEMPLATED LITIGATION - ARS §38- 431.03(A)(4)

Fred Graves, et al. v. Joe Arpaio, Sheriff, et al. (E-19-09-082-3-00)
Betty Adams, Director, Correctional Health Services
Gary Strickland, Deputy County Attorney, MCAO
Tom Lordan, Attorney at Law, Wilenchik & Bartness, P.C.
Michele Iafrate, Attorney at Law, Iafrate & Associates
Jack MacIntyre, Chief Deputy, MCSO
Chris Keller, Litigation Bureau Chief, MCAO
Sandi Wilson, Deputy County Manager, Maricopa County
Peter Crowley, Risk Manager, Maricopa County

MEETING RECESSED

Chairman Wilson recessed this meeting at 1:55 p.m. to convene the 2:00 p.m. special meeting.

MEETING RECONVENED

Chairman Wilson reconvened executive session at 2:20 p.m. All members remained in session.

MEETING ADJOURNED

There being no further business to come before the Board, the meeting was adjourned.

Max W. Wilson, Chairman of the Board

ATTEST:

Lori Pacini, Deputy Clerk of the Board