

**SPECIAL SESSION
December 15, 2003**

The Board of Supervisors of Maricopa County, Arizona convened in Special Session at 9:00 A.M., December 15, 2003, in the Supervisors' Conference Room, 301 W. Jefferson Phoenix, Arizona, with the following members present: Fulton Brock, Chairman; Don Stapley; Max W. Wilson; and Mary Rose Wilcox. Absent: Andy Kunasek, Vice Chairman. Also present: Fran McCarroll, Clerk of the Board, Shirley Million, Administrative Coordinator, David Smith, County Administrative Officer and Paul Golab, Deputy County Attorney.

TIMING OF OPERATIONAL RESPONSIBILITY TRANSITION (AFFECTS EXPENDITURE LIMITATION)
TIMING OF ASSET AND EMPLOYEE TRANSITION

Former Healthcare Taskforce members, John Rivers, Bill Bruno, Mark Hillard, Mr. White and Tom Donovan were in the audience and were introduced by Chairman Brock. Dr. Marko Canulla later entered the meeting and was also recognized by the Chairman.

David Smith said that the timing for both of the above issues is now expected to take place on the same date, January 1, 2005. He said that over the next eight months, "We will go to a high maintenance level for all services, buildings, capital equipment, etc. while employing a low risk strategy." New ventures and risks will be screened and acceptance will be minimal as a means of protection for the new board. Four tracks will be used for the smooth transition to the new Health Care District. These are Legal, Financial, Transactional and Operations and all will operate on parallel lines. The legal team will be made up of County Attorney Richard Romley, County Counsel Chris Keller and outside counsel Bill Sims. Tom Manos will assume responsibility for the financial review and will be assisted by his staff and others. Mr. Smith felt it would be best to hire a national consulting firm with experience in similar transactions. He indicated that while County Administration has learned a lot from past experiences with healthcare management firms, this kind of transition is not only new to everyone but it must be completed in a short time frame that won't allow for mistakes. He said that the 2004-05 budget for MIHS will be treated as a one-time expense because it will be the last year the County has responsibility for that budget.

He elaborated on several issues in the four tracks. The legal track will include expenditure limitations, disproprietorship issues and leases of real properties. On the financial side he listed the concern over IB&R and the relationship to the OAO accounting system, claims, payments, accounts receivable, accounts payable and an inventory of fixed assets. The transactional issues he listed included the transfer of assets and liabilities and a variety of employee benefits issues. He felt that a prompt and competent resolution of these four tracks would assure a result compliant with the principles set forth by the Board.

Chairman Brock asked about the status of the deed restriction for the land the hospital is on. In response, Mr. Smith reflected on discussions held with the State Land Department, the Attorney General and the Governor's Office during the past year in trying to obtain relief from the restriction, as this would allow greater flexibility in dealing with lending institutions for funds needed to renovate the hospital. The Attorney General has asked for an equivalent compensation in return and negotiations are currently at a standstill. Mr. Smith said that he does not believe this issue will be easily resolved, as no indication of an adequate "compensation" has been given to the County for consideration.

Supervisor Stapley said that conflicts would naturally occur between the two Boards (Board of Supervisors, BOS and Special Health Care District, SHCD) during the transition and asked who would resolve them. He asked if the professional management team being considered could be tasked with the responsibility of looking at the transactions and decisions in light of the County's guiding principles establishing the fairness issue.

**SPECIAL SESSION
December 15, 2003**

Mr. Smith said that a shell of the new district would have to be created in January or early February of 2004. The new consulting group plus several from County management would serve on the team that will monitor the District's interests. Lengthy discussion ensued on the fairest means of getting information to both the County and the District in protecting the interests of each side. Questions were considered on whether outside legal counsel should be acquired for the District or whether County personnel should be divided into two separate groups to oversee fairness issues. Continuing briefings will be held to determine a decision on this issue.

Bill Bruno questioned the agenda topics for the Executive Session scheduled to follow this open session. He also asked if timing for the creation and transfer of the District would be discussed and, if so, why this would be done in a closed session.

Bill Sims explained that timing affects several questions regarding decisions the Board of Supervisors need to make on whether or not they need to create the District sooner rather than later in order to comply with federal laws regarding election procedures. Secondly, there are a number of timing issues in compliance with the statute allowing the creation of the District that require action by the Board of Supervisors, and possibly action by this Board sitting as the Board of Directors of the District, regarding options relative to the taxing power of the District. He said, "There are gray areas in the statute that we want to brief the Board on in private concerning what their options might be."

Mr. Bruno said he assumed that things such as expenditure limitations, elections, taxes, or other similar issues, which he felt should be in a public forum, would not be discussed.

Mr. Sims responded, "The statute was not all that clear and we have a duty to apprise the Board of Supervisors as to what the statute says, how we interpret it, and how we think it will unfold." He added that statutes can be interpreted differently and that may, or may not, require the creation of the District very soon. He said such a discussion should properly be held in a closed-door session.

In response to another question from Mr. Bruno, the Chairman said that regular meetings will be noticed in a designated public place and on the County's website so the public will be able to attend meetings and add their input to the process.

Another discussion item was the imminent need for credential approvals to be done by the Professional Practice Committee so a backlog does not develop. Mark Hillard reported that a credentialing meeting is scheduled for next week. Mr. Hillard added that two members of the Board of Supervisors could be appointed to that committee. He also discussed the many employee issues that need to be addressed prior to the transfer. Mr. Hillard reported that concern was growing among MIHS employees on what was going to happen to them in the transition and he felt it was vital for some decisions to be made, especially regarding pay and benefits, and to pass the information to employees as soon as possible.

John Rivers and Tom White came forward to express their concurrence with ideas already expressed on transference concerns, transparency with the public, an independent overview for both sides and an audit on all assets prior to the hospital's turnover to the new District.

Motion was made by Supervisor Wilcox, seconded by Supervisor Stapley, and unanimously carried (4-0-1) to proceed according to today's presentation by David Smith, with the acquisition of a neutral and experienced management consulting team, with a legislative track presented in sync with the matter as it

**SPECIAL SESSION
December 15, 2003**

progresses and with the caveat that forward movement not be inhibited by a rigid attitude when opportunities that would benefit the hospital occur.

GOVERNMENT RELATIONS UPDATE REGARDING TRANSPORTATION LEGISLATION

Diane Sikokis, Director, Government Relations

Diane Sikokis, Rick Bohan, Government Relations, Tom Buick, Director of MCDOT, John Kaites and Rip Wilson, contract lobbyists, came forward to present an update on the status of the transportation legislation. They presented a comparison between the legislative draft that Gary Pierce, House Transportation Chair, advocates and the MAG transportation draft, which basically follows the MAG Transportation Committee recommendations.

Rick Bohan said the transportation plan was unanimously passed out of the TPC (Transportation Policy Committee) and the MAG (Maricopa Association of Governments) Regional Council and is now in the legislature, which completes MAG's job under the statute. His handout noted the comparisons and contrasted them with the Board of Supervisors last official position. He said that action on these in formal and informal meetings should be very "fluid" this week. He proceeded to comment on aspects of several of the comparisons. Subjects covered included the following:

- Election date
- Transportation Policy Committee (23 members)
- Audit Dates
- Audit Provisions
- Taxes
- Bonding
- Life Cycles and Budget Process
- Firewalls
- RTP (Regional Transportation Plan) Amendments
- CTOC
- Plan Consistency
- Utility Relocation
- Pinal County
- Election Publicity Pamphlet – LRT
- Bill Effective Date

Discussion ensued on the topics showing the major topics of concern, which included private sector members of the TCP, the audit provisions and the RTP (Regional Transportation Plan) amendments. The House Bill proposed that amendments be reviewed and recommendations given from RPTA, (Regional Public Transportation Authority) BOS, (Board of Supervisors) and CTOC, (Citizens Transportation Oversight Committee) with each authority having veto power. The TPC reviews the comments and determines whether to send them forward for final amendment approval by the MAG Regional Council. In the House Bill, this Council acts only with prior majority approval by RPTA, BOS, CTOC and TPC. In contrast, the MAG Draft restricts the County to comments and recommendations, along with all cities, towns and the Indian Communities. Again, the TCP would decide whether to send it on to the MAG Regional Council. Mr. Bohan added that even in the more restrictive version from the House, RPTA, BOS, CTOC and TPC could all veto a project and the MAG Regional Council could disregard all vetoes and pass it anyway. In either version the MAG Regional Council has the final determination on all amendments. The Council's disregard would be

**SPECIAL SESSION
December 15, 2003**

more difficult in the House version but it is believed that it would still be possible to override all recommendations.

Supervisor Stapley asked if the Bill's sponsors understood that and Mr. Bohan said they do and there had been a thorough discussion on it at last Friday's meeting. Mr. Bohan said that it would be discussed at meetings this week as well because, "They (MAG) are so virulent against anybody else having any sort of say on the amendment and audit processes." He added, "Our point back to them is that the Regional Council has the final say so why are you afraid to bring it out for a full debate and vote?"

Chairman Brock said the County has recommended that all audits be published for public comment and asked if that had met with any resistance.

Mr. Bohan responded that it is sometimes in and sometimes out of the various drafts but the County continues to push for its insertion. He said the County believes that public meetings and publication of the audit findings are vital components of the final bill.

Another major difference is with CTOC, which has been controlling the building of freeways under ADOT (Arizona Department of Transportation). The MAG draft keeps that designation. However, the House Bill makes a major change, probably because its duties would now include mass transit and arterials as well as freeways. The proposed legislation would create a new CTOC of seven or eight members: five members appointed by the Board of Supervisors (one from each district) and one member each by the President of the Senate and the Speaker of the House. The eighth member would be appointed by the Governor's Office, if so desired. In the House draft MCDOT would staff CTOC and expenses would be paid for out of the half-cent tax. MCDOT would appoint a special assistant to review life cycle analysis and coordinate activities between all agencies involved in the plan. Mr. Bohan said, "This is another hot-topic of discussion between the various staffs."

Mr. Bohan explained that Utility Relocation hadn't been introduced until late in the negotiations when Phoenix and their utility representatives suddenly questioned what would happen down the Central Corridor with installation of the first 30 miles of the minimum operating system for the light rail. The minimum rail system will be paid for from Phoenix and Tempe taxes - at their insistence - and they have dropped out of the arterial phase of the Plan as a trade-off. Interest is high on who will pay for the necessary utility relocations prior to construction of the minimum rail system. Advocates have discussed having the cost of moving utilities for the first 30 miles come from the half-cent sales tax monies. County opinion is that the relocations should be paid for by the local jurisdictions who voted for those first 30 miles.

Supervisor Stapley said they weren't talking about "junk change" since the cost of those 30 miles have been estimated at \$100 million.

Supervisor Wilson asked what the cost of having the Transportation vote taken at an election in May vs. one at the general election in November would be.

Supervisor Stapley estimated the difference would be approximately \$3 million.

Rip Wilson commented that there could be several drafts of a transportation bill when the Legislature convenes in January 2004, but it was important to remember that there will only be one final transportation bill, and early determination of what the County wants included in it is important so that lobbying be most effective. He said, "The legislative perspective will have a larger role for the County because they want

**SPECIAL SESSION
December 15, 2003**

some other mechanism to backstop the TCP process based on its performance in the development of the Plan.” He continued that the big issues to sort out are 1. the power of the auditor’s findings, and, 2. light rail, which he said would be a philosophical fight rather than a dollar fight. He said that some decision would have to be made on whether or not to “live with the current structure of the Regional Council or take on the difficult chore of changing the designation, which would require federal approval.” As to utility relocation he said this is primarily a gas issue and secondly an APS issue and should be resolved before the final bill is drafted by the Legislature.

John Kaites reported that the County’s credibility “is very high at the Legislature, based on this issue” and he felt it was very important for the Board to make policy decisions on what direction to go, what to support and how to lobby it as soon as possible. He added that he could not overstate how important those decisions would be to the whole process because of the credibility the Board has right now. There will be a lot of competing interests “tugging at you” before you make any policy decisions on this. He warned that there is one issue arising that he feels could be dangerous to the process – the idea of bifurcating the light rail from the arterial and freeway expenditures. He believes that the Maricopa 2020 members have analyzed that and realize that politically it makes it more difficult to win an election when you have two competing issues on the ballot. He felt it would be wise to discourage this to members of the Legislature.

Supervisor Wilson asked where the money would come from if the federal monies promised for the light rail portion dry up.

Rick Bohan said that would go to the amendment process. If that were to happen some major amendments would have to be done to the plan because a major portion of it would be gone.

Supervisor Wilson followed this up by saying the estimate is \$60 million a mile for the light rail system in today’s dollars. He asked if federally allocated dollars would be updated as time elapses to compensate for future worth.

Mr. Bohan said the MAG staff understands what the inaccurate projections on the 1985 bill did to the region and they have tried to be very conservative with the numbers and hope that they will survive the test of time.

Chairman Brock recognized Tom and Phyllis Freestone who were present. Mr. Freestone was a former Supervisor and sat on the Board longer than anyone in the County’s history.

Supervisor Wilcox asked if, in order for the house bill to work as presented, the Regional Council had to change.

Rip Wilson said that nothing would require the Council to change

Supervisor Stapley said that after hearing the presentation he felt the Board should consider the evidence and meet on December 22 prepared to make their recommendations.

UPDATE ON FLU OUTBREAK

Dr. Jonathan B. Weisbuch, M.D., Chief Health Services Officer
Dr. Larry Sands, Public Health

Dr. Weisbuch said he expects this year’s earlier than normal flu outbreak to be worse than the outbreak in 1998-99, which was the worst outbreak he has known. Already this year the deaths of children and adults

**SPECIAL SESSION
December 15, 2003**

have been reported. The supply of flu vaccine is limited as the Center for Disease Control was caught unprepared and is trying to play catch-up – so far they have only sent 300 doses for Maricopa County, far below the need. He said the message from Health Services is that the amount of vaccine will be limited for the rest of the year and the public should take necessary hygienic precautions to protect themselves and their families, and to stay home if they do get sick.

Dr. Sands said it isn't possible to know the number of flu cases in the County because so many of them are not reported. He said they have surveillance system in the schools, emergency departments, hospitals, clinics and doctors offices and a good working relationship with Cigna groups around the Valley that give a representative idea of the level of the disease in the community. Absenteeism in the workplace and schools and lab reports also shows a trend.

In response to a question from Supervisor Wilcox, Dr. Weisbuch said that flu shots are not provided to the community by the County except in certain specific cases, i.e., the homeless, MIHS personnel, department personnel, etc. He said his department does not have the resources to do larger population groups, such as the uninsured and unimmunized in the community and to do so would overwhelm the facility.

Dr. Weisbuch explained that the CDC (Center for Disease Control) monitors certain sites every year to get an indication of the strains of flu showing up and the number of cases being reported. Each spring experts meet to choose the three types of influenza strains they believe are most likely to cause outbreaks the following season and vaccines are produced for these three. He reported that because of complications in previous outbreaks the federal government has backed away from taking a position on national preparedness and the manufacture of vaccines is entirely in the hands of the private sector in the U.S. Last year's apathetic consumer response to getting a flu shot resulted in manufacturers having to discard 12 million of the 95 million doses they had produced. Consequently the number of doses manufactured this year was set at 12 million fewer to guard against another such monetary loss. He said that there is a need to diversify our manufacturing base and develop new techniques for production.

EXECUTIVE SESSION

Motion was made by Supervisor Wilson, seconded by Supervisor Stapley, and unanimously carried (4-0-1) to recess and reconvene in Executive Session to consider items listed on the Executive Agenda dated December 15, 2003, see below.

LEGAL ADVICE -- A.R.S. §38-431.03(A)(3)

A-1. Special Health Care District/Proposition 414: Legal Advice re: implementation, dates and timeline.

Chris Keller, Chief Counsel, Division of County Counsel
Bill Sims, Esq., Outside Counsel
Louis Gorman, Deputy County Attorney, Division of County Counsel
Mark Hillard, CEO, MIHS
Sandi Wilson, Deputy County Administrator
Tom Manos, Chief Financial Officer

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**SPECIAL SESSION
December 15, 2003**

MEETING ADJOURNED

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

ATTEST:

Fulton Brock, Chairman of the Board

Fran McCarroll, Clerk of the Board