

INFORMAL SESSION
April 17, 2006

The Board of Supervisors of Maricopa County, Arizona convened in Informal Session at 10:00 a.m., April 17, 2006, in the Board of Supervisors' Conference Room, 301 W. Jefferson, Phoenix, Arizona, with the following members present: Don Stapley, Chairman, District 2; Fulton Brock, Vice Chairman, District 1; Andrew Kunasek, District 3; Max W. Wilson, District 4, and Mary Rose Wilcox, District 5 (entered late). Also present: Fran McCarroll, Clerk of the Board; Cassandra Harris, Administrative Coordinator; David Smith, County Manager; and Bruce White, Deputy County Attorney. Votes of the Members will be recorded as follows: (aye-no-absent-abstain).

ELECTIONS DEPARTMENT RESULTS INITIATIVE REQUEST

Item: Presentation on the Results Initiative Requests submitted by the Elections Department for the FY 2006-07 budget. (C2106008800) (ADM1700-002)

Helen Purcell, County Recorder
Karen Osborne, Elections Director

Ms. Osborne stated that the Elections Department was asking to exceed their regular budget request by \$4.5 million dollars. A portion of that amount, \$941,845, was allocated for Proposition 200. She stated that voter registration cards were being sent to every registered voter. These cards could be part of the identification process at the polls. Ninety-three percent of the people who answered the survey at the polls said that they received information through the mail and they were satisfied with the ease of voting. The Secretary of State pays for the basic Sample Ballots to be printed and mailed.

~ Supervisor Wilcox entered the meeting ~

Ms. Osborne explained the role of the State in providing information to voters and the different role that the County plays in that regard. Each county color-codes their sample ballots to help avoid confusion.

Responding to Supervisor Brock's question, Ms. Osborne stated that "HAVA" is the Help America Vote Act, which outlines new regulations including a requirement for a touch screen machine to be available in each of the polling places for the disabled. Elections will submit an agenda item later in the year to receive the funds from the Federal Government; however, in the meantime, the machines need to be ordered to insure timely delivery. This accounts for the \$110,814 requested. In addition, the department will need to expand their bilingual programs.

Ms. Osborne stated that the operational cost increase of \$1,012,000 was, in part, needed to give the poll workers a raise. She reported that "it had been ten years since they received an increase and the County is woefully behind the City of Phoenix and some of the other counties, but the City of Phoenix is the greatest competitor when trying to find people to work at the polls." The \$58,000 request for postage was attributed to the dramatic postal increase, and the \$624,000 was required to send out new voter identification cards.

Early voting and the ballots-by-mail process was explained in terms of process and expense. The department also has to staff for increased phone calls at election time regarding location of polling places and missing early ballots.

Ms. Osborne stated that Elections knew voting machines would have to be replaced in 2008, and asked the Board to approve \$6,000,000 in this budget to accelerate the replacement to this fiscal year so that the machines could be used for this election. She reported that "there were several bills in the Legislature

regarding election processes and specifically ballot tabulation. Department staff has been busy providing information.

"All costs have been reviewed and pared down as much as humanly practical to come up with a good election" stated Ms. Osborne, "and the items requested are necessary.

Supervisor Brock stated that he was always interested in finding new ways to improve the quality of elections and posed a question regarding inmate labor assisting in the process of elections. Ms. Purcell stated that inmate labor was used in the 2004 election and there were some concerns with the hand count. The New Early Voting Process, costing \$2,314,151, would allow Elections to completely move away from that and be machine-driven rather than labor-driven and would take the human factor out of the process.

INSIGHT VOTING MACHINES, RELATED SOFTWARE AND ACCESSORIES

Item: Approve the purchase of 1,300 insight voting machines/related software and accessories in the amount of \$6,356,700 (includes 5% cash discount) plus freight, from Sequoia Voting Systems. This purchase will be financed for five years through a capital lease, with an anticipated annual expense of not-to-exceed \$1,424,810. Direct the Office of Management and Budget to increase Elections FY 2006-07 budget by not-to-exceed \$1,424,810 and continue this appropriation for five years. (ADM1700-002)

Authorize the Chairman to execute all capital lease documents required for the financing of Election's new voting machines/related software and accessories in an amount not-to-exceed \$6,400,000. The Department of Finance will facilitate the five-year capital lease. Estimated total capital lease payments, with an approximate 4.3% interest rate for the maximum amount financed, will not exceed \$1,424,810. (C2106009800) (ADM1831-003)

Helen Purcell, County Recorder
Karen Osborne, Elections Director

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried (5-0) to authorize the Chairman to execute all capital lease documents required for the financing of Election's new voting machines/related software and accessories in an amount not-to-exceed \$6,400,000. The Department of Finance will facilitate the five-year capital lease. Estimated total capital lease payments, with an approximate 4.3% interest rate for the maximum amount financed, will not exceed \$1,424,810.

COUNTY AUDITOR'S FY 2006-07 AUDIT PLAN

Item: Approve the County Auditor's FY 2006-07 Audit Plan, contingent upon the allocation of additional resources in the county's FY 2006-07 budget.

The County Auditor recommends approval of the FY 2006-07 Audit Plan and corresponding resources. This action would require increasing the Internal Audit Department's staff by five full-time equivalents. Three primary factors drive this demand:

- Increased size and complexity of county operations,
- Increased demand for special request work, and
- The demand for an average audit interval of four-years.

INFORMAL SESSION
April 17, 2006

The recommended additional resources will return the audit interval to an average of four years by FY 2010-11. In the interim, the average interval will be just under six years. The Office of Management and Budget does not recommend approval; see back up for additional information. (C2306003M00) (ADM2600)
Ross Tate, County Auditor

Mr. Tate provided a presentation of the organizational structure of the Audit Department, which is independent of County management and reports directly to the Board of Supervisors. Six times per year the department's activities were reported to, and guidance received from, a Citizen's Audit Advisory Committee. A charter approved by the Board almost a decade ago outlined the department's authority, objectives and standards for audits. Although every audit does not necessarily result in an immediate fiscal return, the department conservatively tries to document those instances when it does. He estimated that over the years the department had always brought in more cost savings than it cost the County.

Mr. Tate reported that the Audit Plan begins with interviews with Board Members, the County Manager, key elected officials and 12 of the Management Team members to get a good perspective of high level risk at the County. The department will then take that perspective, research the details and calculate the risk assessment based on a number of factors; where the dollars are going, the staffing levels, legal liability, public concern, management turnover and the prior audit, date and results. The activities are divided into high, medium and low risk and then hours are assigned based on that risk and the size and complexity of the department. The audit interval is one that the Board had supported over the years and had been, on average, every four years. The department had now put together a long-term plan that would entail reviewing the high risk areas every three years, medium risk about every four years and low risk every five years. He stated that "the department had strayed from that average over the past few years as other priorities had arisen, but the plan that was being presented would get the department back to the average of four years within the next couple of years."

Some of the areas that were scheduled for audit, and the resources required, were discussed. There were 12 high risk areas with several of the larger departments, as well as high risk County functions, e.g. contracts, payroll and the random surprise cash counts that were done throughout the county. Sixty percent of the department's resources would go to the high risk areas. There was discussion of the surprise random cash audits procedures for these audits and how results are reported.

The low risk areas that are analyzed were General Government, a review of the accuracy of the agenda items that are presented at Board Meetings and a few 10th floor audits scheduled for the coming year – Clerk of the Board and County Manager. The department will be looking at the accuracy of the County's Website and the mandated review each year of the pass-through dollars that come from the Federal Government. Mr. Tate responded to a question regarding cell phone usage and contracts, stating "that area was included under medium risk – Telecom/OCIO."

The Audit Department will intertwine general audits with a review of the information technology processes in departments. Technology Audits are done primarily with outside consultants who have the expertise to come in and really do a thorough job. A county-wide internet security audit is also done on a surprise basis. A hacker is hired to see where he can hack into the County computer system, test the security of the Internet and go into County offices to see if they can break into different systems from an inside port. This is done every other year within departments.

Mr. Tate stated that he would need five additional auditors in order to complete this plan. The necessary Results Initiative Request documentation had been completed and submitted to the Office of Management

INFORMAL SESSION
April 17, 2006

and Budget (OMB), and they agreed that the department does need additional staff. However, they recommended four additional auditors and to cut some of the low risk audits and put them on a more extended audit interval. Mr. Tate recommended moving ahead with the plan that the department submitted, indicating that "even with the additional staff, the department budget would remain a little lower, on average, than all of the County benchmarks. He added that the department had always tried to provide a quality product through effective and innovative audit techniques.

Mr. Smith reported that OMB does keep a log of Audit Department recommendations and department compliance. The department provides updates on the numbers and percentages of audit recommendations that were implemented, and OMB reviews closely any outstanding recommendations, especially over a two-year period, that had not been implemented. Tom Manos had been given the assignment of following up with any departments who were not in compliance.

Mr. Manos reported that there was a process to make certain that recommendations were implemented and not just the ones from the County Audit Department, but those made by the Auditor General. A presentation had been made recently at a Management Team meeting to go over the outstanding recommendations and, at that time, there were only two departments that had not made adequate progress as far as implementation. However, since the report, the issues with one of the departments had been resolved, and the good news was that during the last ten years approximately 95% of the Audit Department's recommendations had actually been implemented.

Mr. Tate clarified that the Federal Programs (Single Audit) item listed under the 'Low Risk Areas' were not the dollars that were spent as a County through grants, but those dollars that were pass-through to other agencies. Federal law required that those agencies be audited and that the County monitor those audits to make certain that they are done properly. He emphasized that there could be a liability issue associated with pass-through dollars, which is why the Federal Government passed the Single Audit Act so that all the dollars being passed through are receiving the proper attention. When issues are identified, the audited agency or department is required to provide a corrective action plan.

Supervisor Wilcox commented on certain aspects of recent changes in Justice Court jurisdiction. Mr. Tate explained that the Justice Court audit plan has been revised and expanded.

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried (5-0) to approve the County Auditor's FY 2006-07 Audit Plan, including the allocation of additional resources in the County's FY 2006-07 budget for five additional audit positions..

EXCEPTION TO MARICOPA COUNTY COMPENSATION PLAN

Item: Allow for the Planning and Development Department Director, in consultation with the County Manager, to move existing employees within the existing market range. This is an exception to the Maricopa County Compensation Plan. This includes an exception to the requirement to go before the Compensation Review Committee. This allows the Director to hire new employees at any point in the range without disadvantaging or under-compensating current, deserving employees. This exception is not intended to be permanent and is not intended to stop current compensation review of this department, which staff is directed to complete by the end of April, 2006. (C0606059M00) (ADM3400-001) (ADM3308-001)

INFORMAL SESSION
April 17, 2006

Chairman Stapley asked David Smith to comment on this item. Mr. Smith explained that the issue that precipitated this item was a concern regarding turnover and difficulty in hiring staff in the Planning and Development Department. He added that further information now indicates that the compensation studies have been completed and the resulting salary adjustments are scheduled to be on the next personnel agenda. That list would complete the existing departmental staff that required upgrades, averaging about 10% across the board. It would also allow for the hiring of additional people for vacancies at a higher level and with the flexibility to go above minimum market range if they come with experience; or be able to rehire people that may have transferred to other departments or jurisdictions - simply because Planners and related positions were in high demand in the Valley. One of our vulnerabilities is the thin staffing at senior levels. He indicated he was working on a recommendation for bringing in additional people at these levels.

Mr. Smith continued by adding that he was working with the department director and managers to develop a plan with a goal of eliminating the backlog by July 1, 2006. He outlined a number of techniques that had been used in other problem areas to clear up issues with a backlog of work. He promised to provide weekly updates on the status of the backlog until it was eliminated. In addition to the plan for elimination of the backlog the senior management would be reviewing processes and procedure to find ways to expedite the process. There was general agreement that some system or indicators should be established so that this type of backlog does not happen in the future; that an extended study was not needed "when the wheels were coming off" and that the problem should be addressed as soon as possible.

Chairman Stapley reiterated Mr. Smith's statement that he would address the issue through a turnaround plan by July 1, 2006 and requested that the issue also be addressed in Executive Session. He stated that, if needed, the item would be placed on the April 19, 2006 Formal Meeting Agenda. No action was taken regarding this item. **[Clerk's Note:** This is not an official part of the minutes. Agenda Item C060659M00 was not processed in the agenda processing system; no electronic withdrawal is available.]

REGIONAL SCHOOL DISTRICT #509

Item: The Board of Supervisors, pursuant to its authority granted in A.R.S. §15-1001, will consider for approval vouchers presented by the County School Superintendent of Maricopa County to draw warrants on the County Treasurer against Maricopa County Regional School District #509 School District funds for necessary expenses against the school district and obligations incurred for value received in services as shown in the Vouchers. (ADM3814-003)

The Board of Supervisors may consider ratifying any Maricopa County Regional School District #509 vouchers and/or warrants approved in accordance with the procedures of A.R.S. §15-321 since the last meeting of the Board of Supervisors. The Board of Supervisors may hear staff reports on the vouchers and warrants being considered. The Vouchers are on file in the Maricopa County's Clerk of the Board's office and are retained in accordance with ASLAPR approved retention schedule. (ADM3814-003)

Staff may update the Board of Supervisors on regional schools operations and finances. (ADM3814-005)
LeeAnn Bohn, Budget Administrator

Supervisor Wilcox asked if there had been any more progress with the expected Intergovernmental Agreement (IGA), and how the outcome would impact the funding for the Regional School District next year. Mr. Smith reported that the legislation passed the Senate and would be going to the Governor. This legislation should be instrumental in furthering the process to resolve the situation with the Regional School District.

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
April 17, 2006**

Ms. Bohn reported that there were 14 respondents to the original Request For Information (RFI) that was sent out. Of those, there were a number that were promising, and she was moving forward to obtain information from the financial staff at the Maricopa County Regional School District (RSD) to respond to their questions. There was response from public and private entities that also seem promising. The staff at the RSD withdrew from the RFI process and had been provided with the information needed to submit a Supplemental Funding Request to the Office of Management and Budget for review. That information was to be returned by close of business, April 19th. Documentation was requested for anything that the RSD would require over the estimated difference between the revenue control limit and the RSD support level; the RSD support level, being the state funding that they receive.

Chairman Stapley asked Mr. Smith "At what point in time do we need to move to a transition plan?" Responding, Mr. Smith explained that the entire process was a transition plan that was trying to inject the responsible way of doing County business into the Superintendent's operation, whether it was financial and budgetary reporting, accounting, property resources or not having facilities that were heavy on overhead and administrative staffing. Results were produced comparing the Maricopa County Accommodation District to a variety of other Accommodation Districts in the state, and showed that Maricopa County's costs were the second or third highest at, over \$8,000 per child. Some of the results were not that good and indicated a high administrative overhead. A variety of issues were part of a reform package where implementation of an IGA would certainly help. There were a number of charter and public schools ready, willing and able to take these children and Maricopa County does not have to be doing it. However, if there was a need, it could be done for a reasonable amount of money.

Mr. Smith stated that it could not be predicted when the IGA would be signed and, if not signed, the Supervisors would be presented with ongoing recommendations on how to manage the constantly changing situation.

Motion was made by Supervisor Wilcox, seconded by Supervisor Brock and unanimously carried (5-0) regarding action on the following vouchers:

- Approve Voucher No. 5158 \$41,728.75

EXECUTIVE SESSION

Motion was made by Supervisor Wilson, seconded by Supervisor Brock, and unanimously carried (5-0) to recess and reconvene in Executive Session to consider items listed on the Executive Agenda dated April 17, 2006, pursuant to listed statutory authority, as follows and the item Exception to Maricopa County Compensation Plan above.

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

Write-Off Cases – Barbara Caldwell, Outside Counsel

Mason, Aaron	Cheney, Mark
McDaniel, Johnny Tyree	Pacheco, David
Allen, Artie	Byrnes, James J.
Maggard Jr., Jesse	Espinoza, Justin R.
Seehusen, Cornell	Espinoza, Justin R.
Quintero, Mario Franco	Garvey, Jerome L.

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
April 17, 2006**

Dominquez, Daniel
Yoseting Jr., Teddy
Thornton, Joseph

Reid, Shawn W.
Copeland, Marcia
Sheriff's Uncollectible Accounts

LEGAL ADVICE – ARS §38-431.03(A)(3)

Avondale City Center/Southwest Regional Center

Tom Manos, Chief Financial Officer
Dennis Lindsey, Manager, Real Estate Services
William Riske, Deputy County Attorney
Chris Bradley, Deputy Budget Director
Heidi Birch, Principal Capital Facilities Development
Steve Conner, Director, Facilities Management
Hugh Gallagher, Deputy Court Administrator
Marcus Reinkensmeyer, Judicial Branch Administrator

PENDING OR CONTEMPLATED LITIGATION – ARS §38-431.03(A)(4)

**Plateau Electrical Constructors, Inc. v. W.E. O'Neil Construction Co.
CV2003-010968, CV2004-010692, CV2004-018871 (consolidated)**

Steve Conner, Director, Facilities Management
Heidi Birch, Principal Capital Facilities Development
David C. Tierney, Outside Counsel
John Paulsen, Deputy County Attorney

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

Salary Increase for Chief Deputy Treasurer

David Schweikert, Treasurer
Shawn Nau, Total Compensation

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

Litigation concerning a Special Action, Declaratory and Injunctive Relief regarding County Island Fire Districts. CV2006-004754

Keith Russell, Assessor
Chris Keller, Chief Counsel, Civil Division
Bruce White, Deputy County Attorney
Kevin Costello, Deputy County Attorney
Gary Lassen, Outside Counsel
Stefanie Murphy, Special Districts Project Manager

LEGAL ADVICE; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) AND (A)(4)

Provide legal advice and receive direction on proposed changes to the Restated Declaration of Trust for Maricopa County, Arizona Self-Insured Trust Fund as applied to selection of/and assignment of counsel on Insurance Trust covered matters.

Phil MacDonnell, Chief Deputy County Attorney

INFORMAL SESSION
April 17, 2006

Chris Keller, Chief Counsel, Civil Division
John Paulsen, Deputy County Attorney
Peter Crowley, Risk Manager

SETTLEMENT DISCUSSIONS CONDUCTED IN ORDER TO AVOID OR RESOLVE LITIGATION – ARS §38-431.03(A)(4)

Douglas Delbrook v. Joseph M. Arpaio, et al.
Maricopa County Superior Court Cause No. CV2003-019233
Maria R. Brandon, Deputy County Attorney
Peter Crowley, Risk Manager
Ted Howard, Claims Manager

LEGAL ADVICE; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) AND (A)(4)

Municipal services provided by Maricopa County to Queen Creek, including a proposed IGA regarding the Queen Creek Landfill.

Joy Rich, Assistant County Manager
William Scalzo, Assistant County Manager
Bill Thornton, Director, Solid Waste Department
Bruce White, Deputy County Attorney
Kevin Costello, Deputy County Attorney

LEGAL ADVICE; PENDING OR CONTEMPLATED LITIGATION; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) AND (A)(4)

Advice regarding legal issues and options concerning County Regional School District/Accommodations School funding, management and audit issues.

Chris Keller, Chief Counsel, Civil Division
Sandi Wilson, Deputy County Manager
Bruce White, Deputy County Attorney
Brian Hushek, Deputy Budget Director
Shelby Scharbach, Deputy Finance Director
Dean Wolcott, Outside Counsel
Tom Manos, Chief Financial Officer
Ross Tate, County Auditor
Tom Irvine, Outside Counsel
Fred Rosenfeld, Outside Counsel
LeeAnn Bohn, Budget Manager

LEGAL ADVICE; CONTRACTS SUBJECT TO NEGOTIATION – ARS §38-431.03(A)(3) and (A)(4)

IGA between Maricopa County and the Maricopa County Regional School District #509 regarding school operations and financing.

Chris Keller, Chief Counsel, Civil Division
Sandi Wilson, Deputy County Manager
Bruce White, Deputy County Attorney
Brian Hushek, Deputy Budget Director

MARICOPA COUNTY BOARD OF SUPERVISORS MINUTE BOOK

**INFORMAL SESSION
April 17, 2006**

Shelby Scharbach, Deputy Finance Director
Dean Wolcott, Outside Counsel
Tom Manos, Chief Financial Officer
Ross Tate, County Auditor
Tom Irvine, Outside Counsel
Fred Rosenfeld, Outside Counsel
LeeAnn Bohn, Budget Manager

LEGAL ADVICE – ARS §38-431.03(A)(3)

Legal advice regarding payroll deductions

Elizabeth Yaquinto, Deputy County Attorney
Chris Keller, Chief Counsel, Civil Division

MEETING ADJOURNED

After discussion on the above items and there being no further business to come before the Board, the meeting was adjourned.

Don Stapley, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board