

**PROCEEDINGS OF THE
COCHISE COUNTY BOARD OF SUPERVISORS SPECIAL MEETING
HELD ON TUESDAY, JULY 12, 2011 at 11:00 A.M.
IN THE BOARD OF SUPERVISORS EXECUTIVE CONFERENCE ROOM
LOCATED AT 1415 MELODY LANE, BUILDING G, BISBEE ARIZONA**

Chairman Call called the Special Meeting of the Board of Supervisors to order at 11:05 a.m. All three supervisors were present: Pat Call, Chairman; Ann English, Vice-Chairman; Richard Searle, Supervisor. Also attending were Mike Ortega, County Administrator; Jim Vlahovich, Deputy County Administrator; Britt Hanson, Chief Civil Deputy County Attorney; LH Hamilton, Project Manager; Lois Klein, Finance Director; and Katie Howard, Clerk of the Board.

PRESENTATION

ITEM 1

Update regarding status of the Bisbee/Douglas International Airport (BDI) water system improvement project.

ACTION

Board of Supervisors

ITEM 2

Authorize an application be made to the U.S. Department of Agriculture (USDA) Community Facilities Loan Program to finance the engineering and construction for the Bisbee/Douglas International Airport (BDI) water system improvement project.

Mr. Ortega presented this item stating it was a continuation of a discussion started two years ago with Director Ryan, who spoke with the Board and agreed to work with the County regarding the water system. There were concerns about fire suppression capabilities of the system, built in 1942; having had two pretty serious breaks in system. Currently, repairs require that entire system be shut down.

Mr. Hamilton said a Preliminary Engineering Report (PER) was done in order to determine what needed to be done to improve the system. The original scope of work was for \$5 million and storage capacity to be increased to 700 gallon fire flow. The tower was inspected by the company that installed it; some minor corrections need to be made but tank is serviceable. The final recommendation is for a ground level tank.

Mr. Hamilton showed a diagram of the BDI water system and said for a facility this size, there needs to be three entry points. A new transmission line on the outside perimeter of the system to third entry point will be built which will effectively bypass the existing grid work of lines—where all the breaks are occurring. Intent is to abandon existing system. End result—three transmission lines to feed three entry points from two existing pumps. We cannot find parts for old controls and will put in all new telemetry motor controls and an upgraded chlorination system. Current system does not alert to any leaks. New plan calls for chlorination / alarm system with containment pod. He described plans for new fire suppression points throughout the hangar system, to be tied to the new transmission lines. With the new Altitude Control Valve, we will be able to isolate areas of the system to facilitate repairs without shutting down water to the prison or affecting fire suppression. We will need to extend well further down, 50-60 feet because of drawdown. The PER assessment shows that both wells are in excellent condition and we can go down another 100 feet without having to drill. Both wells are capable of pumping 1200 gals per minute; water quality is excellent; and arsenic levels are below threshold.

Mr. Ortega said the water table in the area has been dropping 1-1 ½ feet per year, but not right at this location.

Mr. Hamilton said the engineering study recommends an 87/13% split: 87% is from the Department of Corrections (DOC); 13% from the County (approximately \$27,000 per year). The airport budget for the past three years has shown significant Cash Carry Forward and contingency fund. If we maintain current levels of activity out there, we will have no problem covering the annual cost. We foresee no infusion of general fund money to support this project. USDA funds are at 4 ½ - 4 ¾%; fixed rate for life of loan. Have been annually renewing lease agreement. Once this is in place, DOC has consented to lease term to equal loan life. There is no pre-payment penalty. Projections are for \$205,000 per year: \$178,500 for DOC; <\$26,682 for County; average rate of usage will have to increase water rate by \$1.52 per gallon. Paying \$1.43 now; new rate = \$2.95. USDA will require an additional percentage to be tacked on to water rate for repair and replacement; determination to be made upon application.

Mr. Ortega discussed the possibility of paying the County costs upfront, or a partial amount and recapture costs from water rates, or use other financing source. For now, move forward with USDA application and make that determination later. Two things to consider today is the concept/investment of \$3 million dollars; second is how to approach financing.

Vice-Chairman English said the upgrade is overdue and would like to move forward.

Chairman Call said the County has a great relationship with the DOC and what they do for the community.

Supervisor Searle said the City of Douglas annexed the prison a number of years ago; not sure what benefit they are getting and thinks they should be paying their share.

The Board and administration discussed the costs of the upgrade in detail and Mr. Hamilton gave an itemization and the process for the USDA application. There is one hurdle with the state historic preservation office. The County has applied for an exception; will probably have to have an archaeologist on call during project, in case something of historical significance is uncovered.

The Board, administration and staff discussed options if the system fails.

Vice-Chairman English moved to authorize the County Administrator to pursue an application with the U.S. Department of Agriculture (USDA) Community Facilities Loan Program to finance the engineering and construction for the Bisbee/Douglas International Airport (BDI) water system improvement project and also to explore other avenues of financing this operation. The motion was seconded by Supervisor Searle and passed 2-1 (Searle opposed).

There being no further business before the Board, Chairman Call adjourned the meeting at 11:46 p.m.

APPROVED:

Patrick G. Call, Chairman

ATTEST:

Katie A. Howard, Clerk of the Board