PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
Tuesday, April 14, 2015

A work session of the Cochise County Board of Supervisors was held on Tuesday, April 14, 2015 11:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present:	Patrick G. Call, Chairman; Ann English, Vice-Chairman; Richard R. Searle, Member
Staff Present:	Michael J. Ortega, County Administrator Jim Vlahovich, Deputy County Administrator Arlethe G. Rios, Clerk of the Board Lois Klein , Finance Director Mike McGinnis, Budget Manager
Attendees:	Catherine Traywick Joel Larson Ruben Miranda Regan Appelo Mary Gomez Jim Conlogue Thad Smith Mark Dannels Kenny Bradshaw Julie Morales Karen Riggs

Chairman Call called the meeting to order at 11:00 a.m.

ANY ITEM ON THIS AGENDA IS OPEN FOR DISCUSSION AND POSSIBLE ACTION

PLEDGE OF ALLEGIANCE

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING

INTRODUCTIONS

ITEMS FOR DISCUSSION

Board of Supervisors

Discussion and possible direction regarding the budget for Fiscal Year 2015-2016.

Chairman Call goes around the room to give everyone the opportunity to introduce themselves.

Mr. Ortega gave an overview of the discussion: updated information for fiscal year 2015/2016 through fiscal year 2018/2019, Staff recommendations on addressing the budget shortfall, and The Board's direction on how staff should move forward. He showed the Board a spreadsheet with the cash balances for fiscal year 2015/2016 and noted that $10,916,044 was available from cash carry forward funds, but the remaining $21,000,000 had to be used to cover operations, insurance, and contingency. He also gave the cash carry forward funds for Flood Control, Highway User Revenue Funds, ½ cent sales tax, and Library.

He moved on to the projections for fiscal years 2015/2016 through 2018/2019 and said that if the budget was not addressed or operations did not change the shortfall by the end of 2018/2019 would be $11,731,531. He said that in order to address the shortfall for fiscal year 2015/2016 the Board could chose to use vacancy savings, use excess revenue, use the emergency fund, use fuel savings, eliminate pay plans, and use cash carry forward funds.

Chairman Call asked what the emergency line was used for.

Mr. Ortega explained that it was money for emergency/non expected situations and said and example would be if there was a large retirement that the County had to pay out. He said the Board could chose where to get the money to cover the shortfall, but he did not recommend using excess funds from the Library District as the district was looking at cutting back services or the Board would have to consider increasing the tax rate.

Supervisor Searle asked why operations costs had increased for the Library District.

Mr. Ortega stated that the reason that the Library District was looking at its expenditures was that the tax rate was bringing in less money.

Vice-Chairman English said that she would not consider using funds from special districts because that was cost shifting and she did not think that was prudent as those districts had been established for a purpose by the public.

Mr. Ortega continued with other options: close offices one day/week; reduce/eliminate travel/training; hold vacant positions for six months; review mobile phone policy; review take home vehicle policy; eliminate some copiers; do not give a onetime distribution; increase tax rate; and use cash carry forward funds.

Supervisor Searle asked how shutting down offices for one day a week would impact the budget.

Mr. Ortega said it would reduce utility costs.

He then listed other budget issues: Payment In Lieu of Taxes (PILT) was unknown as the federal government had not approved the disbursement for next fiscal year, which would cost the County about 36 positions; increases to retirement costs continue to rise; Return to Competency (RTC) also continued to increase; facility maintenance costs are also increasing and repair/risk costs also have to be addressed; funding of County highways continued to increase and the General Fund is currently covering $1,000,000 of operation costs; and the Solid Waste system still gets subsidized by the County, in which they are in debt an estimated $2,000,000.

In addition to the budget concerns listed above, Mr. Ortega said that the Public Safety Public Retirement System (PSPRS) was a huge concern due to the unfunded liability. He showed the Board a handout that showed an analysis on what the County could do to address the issue.

Mr. Ortega said that Mr. Vlahovich had a presentation put together by the newly formed budget committee.

Mr. Vlahovich gave the background on the committee and said that Mr. Ortega had challenged staff to come up with options in addition to using cash carry forward or increasing the tax rate.

He listed the objectives of the budget committee:

- Will identify, prioritize and research/recommend options to address budget issues (increasing revenues and decreasing expenses) on an ongoing basis and re-sensitize all employees to budget issues
- Will meet routinely to measure progress and to revise as necessary;
- Will meet periodically with BOS and all DDs to keep updated and receive direction/input
- Particularly concerned with State shifts – they're just getting started

and added the categories that the committee would be focused on:

- Personnel
- Equipment/Operations
- Facilities
- Legislative Changes
- Public Relations
- Grants
- Increased Revenues

He also noted that they would incorporate any ideas/suggestions brought forward through the recent employee survey. He said that he would keep the Board updated on the progression of the group.

Mr. Ortega thanked the budget committee for their interest.

Chairman Call asked for Mr. Ortega to explain in detail why the PSPRS system had become such a huge liability for the County.

Mr. Ortega explained that although the system had begun as a solid retirement plan once the system began giving Cost of Living Adjustments (COLA) funding became a problem. He added that with people living longer the system had become unsustainable.

Supervisor Searle asked what would happen if the system collapsed.

Mr. Ortega said that was a possibility and that would be something every government agency in the State would have to deal with. He clarified that this issue was not the fault of the employees, but a system failure.

Chairman Call said that staff had to research this issue since it was becoming a big challenge for the County's budget.

Vice-Chairman English suggested that steps be taken to alleviate the issue and said an example was to limit overtime for deputies or look at grant money coming in to ensure it was of value monetarily for the County.

Supervisor Searle asked if the County could seek a different retirement system for deputies.

Mr. Ortega said that legislatively the County had to pay into PSPRS.

Mr. Vlahovich added the both the Courts and Sheriff's Office have representatives on the budget committee.
Judge James Conlogue, Presiding Superior Court Judge, addressed the Board regarding the court's budget and noted that court staff were working on being more cost effective and planned on consolidating and streamlining processes. He also said that they were going to reduce personnel, but asked that the Board allow them to do it at their discretion so that it would not negatively impact court services.

Chairman Call said that he really appreciated the cooperation of all elected officials.

Sheriff Mark Dannels said that his office was focused on a regional partnership approach and added that his staff has done their part, but felt that cutting services is a major challenge for public safety and freezing positions would be extremely difficult. He noted that his office was still at minimum staffing.

Supervisor Searle asked if Sheriff Dannels was looking into merging local law enforcement agencies or some of their duties.

Sheriff Dannels said that they were looking at a regional communication center and added that his office did provide support services for some of the cities in the County.

Ms. Karen Riggs, Highway & Floodplain Director, said that all department were looking at how to improve processes and become more cost efficient.

Mr. Tyson Mock, Information Technology Director, said that his staff was also looking at leveraging technology to better County processes and services.

Mr. Ortega thanked staff for their input and asked the Board for direction.

Supervisor Searle said that he would recommend that staff continue to hone in on expenses and look at services. He explained that due to the tax burden on property owners he did not see raising the tax rate as a feasible solution and was comfortable with using cash carry forward to address the budget shortfall.

Vice-Chairman English said she did not want to use funds from special revenues or special districts; she was in agreement with a hard hiring freeze, was in not in favor of eliminating pay plans, would chose to use cash carry forward funds, and would not increase base salaries for the time being.

Sheriff Dannels said he would oppose a hard hiring freeze on public safety.

Chairman Call said he would not vote in favor of a property tax increase, but agreed with Mr. Ortega's suggestions on how to address the budget shortfall. He said that he encouraged staff to take a lead on economic development to help increase tax based revenues.

The Board thanked staff for their work on the budget and those who were present for their ideas and suggestions.

Chairman Call said the next step would be to have meetings with individual departments.

Chairman Call adjourned the meeting at 12:22 p.m.

APPROVED:

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Patrick G. Call, Chairman

ATTEST:

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Arlethe G. Rios, Clerk of the Board