

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
SPECIAL MEETING HELD ON
Monday, August 21, 2017**

A special meeting of the Cochise County Board of Supervisors was held on Monday, August 21, 2017 at 10:00 a.m. in the Board of Supervisors' Hearing Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Ann English, Chairman; Patrick G. Call, Vice-Chairman; Peggy Judd, Member

Staff Present: Edward T. Gilligan, County Administrator
Britt W. Hanson, Chief Civil Deputy County Attorney
Arlethe G. Rios, Clerk of the Board

Attendees: Cathy Traywick, County Treasurer
Rose Martinez, Deputy County Schools Superintendent
Nike Noack, Budget Manager, Finance Department
Karen Riggs, Highway and Floodplain Director
Amadee Ricketts, Library District Director
Anita Baca, Housing Authority Director
Ruben Miranda, Fleet Services Director
Michelle Ziatz, Budget Manager, Facilities Management Department
Tom Schelling, Special Districts Consultant
Eric Petermann, Sierra Vista Herald

Chairman English called the meeting to order at 10:00 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

PUBLIC HEARINGS

Board of Supervisors

1. Adopt the Tax Rates and Levies for Cochise County Taxing Entities as set forth in the attached Exhibits.

Chairman English opened the public hearing.

No one choose to speak and Chairman English closed the public hearing.

Vice-Chairman Call moved to adopt the Tax Rates and Levies for Cochise County Taxing Entities as set forth in the attached Exhibits. Supervisor Judd seconded the motion.

Mr. Gilligan presented this item using a PowerPoint presentation. Mr. Gilligan gave the background on what the truth and taxation rate was used for and how it was calculated. He then showed a slide with the tax revenue three year average for primary property taxes, excise taxes and the state shared sales tax. He noted that County revenues from property taxes had decreased due to population loss and the fact that property values are still decreasing. He moved on to the Truth and Taxation (TNT) Rate History, which showed that the levy brought in by a steady rate has been decreasing since 2011 and has a critical impact on the County's revenues. Mr. Gilligan further explained that the County had been able to operate with decreasing revenues, but with costs increasing he needed the Board to raise the rate, while staff worked on continued cuts and efficiencies in order to address a bad economic situation.

He moved on to Public Safety Personnel Retirement System (PSPRS) retirement costs and said that this was a major cost to the County that the Board could not control and although efforts had been made to lower the unfunded liability in the system, it had not made a big difference. He added that along with PSPRS, the Correctional Officer Retirement Pension (CORP), and the Elected Official Retirement Pension (EORP) were all costing the county 21% of the current property tax revenues. He noted that another concern was the possible increase of the EORP system if the rate was unfrozen in the upcoming fiscal year, which would mean an additional cost of \$494,700. Along with these costs, the Arizona Health Care Cost Containment System (AHCCCS) was 31.1% of property tax revenues and continued to be an unpredictable cost.

He continued with salary costs per department and noted that over the last seven years departments were able to save \$1,700,000, but that money was then used to address increasing Sheriff Office salary costs in the same amount. He recommended the Board act on three budget reduction strategies in addition to increasing the property tax rate in order to balance costs. The three reduction strategies included cutting \$546,070 from the Sheriff (satellite jail operations); \$380,500 from the Building and Safety Division; and \$250,000 in Juvenile Court Services. He noted that even with these changes staff would continue to monitor revenue and valuations and control expenditures.

Vice-Chairman Call asked about possibly cutting one of the pro temp courts since County population had decreased.

Mr. Gilligan said that there could be savings, but that even with population decrease, the number of cases had not been impacted and noted that most of these cases dealt with child safety, mental health issues, and criminal issues.

Vice-Chairman Call said that he was concerned that by raising the rate departments in the County would discontinue to have conversations about efficiencies and some would go even further and create programs that the County cannot afford. He added that he did not think the County had made difficult choices that other counties have already made.

Mr. Gilligan said that tough choices had already been made by many of the departments. He added that by not addressing the rate, it gave the County less of an opportunity to be able to address the things we cannot control.

Vice-Chairman Call said that in addition to further looking at cutting services he was not in favor of a tax increase because it would be taking the pressure off the legislature to address State issues that impact counties.

Chairman English stated that the County was at the will of the legislature and had not had a lot of luck with impacting their decisions or which costs they shift to counties. She added

that they balanced the State budget on what they took from counties and said that elected county officials were also a concern since the Board could not impact their decisions, which highly impacted County expenditures. She clarified that she was not asking for more tax dollars, but instead wanted to set a rate that brought in the same amount every year.

Supervisor Judd said she would also like to see more services reviewed for efficiencies and asked why in 2016 there had been a hike in the levy.

Mr. Gilligan said that the hike had been due to several major commercial projects.

Ms. Cathy Traywick, County Treasurer, said increasing the tax rate helped the County offset falling property values, which result in lower tax revenues.

Mr. Gilligan stated that the County's levy totals, and estimated \$23,000,000 had dropped from the 2010 property tax collection of about \$27,000,000. He added that a loss of service would accelerate the loss of value.

Vice-Chairman Call asked if the other Board members would fully support Mr. Gilligan's budget reduction strategies.

Mr. Gilligan clarified that all three strategies would require board action in order to move forward.

Supervisor Judd asked for an estimated amount of time until the County was in critical condition.

Mr. Gilligan said that there may be two years until the County would be in a tough spot and would not have any savings to offset an emergency situation.

Chairman English reread the motion.

Chairman English called for the vote and it was approved 2-1 (Call against).

Chairman English adjourned the meeting at 11:23 a.m.

APPROVED:

Ann English, Chairman

ATTEST:

Arlethe G. Rios, Clerk of the Board