

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS  
SPECIAL/EXECUTIVE MEETING HELD ON  
Tuesday, May 21, 2019**

A special meeting of the Cochise County Board of Supervisors was held on Tuesday, May 21, 2019 at 11:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Peggy Judd, Chairman; Thomas E. Borer, Supervisor; Ann English, Vice-Chairman

Staff Present: Edward T. Gilligan, County Administrator  
Sharon Gilman, Associate County Administrator  
Britt W. Hanson, Chief Civil Deputy County Attorney  
Dan Duchon, Budget Manager  
Arlthe G. Rios, Clerk of the Board

Chairman Judd called the meeting to order at 11:25 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**

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***ACTION***

**Board of Supervisors**

1. Adopt the Tentative County Budget for fiscal year 2019-2020 in the amount of \$194,785,677 (this amount is composed of \$85,097,674 in General Fund and \$109,688,003 in Special Revenue funds) and approve the Funding Requests as set forth in attached exhibit.

Vice-Chairman English moved to adopt the Tentative County Budget for fiscal year 2019-2020 in the amount of \$194,785,677 (this amount is composed of \$85,097,674 in General Fund and \$109,688,003 in Special Revenue funds) and approve the Funding Requests as set forth in attached exhibit. Supervisor Borer seconded the motion.

Mr. Gilligan used a PowerPoint presentation for this item. Mr. Gilligan went over the current fiscal year budget status and noted that the total adopted budget has been \$198,248,679 which was comprised of a general fund adopted budget of \$83,408,179 and a special revenue fund adopted budget of \$114,840,500. He noted that revenues for the current year were a little higher than expected due to an increase in local excise tax and shared state sales tax. He noted that the state vehicle license tax was on track.

He then reviewed the cash balance history for the County and explained the tentative budget summary, which was an increase to the general fund of 2% and a decrease to the special revenue

fund of 4.5%. He added the decrease in special revenue was due mainly to the Southeastern Arizona Communications (SEACOM) Center budget had moved to the City of Sierra Vista.

He showed a pie chart of how the general fund revenue is funded, which is mainly through taxes.

He noted that there was a projected general fund revenue growth totaling \$1,689,495 and went over the revenue variances:

- \$839,293 carry forward
- \$494,327 property tax due to new construction
- \$380,000 increased recording fees
- \$373,077 decreased justice court collections
- \$100,000 increase JP5 IGA revenue due to renegotiation
- Improved ½ cent revenue; \$6.9 million budgeted

He added that the Highway User Revenue Fund (HURF) would also increase by \$600,000. He also noted that he would be meeting with all cities involved in court consolidation agreements to renegotiate those in order to reflect true County costs.

He moved on to the County's property tax history. He noted that 1993 had the County's highest rate and 2011 had the County's highest levy. He noted that since 2012 the County's levy had declined, but this year we'll see the County's levy begin to increase again. He added that due to this information he was not recommending an increase in the County's property tax.

He moved on to general fund expenses and noted that public safety and courts had the biggest percentage of expenses at 26% and 22%, respectively. He noted that the department with the highest public service percentage was public health at 18% and that all other County services were at 23%.

Vice-Chairman English noted that part of the public health 18% included payments to Statewide public programs, not just local programs.

Mr. Gilligan then reviewed the 2019 expenditure increases:

- Market-based salary plan \$1,000,000
- Law enforcement body cameras, software and support \$170,000
- SEACOM total budget \$1,049,080
- Retirement Systems: \$300,000
- Census and public outreach \$49,000
- Animal shelter contracts \$22,500

Mr. Gilligan said that he wanted Mr. Duchon to go over funding requests and staff recommendations because he had worked with departments to put this information together. He noted that the recommended funding requests were already included in the tentative budget total.

Mr. Duchon went over the Funding Requests (42 total requests in the amount of \$3,500,000) and reviewed the requests the County could meet:

Department	Project	Cost	Fund	Recommendation
Assessor	AutoCad Software	\$1,500 Annual	GF	Approve
Board of Supervisor	Digitizing Records Countywide	\$200,000 one-time; \$5,000 Annual	GF	Approve

Court Administration	Strategic Planning	\$75,000 one-time	GF	Approve
Human Resources	Professional Staff Positions	\$278,000 Annual	GF	Approve \$203,000
Health	Protective Equipment/Specialized Support Services	\$36,000 Annual	GF	Approve
Development Services	Citizen Serve Portal	\$153,300 one-time; \$48,500 Annual	GF	Approve with initial purchase in FY2019
Indigent Defense	Server Replacement	\$5,169 one-time	GF	Approve, purchase in FY2019
Legal Advocate	Building Renovation	\$48,000 one-time	BE	Approve
Library	Elfrida Library Improvements	\$50,000 one-time	Library District, BE	Approve
Recorder	Mandatory System	\$15,000 Annual	GF	Approve
Schools	Office Furniture	\$9,653 one-time	BE	Approve, Fund upon Office Relocation
Sheriff	Radio Batteries	\$11,000 one-time	GF	Approve, purchase in FY2019
Sheriff	A/V Equipment	\$5,000	GF	Completed
Sheriff	Multiple	\$2,800,000	GF	Approve \$200,000 supplemental funding

Mr. Duchon said that he also wanted to highlight some other changes: creation of the Legal Advocate Department to defray number of contract attorneys needed, which was budget neutral. He noted that staff was not able to meet the Sheriff's original request, but stated that the Sheriff's Office had received assistance for other projects in their office and funding towards the third year of market salary adjustments.

He moved on to Unfunded Liabilities with the retirement systems:

- Public Safety Personnel Retirement System (PSPRS) - \$33,571,635 (35.4% funded)
- Correction Officers Retirement Plan (CORP) - \$5,601,181 (52.7% funded)
- Elected Official Retirement Plan (EORP) – \$621,403,897 (31.3% funded)

He explained that CORP, EORP, and Arizona State Retirement System (ASRS) were all systems that were a pool of all members; unlike PSPRS, which was calculated for each individual entity. He added that this meant that for PSPRS the unfunded liability was strictly the County's responsibility.

He then went over the summary of the budget and staff recommendations:

- Recommended funding requests align with the Board's Strategic Plan
- Property valuation has increased 1%
- County's overall financial situation is stable with increased revenues and expenses offsetting
- Recommended holding primary tax rate at 2.6747
- Request the approval of the Cochise County FY2019 Tentative Budget

He noted that once approved, the budget total could not be increased.

Vice-Chairman English expressed her concern over the impact of the Mexican shopper on the excise tax. She explained that the Mexican shopper had an impact on the increase of the excise tax and with the international border wait times rising, this could deter that demographic from coming over to shop in the County.

Chairman Judd said she wanted to discuss the Sheriff's request.

Mr. Gilligan explained that the salary request for the Sheriff's Office was difficult to approve because their employees were so much closer to market than many other County employees. He noted that with the limited funds, the focus had to include everyone. He added that the State imposed expenditure limit was also a consideration on which funding requests could be funded.

In addition, the County also had to come up with a strategy to deal with how pension increases impacted the general fund and the expenditure limit. He said that the County was already as lean as it could get and cutting services would have a critical impact on the community. He noted that the additional \$200,000 for the Sheriff's Office so that they could address some of their request was a difficult task.

He added that until the County grows, there is only a limited amount of money to go around and every decision is important. He stated that the County was moving towards increases in revenues, but until those revenues are more stable, financial decisions would be very critical.

He said that tackling PSPRS was going to be an ongoing concern, but staff had strategies to address the concern moving forward.

Chairman Judd noted that most of the recommended funding requests were one-time expenditures.

Mr. Gilligan said that those requests were sustainable, but ongoing expenditures would be a problem.

The Board said that there were many work sessions held prior to get to this budget.

Chairman Judd called for the vote and it was approved 3-0.

Chairman Judd adjourned the meeting at 12:04 p.m.

APPROVED:

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Peggy Judd, Chairman

ATTEST:

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Arlathe G. Rios, Clerk of the Board