

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
Tuesday, May 7, 2019**

A work session of the Cochise County Board of Supervisors was held on Tuesday, May 7, 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; Ann English, Vice-Chairman; Thomas E. Borer, Supervisor (telephonic)

Staff Present: Edward T. Gilligan, County Administrator
Sharon Gilman, Associate County Administrator
Dan Duchon, Budget Manager
Arlethe G. Rios, Clerk of the Board

Attendees: Lisa Marra, Elections Director
Ruben Miranda, Fleet Management Director
Joe Casey, Chief Information Officer
Dan Coxworth, Development Services Director
Doug Kooi, Interim Finance Director
Shar Porier, Sierra Vista Herald
Lori Kilpatrick, Citizen

Chairman Judd called the meeting to order at 11:03 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

1. Budget Work Session - Discussion of County Funding Requests for Fiscal Year 2019-2020.

Mr. Gilligan discussed the current budget situation. He noted that to be safe the County must have at least \$18,000,000 for operating expenses and noted that anything in addition to that amount does not help the County receive relief from state cost shifts.

He went over the considerations:

- Structural deficit reduced from \$2,500,000 in Fiscal Year 2015 to \$539,000 in Fiscal Year 2019
- Annual cost savings have created a surplus; cash contingency is approximately \$28,000,000 (\$18,000,000 for operating expenses)
- Revenues are increasing; total general fund revenues are projected to increase \$1,300,000 in Fiscal Year 2020
- Several expenditure increases are already committed/identified:

1. \$1,000,000 for market-based compensation
2. \$280,000 Sheriff's Office body cameras and supporting personnel in law offices
3. \$60,000 marketing and census outreach
4. \$23,000 base cost increase for animal care
5. Additional environmental health services achieved through fee changes (no cost increase/impact on expenditure limit)

- Retirement liability has increased

1. Public Safety Personnel Retirement System (PSPRS) unfunded liability has risen to \$33,571,635; County's fund assets are only \$18,426,928
2. Minimum retirement fund contribution costs will increase between \$100,000 to \$730,000 depending upon the determination of state relief for the Elected Officials Retirement Plan (EORP)

Mr. Gilligan explained that even with payments into the PSPRS system the County's unfunded liability continued to grow due to the result of the Hall Case and other workforce factors.

Vice-Chairman English stated that EORP was a statewide retirement pool that covered all state elected officials and noted that PSPRS and the Correction Officer Retirement Plan (CORP) were pools in each local government that were impacted by law enforcement officials making local decisions. She added that in order to gain relief the Sheriff had to be part of the solution.

- Fiscal Year 2020 Southeastern Arizona Communication (SEACOM) Center budget has not been established by the SEACOM Board

Mr. Gilligan said he was anticipating a flat budget for the upcoming fiscal year, but would not know until the SEACOM Board adopted their budget for the upcoming year. He noted that radio and staff costs could have an impact on the budget, which for the County was a \$1,000,000 contribution annually.

- Fiscal Year 2019 expenditures were budgeted at 100% of the expenditure limit and that would be the same strategy for Fiscal Year 2020. The expenditure limit has increased \$2,628,076.

Mr. Gilligan's recommendations were:

- Do not exceed \$1,000,000 in additional new funding
- Prioritize one-time expenditures which are consistent with the established strategic plan
- Continue to address all building renovation and furnishing requests in one allocation
- Fund defense attorney position requests through a fund transfer from Indigent Defense contracts
- Take a multi-year strategic approach to enhancing the Human Resources Department
- Recognize overtime expenditures increase pension liability

Mr. Gilligan added that overtime has a long term liability impact for the organization.

Vice-Chairman English said that she really had to think about grants like Stonegarden due to this additional impact on the PSPRS system's unfunded liability. She added that the Board could not control the decisions of elected officials except through the budget process and

sometimes the Board had to refuse requests due to the burden it caused the people of Cochise County.

Mr. Gilligan said that Stonegarden funds do not help pay for the retirement plan costs. He noted that the employees in the system were not at fault, but current plan rules created this problem.

Vice-Chairman English said that the issue did have to be managed and noted that she has asked the Sheriff for assistance in addressing this growing concern, but ultimately it is his decision on who he hires. She added that with growing costs for this pension plan, it was difficult to address needs from other departments in the County.

Mr. Gilligan said that all the money other departments had saved was used to address the mounting pension cost increases. He added that it would be impossible to fund the requests made by the Sheriff's Office without cutting other County services.

Chairman Judd said she would like more information from the Sheriff on why the requests were needed. She said that work and call load volume or number of arrests made would be good information to have in order to make a decision.

Vice-Chairman English said she was very concerned with how any additional funding requests would impact the expenditure limit and noted that the focus should be on urgent projects.

Mr. Gilligan went over the current requests and said he was looking for specific direction from the Board on which funding requests they would prioritize for the upcoming fiscal year.

The Board asked if they could take some time to review the requests before they made a decision.

Mr. Gilligan stated that a final decision would have to be made by May 21, 2019 when the Board adopted the tentative budget.

Vice-Chairman clarified that funding requests for the courts had to be approved by the presiding judge and the Board could only provide a recommendation.

Mr. Gilligan reminded the Board that one time requests were viable, but ongoing requests would deplete any savings.

Chairman Judd adjourned the meeting at 12:38 p.m.

APPROVED:

Peggy Judd, Chairman

ATTEST:

Arlethe G. Rios, Clerk of the Board

