

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS  
WORK SESSION HELD ON  
THURSDAY, APRIL 23, 2020**

A work session of the Cochise County Board of Supervisors was held on Thursday, April 23, 2020, at 10:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

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

Staff Present: Edward T. Gilligan, County Administrator  
Sharon Gilman, Associate County Administrator  
Christine Roberts, Chief Civil Deputy County Attorney  
Kim Lemons, Clerk of the Board  
Amanda Baillie, Public Information Officer

Attendees: Daniel Duchon, Budget Manager  
Keith Buonocore, Finance Director  
Elda Orduno, HR Director  
Steve Jones, Solid Waste Finance Manager  
Ruben Miranda, Fleet Services Director  
Rita Shipley, Superior Court Finance Director  
Carrie Langley, Health & Social Services Director  
Joe Casey, IT Chief Information Officer  
Niltza Flores, Associate Court Administrator  
Richard Karwazcka, Public Defender  
Commander Tom Alinen, Sheriff's Office  
Jennifer Graeme, Associate HR Director  
Marty Haverty, Public Works Director  
Brian McIntyre, County Attorney  
Anita Baca, Housing Director  
Julie Morales, Risk Management Director  
Xochitl Orozco, Legal Advocate  
Commander Kenneth Bradshaw, Sheriff's Office  
Lisa Marra, Elections Director  
Jackie Watkins, Director Eng & Natural Resources  
Dan Coxworth, Development Services Director  
Henry Meraz, Facilities Director  
Arlethe R. Morrison, Assistant Facilities Director  
David Stevens, Recorder  
Jacqui Clay, School Superintendent  
Nikki Madden, Chief Deputy Schools  
Benjamin M. Reyna, Schools Outreach Coordinator

Chairman Borer 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

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### *ITEMS FOR DISCUSSION*

#### Board of Supervisors

1. Budget Work Session - Discussion of County budget for Fiscal Year 2020-2021 specifically: Early Projections for Revenues, Expenses, Expenditure Limits, and Fund Balances.

Mr. Duchon presented this item using a PowerPoint presentation. Mr. Duchon began on a positive note stating that no County department or office is projected to go over the budget for the third quarter. He showed a graph that tracked the expenditure limit; noting decrease for certain fiscal years and said the limit is based on population and is a measure of inflation.

Mr. Gilligan added that the expenditure limit is set for FY2020-21 but any future decreases will have consequences on funding for the following year.

Mr. Duchon indicated the Gross Domestic Product (GDP) trends forecast a drop for the fourth quarter of 2019 through the third quarter of 2020; hardest hit are travel, tourism and auto sales. He showed state and local trends for jobs and unemployment; and sales tax drops by industry as reported by the Joint Legislative Budget Committee (JLBC). He also gave examples of County Department usage and projected drops applied to local sales tax.

Mr. Gilligan added that projections are changing with many unknown variables.

Mr. Duchon showed a pie chart for FY2020-21 General Fund percentages detailing the pros and cons of each sector and local sales tax by industry for Cochise County with Retail and Restaurants and Bars generating the highest percentage of revenue. He continued with a revenue pie chart for Highway User Revenue Fund (HURF) that is 94% consumer based and its effects on sales tax. He indicated that the Library and Flood Control Districts valuations are set and are not a concern for now.

Mr. Gilligan stated that annual revenues could be the lowest the County has seen.

Mr. Duchon used a graph to explain how revenues are measured and 5-year average projections for the future. He said for every 10% drop in consumer activity, it translates to a \$930,000 hit per quarter. He said property taxes represent 47% of the budget and under normal conditions the collection rate is 95-97%. He also explained that grants are great, but the County must provide the money upfront until the grant reimbursement is received.

Mr. Gilligan said that using grants to solve a revenue decrease increases spending for the County until reimbursed so caution should be used when applying for grants.

Mr. Duchon said for the short-term future, the JLBC will update projections but local sales tax data is delayed by two months, so we will not know the full impact of March/April until June. Decisions will be made at that time and reevaluated every quarter. In the long-term, there will be cascading effects from the expenditure limitation; retirement costs; and

dependency on sales tax for revenue.

Chairman Borer asked for input from the Board.

Vice-Chairman English said we should be in belt-tightening mode knowing we have an unstable money stream; that the status quo is not enough; no new programs is the prudent thing to do; cuts to budget of 10% or higher are appropriate depending on size of department; and no employee layoffs unless absolutely necessary.

Chairman Borer agreed and said we need to be proactive with a solutions-based approach, staying positive and moving forward. He requested any budget submitted from departments or offices that are the same or higher than last year's budget, include valid explanation.

Supervisor Judd questioned how the budget reevaluation process would work.

Mr. Gilligan said by the end of the first quarter of FY2020-21 we will have the facts for the previous months and the current world scene and will be tracking revenues every month until we are stable. He recommended a cautious, conservative economic approach; not contributing to job loss; and maintaining as strong a local economy as possible.

Vice-Chairman English said revenues will dictate spending, and service to the public may be affected with longer wait times.

Supervisor Judd asked about a reduction in HURF funds.

Mr. Gilligan recommended maintenance not improvement for County roads. Maintenance is necessary or improvements will cost more in the future. He said the Highway and Floodplain business team is already planning and will be able to respond quickly. With a reduction in revenue we need to be strategic about how to provide high quality service at a reduced cost.

Supervisor Judd said this can be an opportunity to conserve and have support from constituents.

Ms. Baillie has been monitoring the Census number and the response rate is down in many communities.

Chairman Borer adjourned the meeting at 10:58 a.m.

APPROVED:

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Thomas E. Borer, Chairman

ATTEST:

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Kim Lemons, Clerk of the Board