

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
WEDNESDAY, APRIL 12, 2023**

A work session of the Cochise County Board of Supervisors was held on Wednesday, April 12, 2023, at 10:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Ann English, Chairman; Peggy Judd, Vice-Chairman, telephonic; Tom Crosby, Supervisor

Staff Present: Richard G. Karwaczka, County Administrator
Sharon Gilman, Deputy County Administrator
Christine Roberts, Chief Civil Deputy County Attorney
Tim Mattix, Clerk of the Board

Attendees: Monica Miranda, Finance Director
Juan Frisby, Budget Manager

Chairman English called the meeting to order at 10:00 a.m.

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

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

ITEMS FOR DISCUSSION

Board of Supervisors

1. Budget Work Session - Discussion of County budget for Fiscal Year 2023-2024, specifically: Early Projections for Revenues, Expenses, and Expenditure Limits.

Mr. Frisby presented this item using a PowerPoint presentation and responded to questions from the Board at various points throughout. The Expenditure Limit for Fiscal Year 2023-2024 increased to \$78.8 million due to an increase in population and inflation. He explained that revenue that comes from local taxes goes towards the Expenditure Limit and revenue from federal and state grants do not (outlined in appendix 5 of the presentation).

Mr. Frisby stated that most departments and offices are projected to be under budget for the current fiscal year. The Elections department will be over budget due to unbudgeted employee payouts and Mr. Karwaczka explained the process. The cost of the Jail District election was also an unbudgeted expense.

Mr. Frisby reviewed the potential increases in expenses for Fiscal Year 2024. The Arizona State Retirement System (ASRS) County contribution increased by \$30,000. Staff discussed the increase of \$500,000 in Health Benefits contributions. The \$300,000 increase for Southeastern Arizona Communications (SEACOM) may change as staff is still in the budgeting phase and the County Supervisors Association (CSA) will increase. The Market Compensation plan updates will be presented in a

May Work Session. Mr. Frisby stated that he anticipated that there would be increases in the ongoing legal expenses, operating and maintenance costs and the Arizona Public Safety Personnel Retirement System (PSPRS), the Correction Officer Retirement Plan (CORP) and the Elected Official Retirement Plan (EORP) employer contributions. The Board and staff discussed the potential PSPRS unfunded liability. Mr. Frisby reviewed the state cost shifts pointing out that Arizona Long Term Care System (ALTCS), and Arizona Department of Revenue Software Contribution will both increase. Mr. Frisby stated that he is expecting over \$1 million in continuous increases for next year.

Mr. Frisby stated that Senate Bill 1063, Food Tax exemption, will not affect the County's revenue. Senate Bills 1263 and 1276, if passed, will decrease the County's Net Assessed Value (NAV) for Fiscal Year 2025.

Mr. Frisby reviewed the County's revenue sources, which include sales tax, property tax, and other fees. The County's biggest stream of revenue is sales tax, which could be impacted by inflation. However, online sales make up for some losses in retail. He reviewed the Fiscal Year 2023 assessed valuations of \$1.07 billion, noting a 2.2% increase in new construction and 2.6% increase in property improvements and increases in value.

Mr. Frisby reviewed the timeline of upcoming work sessions, with a tentative budget adoption in June, final budget adoption in July, and a property tax rate adoption in August.

Chairman English spoke regarding the Rural Transportation Road Network bill. If passed, the County would receive significant funding.

The Board and staff discussed the increased cost of goods and its impact on revenue and online sales tax revenue.

Chairman English adjourned the meeting at 10:29 a.m.

APPROVED:

Ann English, Chairman

ATTEST:

Tim Mattix, Clerk of the Board