

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
THURSDAY, MAY 25, 2023**

A work session of the Cochise County Board of Supervisors was held on Thursday, May 25, 2023, at 11:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Peggy Judd, Chairman; Tom Crosby, Vice-Chairman, telephonic; Ann English, 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: Juan Frisby, Budget Manager
Monica Miranda, Finance Director

Chairman Judd called the meeting to order at 11:00 a.m.

ANY ITEM ON THIS AGENDA IS OPEN FOR DISCUSSION

ITEMS FOR DISCUSSION

Board of Supervisors

1. Budget Work Session - Discussion of County Funding Requests, Expenses and Revenue Projections for Fiscal Year 2023-2024.

Mr. Karwaczka presented this item using a PowerPoint presentation. He stated that Mr. Frisby will also be presenting. Mr. Karwaczka presented operational funding requests from Elected Officials and County Departments, for the following:

- Software and financial advisory services to help with the annual audit for Finance;
- Professional services for title searches for the Treasurer's Office;
- Prosecution costs for the County Attorney's Office;
- Increased expenses for funeral home contracted expenses, detention medical contracted expenses, and increased mental health contracted services for Cochise Health & Social Services;
- A strategic plan and courtroom audiovisual for the Court;
- Professional services for an animal shelter, body camera and taser replacement, extraditions, and training for the Sheriff's Office;
- Various equipment for Constables [Justice of the Peace (JP) Precincts 3 and 4]; and,
- Mower deck, remodel of the terminal building at the Cochise County airport, and replacement of tractor at the Bisbee-Douglas International Airport for Development Services.

The funding requests total \$946,262. The Board and Mr. Karwaczka discussed the courtroom audiovisual funding request. Mr. Karwaczka stated that the County, not the

state, needs to pay to purchase the equipment; the Court's budget will be adjusted to pay annual maintenance costs. Discussion ensued regarding responsibility of the state versus the County for Court-related equipment.

Mr. Karwaczka presented personnel funding requests from the County Elected Officials. The total annual cost of these funding requests is \$1,631,529. The requests are as follows:

- Market increases for the County Assessor;
- One-half Full-Time Equivalent (FTE) position requested by the Elections Department, under the County Recorder;
- One FTE Attorney, one FTE Paralegal, and a position reclass for the County Attorney's Office;
- Existing FTE positions in JP Precincts 5 and 2 be paid from the General Fund, rather than out of special revenues from fees and fines charged by the Court, due to legislative changes that impact the ability of the Courts to collect these fees and fines;
- Reclass of all positions and market market adjustment for the Court; and;
- Market adjustments for the Sheriff's Office.

Mr. Karwaczka noted that all positions were considered as staff looked at the market plan. The Board discussed concerns from the Clerk of the Court, regarding employees not being paid properly and moving to other County offices or Departments. Mr. Karwaczka stated that some of the Court request to reclass positions is to make sure that people are being paid for what they are doing.

Mr. Karwaczka reviewed new General Fund expenses, which total \$1,231,315, for the following: Arizona Long Term Care System (ALTCS); Southeastern Arizona Communications (SEACOM); Utilities; increased Judges' salaries due to a state legislative change last year; Health Benefits; County Supervisors Association (CSA); Fleet Operations; and, Arizona Department of Revenue software.

Mr. Karwaczka reviewed market compensation data and noted that there has been a push for the County to be competitive with salaries and the market. From Fiscal Year (FY) 2018 through FY 2020, the County increased market compensation by \$1 million annually. There was no increase in FY 2021, due to COVID and its unknown effects. In FY 2022, it was again started with \$1 million. Dramatic jumps in market compensation have been seen, and in FY 2023, it was increased to \$1.8 million. He reviewed the County-wide percent of market. If no additional amount is budgeted in FY 2024, the County will fall behind by 6.7%. Discretion is given to Elected Officials and Department Directors to adjust employees' salaries based on performance, rather than a flat increase for all. The County tries to be at 96% of the market; however, due to such an increase in the market, that cannot be the goal in FY 2024, as an additional \$2.8 million would need to be added. This would only be obtainable if the property tax rate increased by 2.52%. He recommended going to 94% of the market, which would be \$2 million, and is an obtainable goal.

Supervisor English stated that when there is a limited amount of money, there can either be a limited adjustment as proposed, or a reduction in staff; she noted that the County does not have excess staff. Mr. Karwaczka stated that in 2009, the number of FTE positions was reduced from approximately 1,200 to 850. Chairman Judd noted her preference to keep the tax rate the same, and her thought that people can be satisfied with being at 94% of the market. Mr. Karwaczka stated that he does not want the County to be in a position of stretching too far, and then needing to retract that or eliminate positions. The Board discussed the County supplementing healthcare, so that employees do not pay the increased healthcare costs. Vice-Chairman Crosby discussed

various opinions, including: the government should not be given an inflation adjustment; cutting taxes increases jobs; broadening the tax base means that more private enterprise makes more money; the private enterprise sector must precede government growth; and, that increasing taxes more than the economy grows leads to falling behind the market.

Mr. Frisby reviewed various revenue projections, noting that the FY 2024 levy increase is \$28.7 million. Projected revenue from the County sales tax is \$8.5 million, a small increase from the current FY. State Sales Tax revenue is projected at \$15.5 million, a small increase, while Highway User Revenue Funds (HURF) are expected to increase from \$10.5 million to \$10.6 million. Upcoming budget meetings are scheduled as follows: Tentative Budget on June 13, 2023; Final Budget on July 11, 2023; and, property tax rate on August 21, 2023.

In response to the Board, Mr. Karwaczka stated that a Truth in Taxation (TNT) Hearing needs to be held any time there is an increase in the tax rate or the levy. Even if the County budgets for a flat tax rate but there are increased assessed values, the levy will increase; if the levy increases, the public needs to be provided notice and an opportunity to speak before taking any action. He will provide the TNT statute to Vice-Chairman Crosby as requested, and will compile a timeline and information on the Public Safety Personnel Retirement System (PSPRS) and Correction Officer Retirement Plan (CORP). Staff reviewed the market plan increase requests from the Elected Officials and attempted to put them into the overall market plan; there will be an overlap between the requests and plan, but not to the extent that they were requested. Based on today's discussion, Mr. Karwaczka will present a tentative budget based on a flat tax rate.

The Board and Mr. Karwaczka discussed the state legislature's action for increased compensation for salary differences for Probation; the state is not taking over the County's Probation Department. Mr. Karwaczka noted that if the state decides to provide funding for all Probation Departments, the state would ask the County to make a contribution. The County would still be responsible for paying for salaries and benefits, but would no longer make decisions regarding them.

Supervisor English asked if there is a way to stop new positions until all positions have been filled. Mr. Karwaczka responded that the positions can be included and then once filled, the money can be transferred. Supervisor English discussed a past practice of funding for unfilled positions being put into a line item but spent on other things and expressed concern about allowing Departments and Offices to have a pot of money that can be spent on something else if a position is not filled. Mr. Karwaczka stated that an FTE Position Control Number (PCN) can be allocated to Departments and Offices; once filled, the money can be shifted over to the Department or Office budget. The County's practice has been that if a position is agreed to, it is fully funded and included in the budget.

Chairman Judd adjourned the meeting at 11:42 a.m.

APPROVED:

Peggy Judd, Chairman

ATTEST:

Tim Mattix, Clerk of the Board