

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
TUESDAY, APRIL 10, 2024**

A work session of the Cochise County Board of Supervisors was held on Tuesday, April 10, 2024, at 10:00 a.m. in the Board of Supervisors' Hearing Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

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

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

Attendees: 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

Members of the public may also [attend this meeting](#) via Microsoft Teams computer or mobile app, or via phone by calling 602-609-7513 or 888-680-6714, Conference ID 189 678 796#. If you have trouble accessing this meeting remotely, call 520-432-9200 for direction.

Work Sessions are a time for County staff to inform and discuss agenda items with the Board of Supervisors and public comments will not be taken.

INTRODUCTIONS

ITEMS FOR DISCUSSION

Board of Supervisors

1. Budget Work Session - Discussion of County budget for Fiscal Year 2024-2025, specifically: Early Projections for Revenues, Expenses, and Expenditure Limits.

Richard Karwaczka, County Administrator, introduced Juan Frisby, Budget Manager. Mr. Frisby presented this item using a PowerPoint presentation. Mr. Frisby discussed the early budget work session timeline, with early projections for next year's fiscal budget being a key focus. He explained that the expenditure limit for the current year to be \$81.2 million, an increase from the previous year. He noted the projected expenditure limit was calculated based on population, inflation, and revenues from local taxes, with certain expenses qualifying towards it. He stated there was also anticipation of an \$800,000 increase in employer health benefits contributions for the next fiscal year.

Mr. Karwaczka stated that early projections for SEACOM's budget indicated an increase of about \$500,000, but discussions are still ongoing, with a meeting scheduled to finalize decisions. He stated that since the initial projections were made, it seems unlikely that there will be an increase in the SEACOM budget, but a final decision will be made once the JPA board convenes.

In response to the Board, Mr. Karwaczka stated that there haven't been any firm decisions regarding the state's budget. Mr. Karwaczka stated that surprisingly, there's been a decrease in our County Arizona Long Term Car System (ALTCS) allocation this year, likely due to a decrease in population of ALTCS qualified individuals. He stated it's unusual, as there has typically been an increase year after year. He stated it's wise to remain cautious as the state budget situation could change suddenly. He stated he will keep the Board updated as developments unfold.

Mr. Frisby stated the County sales tax breakdown provides a more detailed overview of the revenue sources. He noted retail and online sales continue to be the primary revenue streams contributing to the County's sales tax revenue.

Mr. Frisby assessed valuations for property taxes have increased for the new fiscal year FY25, rising from \$1.07 billion to \$1.14 billion. He noted the increase is mainly attributed to new construction, which accounts for 2.9% of the rise, along with property improvements and increases in value.

Mr. Frisby provided updates on County Market compensation will be provided during the May work session. Additionally, he stated that attention should be given to the Joint Legislative Budget Committee (JLBC) Baseline forecasting a funding shortfall. He stated Baseline suggests maintaining FY 25 funding levels while making typical adjustments, potentially impacting County projects depending on the state's budget decisions.

The Board and staff delved into various aspects, including population trends affecting expenditure limits and the impact of taxes on residents and tourists.

In response to the Board, Mr. Frisby stated the appendices provide information on the current state and historical trends of County sales tax, State shared revenue, and Vehicle License Tax (VLT).

In response to the Board, Mr. Karwaczka emphasized the increase in expenses, particularly in providing benefits for employees. He noted the increase in expenses offsets the rise in revenues, highlighting the need for careful financial management and budget planning.

Vice-Chairman Crosby distributed a chart to the Board and read a Correctional Officer Retirement Plan (CORP) document verbatim.

Chairman English adjourned the meeting at 10:30 a.m.

APPROVED:

Ann English, Chairman

ATTEST:

Sharon Gilman, Interim Clerk of the Board