

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
TUESDAY, MAY 21, 2024**

A work session of the Cochise County Board of Supervisors was held on Tuesday, May 21, 2024, at 2:00 p.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
Joe Casey, Associate County Administrator
Christine Roberts, Chief Civil Deputy County Attorney
Lara Loewenheim, Deputy Clerk of the Board

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

Chairman English called the meeting to order at 2:00 p.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 475 545 670#. 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 Funding Requests, Expenses and Revenue Projections for Fiscal Year 2024-2025.

Mr. Karwaczka presented this item using a PowerPoint presentation. He stated there were several meetings with Elected Officials with presentations with the assistance of Budget Manager, Juan Frisby.

Mr. Karwaczka discussed operational funding requests, with emphasis on needs highlighted by the Assessors and the County Attorney, along with an additional request from the Indigent Defense Coordinator. He stated a significant issue was the shortage of defense attorneys in the county, requiring increased fees to attract more lawyers. Mr. Karwaczka stated the Defense Coordinator requested an additional \$200,000 from the General Fund to address this shortage. He explained that a property tax increase of 1.08% to cover the additional operational requests.

Mr. Karwaczka discussed personnel funding requests, focusing on positions for the Health Department and the Public Fiduciary. He stated the Health Department requested two positions, including a finance officer due to the high volume of grants managed. He explained the Public Fiduciary, which assists vulnerable individuals with managing their assets and bills, requested an administrative aide due to increased caseloads. Mr. Karwaczka also stated the Public Defender requested an additional legal secretary to handle the rise in cases due to particularly border-related crimes. Mr. Karwaczka stated these positions require funding from the General Fund, as no additional support from state or federal sources has been secured. Mr. Karwaczka discussed the Elected Officials statutory salary increases. He noted the total increase to the General Fund expenses would be \$331,493.

Mr. Karwaczka discussed building enhancement funding requests with no increase to the General Fund. He stated the courts requested carpet and paint at the Sierra Vista courts. He stated Developmental Services had several requests, including a remodel of a large hangar at Bisbee/Douglas International Airport (BDI), a tractor at BDI, and a sign for the Willcox Airport.

Mr. Karwaczka discussed the Jail District funding and clarified that the funding requests for the jail District are separate from the general fund to maintain transparency. He stated these requests include additional funds for overtime and a position for a detention health lead nurse. Mr. Karwaczka stated the Jail District budget already includes provisions for such expenses. He noted that the recent Jail District revenues have been on track with projections indicating financial stability.

Mr. Karwaczka stated there is an increase to the general fund expense for health benefits. He emphasized that the county's contribution to health insurance is substantial, making it an attractive benefit for employees, especially considering the affordability compared to private insurance options. He stated this underscores the value of county employment and the benefits it offers, particularly for younger individuals considering careers in public service.

Mr. Karwaczka stated the Department of Labor mandated salary increases for certain exempt positions, effective July 1st, 2024 and January 1st, 2025. He stated the increase is not based on market conditions but rather on regulatory requirements. He stated the regulation aims to prevent misuse of exempt status to circumvent overtime regulations.

In response to the Board, Mr. Karwaczka stated there's been an increase in operational costs at Southeastern Arizona Communications (SEACOM). He stated the organization has been successful in acquiring more subscribers, which could potentially offset these costs in the future. He noted the sheriff's department and SEACOM have been proactive in securing grant funding for equipment, which has helped mitigate the impact of increased expenses.

Mr. Karwaczka stated the County has been actively pursuing market compensation increases for its employees, recognizing the challenge of reaching 100% market parity. He stated that recent efforts have allocated \$2.1 million toward this goal, but the market continues to escalate, requiring sustained efforts. He stated that without further action, the County risks falling behind by over 4%, reaching only 89% of market rates. He stated this shortfall complicates recruitment efforts, particularly for professional positions, as competition with other local and governmental organizations persists. Mr. Karwaczka stated to bridge this gap, the County could consider incremental increases. He stated that fully funding the market would necessitate an additional \$3 million, potentially requiring a property tax increase.

Mr. Karwaczka stated the County's effort to allocate funds for salary increases based on market compensation benchmarks. He stated that currently, the County is at 94% of market rates, meaning that, on average, county employees' salaries are 94% of what their counterparts in the private sector or other government agencies are earning for similar positions. He stated if the County were to aim for 94% market compensation, it would require an additional \$1.2 million from the general fund. He noted this allocation would then be distributed to departments, allowing them to adjust salaries according to performance reviews. He stated the decision on how to distribute these funds lies with Department Directors or Elected Officials, who have discretion in determining individual salary adjustments.

Mr. Karwaczka introduced Mr. Juan Frisby, Budget Manager and stated he would be discussing the revenues that will increase for Fiscal Year 2025. Mr. Frisby stated the property tax levy for this Fiscal Year is expected to increase from \$20 million in FY 24 to \$29 million, representing an estimated increase of \$1,157,200. He stated this increase is attributed to \$859,000 from new construction and \$298,200 from inflation or the rise in property values. He stated Vehicle License Tax (VLT), is anticipated to be around \$11.4 million, up from approximately \$10.5 million in FY 24, marking a \$1 million increase. He noted that revenue from HURF funds cannot be utilized for general fund expenditures. Therefore, the general fund revenue primarily comprises state and county sales tax and property tax.

Mr. Karwaczka stated that a projected increase of \$1.9 million in revenue, the county has made progress, but it's only halfway towards meeting the proposed expenses of \$3.6 million. He stated that the expenses would exceed revenues, which is a concern for the future financial outlook.

Mr. Frisby discussed the budget schedule is to have a tentative budget meeting in June, a final budget meeting in July and a property tax rate meeting in August.

Chairman English stated that the focus has always been on putting employees first, ensuring their well-being through and health programs. She stated the county also strives to provide safe working conditions, recognizing the importance of both physical and financial security for its workforce. She stated the commitment to employee care often goes unrecognized but remains a cornerstone of the county's values.

Chairman English adjourned the meeting at 2:46 p.m.

APPROVED:

Ann English, Chairman

ATTEST:

Sharon Gilman, Interim Clerk of the Board