

**PROCEEDINGS OF THE COCHISE COUNTY BOARD OF SUPERVISORS
WORK SESSION HELD ON
Tuesday, April 2, 2014**

A work session of the Cochise County Board of Supervisors was held on Tuesday, April 2, 2014 9:00 a.m. in the Board of Supervisors' Executive Conference Room, 1415 Melody Lane, Building G, Bisbee, Arizona.

Present: Ann English, Chairman; Richard R. Searle, Vice-Chairman; Patrick G. Call, Supervisor
Staff Michael J. Ortega, County Administrator; Jim Vlahovich, Deputy County Administrator;
Present: Lois Klein, Finance Director; Arlethe G. Rios, Clerk of the Board; Mike McGinnis, Budget Manager; Nike Noack, Financial Services Manager

Chairman English called the meeting to order at 9:00 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

INTRODUCTIONS

ITEMS FOR DISCUSSION

Board of Supervisors

1. Budget Work Session - Discussion of County budget for Fiscal Year 2014-2015 specifically: Overview of Fiscal Year 2014-15 Budget.

Mr. Ortega, County Administrator, presented this discussion using a PowerPoint presentation. Mr. Ortega listed the topics of discussion: Overview of Fiscal Year 2013-2014, Projections/Cash Flow of Fiscal Years 2013/2014 through 2017/2018, and a Budget Overview of Fiscal Year 2014/2015.

Vice-Chairman Searle asked about the status of the Highway User Revenue Fund (HURF)

Mr. Ortega said that exact numbers were not available yet, but he estimated about \$200,000 to \$300,000 in HURF monies from the State.

Chairman English asked if the reason for the savings was due to keeping vacancies open longer.

Mr. Ortega said that the increase was due to turnover and keeping them open longer, which caused an increase of \$1.3 million in vacancy savings.

Supervisor Call asked about the difference in turnover from the previous year.

Mr. Ortega said that the turnover had increased, but overall the fiscal year is tracking as projected. He showed the current cash balances for the current fiscal year.

Vice-Chairman Searle asked if the line with the ½ cent sales tax included the donations given to the Sheriff's Office and about the restriction of library funds.

Ms. Klein noted that the Sheriff's Office donations were listed in the capital projects fund line. She also noted that library funds were restricted by legislation so that they would only be used for library projects.

Mr. Ortega highlighted the projections for Fiscal Years 2014/2015 through 2017/2018. He listed the major impacts to revenue: property taxes were down about 3% more than projected, decrease in the Vehicle License Tax (VLT), and an increase in the Justice Courts mainly due to the activity of the Red Light Cameras in Sierra Vista; and then the major impacts to expenses: increase in retirement costs (recommended it be absorbed since it is only a \$1 per pay period), allocated \$200,000 for the compensation plan, and an increase in utilities.

Vice-Chairman Searle asked about the cost of fuel.

Mr. Ortega stated that the price was expected to increase. He listed changes in expenses for liability insurance and capital cases. He noted that straggler cases were the cause of the increase and said the total shortfall for Fiscal Year 2014/2015 would be \$1.7 million and around \$5 million by the end of Fiscal Year 2017/2018. He then gave the Board several options to address the shortfall: use salary savings, use vacancy savings, increase property tax rate, or use general fund reserves. He noted that there were still some budget issues moving forward: specifically the funding of Payment In Lieu of Taxes (PILT), increased retirement costs, increased state hospital costs, facilities upkeep costs, unpredictable fuel costs, highway funding, solid waste changes and subsidies, increased insurance costs, and personnel costs.

Chairman English asked about the roof for the Juvenile Detention Center.

Mr. Ortega said that project has been authorized to move forward.

The Board was pleased with the information regarding the budget.

Mr. Ortega stated that he would continue working on the budget and have a follow up discussion in late May to give the Board an opportunity to address any changes.

Chairman English adjourned the meeting at 10:00 a.m.

APPROVED:

Ann English, Chairman

ATTEST:

Arlethe G. Rios, Clerk of the Board