

BOARD OF SUPERVISORS' BUDGET HEARING MINUTES

The Pima County Board of Supervisors of met in regular session at their regular meeting place in the Pima County Administration Building (Hearing Room), 130 West Congress Street, Tucson, Arizona, at 9:00 a.m. on Tuesday, May 8, 2018. Upon roll call, those present and absent were as follows:

Present: Richard Elías, Chairman
Ramón Valadez, Vice Chair
Sharon Bronson, Acting Chair
Ally Miller, Member
Steve Christy, Member

Also Present: Chuck Huckelberry, County Administrator
Andrew Flagg, Chief Civil Deputy County Attorney
Melissa Manriquez, Deputy Clerk of the Board
Eric Thompson, Sergeant at Arms

1. PLEDGE OF ALLEGIANCE

All present joined in the Pledge of Allegiance.

2. PUBLIC SPEAKERS

Christopher Cole, Chair, Libertarian Party, addressed the Board regarding transparency and legal compliance.

3. COUNTY BUDGET

County Budget Fiscal Year 2018/2019

4. DEPARTMENT BUDGET PRESENTATIONS

- **Superintendent of Schools**

Leah Swisher, Chief Financial Officer, Superintendent of Schools, explained that there were no dramatic changes related to expenditures or revenues. She indicated that a \$30,000.00 supplemental request was submitted for the Career Shadow Program. She added that the program served 1,800 kids and partnered with 360 businesses County-wide. She indicated that many of the community projects offered by the Superintendent's Office were primarily supported through enterprise activities, such as; service and registration fees, grant funding, State funding, partnerships and sponsorships. She highlighted successful programs such as; STEMAZing Project and Healthy and Safe Schools Project. She commented that for the past nine years the Superintendent had not requested a supplemental budget. She stated that

they anticipated some revenue increases and reimbursement from the special elections being conducted in the Fall.

Supervisor Miller inquired about 40% in reserve.

Supervisor Bronson requested details of the programs being funded using reserve funds and what percentage of the reserve funds were from the General Fund, as opposed to other revenue sources. She also inquired about which of the programs offered by the Superintendent were mandated and what funding sources were used for non-mandated projects.

Ms. Swisher responded that she would research and provide the requested information to the Board.

- **Assessor**

Bill Staples, Pima County Assessor, stated that his office had been under budget and anticipated the return of \$1 million in surplus. He outlined the cost savings realized since relocating to the new building and consolidating various divisions of the Assessor's Office. He explained that an increase in building construction would increase the need for on-site inspections, but that the costs could be supported within the recommended budget. He informed the Board that in September 2019 his office would be mailing primary residential status notices to 60,000 properties to ensure proper classification of residential properties. He indicated that the State Board of Equalization (SBOE) and the Board of Supervisors needed to take responsibility for their decisions and appointees to the SBOE. He added that he would not be filing any valuation lawsuits in the future.

Chairman Elías noted that the overall effects of lawsuits concluded in the last year showed that most of the Assessor's assertions had been accurate.

Supervisor Valadez stated that there were some egregious issues with the filings and was concerned that the lawsuits may have had a dampening effect on the County's commercial development.

Mr. Staples responded that the business community was more concerned with consistency, fairness and integrity.

Supervisor Christy questioned the disparity between an appraisal done by the Assessor's Office and one done by an independent out-of-state firm.

Mr. Staples explained that there were three approaches to value property; market approach, cost approach and income approach. He stated that since the Assessor's Office did not have the authority to request financial records the income-based approach could not be used by the County; however, it could be used by the independent firm.

Supervisor Miller requested a list of the lawsuits and the different valuations established by the Assessor, the State Board of Equalization and lawsuit rulings.

Supervisor Valadez asked how many lawsuits remained open.

Mr. Staples replied that there were over 30 lawsuits pending.

Supervisor Christy requested an explanation of the latest legislation regarding limitations on the Assessor's Office.

Mr. Staples explained that there was a cap instituted that was applicable only to a County Assessor that was the Plaintiff in a lawsuit and stated that when a court ruled on a value, it could not settle on a value higher than the notice value.

Supervisor Bronson commented that the Assessor was changing evaluation methods mid-stream and brought uncertainty and a chilling effect to the market.

- **Public Defense Services**

Dean Brault, Director, Public Defense Services (PDS), addressed the Board and explained that the PDS budget increased by \$45,395.00 due to expenditures out of their control. He indicated that the internal service fund for technology accounted for the increase, but was offset by benefits and motor pool costs. He indicated there was an anticipated decrease of \$2 million due to the proposed relocation of the Public Fiduciary Office to the Public Health and Welfare budget. He added that although felony cases, indictments and arrests had increased, PDS was under budget. He outlined the efficiency and cost savings methods employed by the different divisions within PDS.

Supervisor Christy questioned whether in-house attorneys were paid by salary or billable hours and asked if the budget numbers reflected the move of the Public Fiduciary's Office.

Mr. Brault explained that in-house attorneys were salaried, while contracted attorneys were paid in billable hours. He stated that all budget figures were based on the Public Fiduciary's Office remaining under PDS.

Supervisor Miller requested a reconciliation of how the different budgets associated with PDS were broken out before their consolidation.

Supervisor Bronson requested recommendations on how system costs could be reduced, while improving outcomes. She also asked that the Sheriff's Department and the County Attorney's Office provide an analysis of the increase in felony cases, including the nature of the cases and the variables behind the rise, before the passing of the Tentative Budget.

- **Office of Emergency Management and Homeland Security**

Jeff Guthrie, Director, Office of Emergency Management and Homeland Security (OEMHS), provided a report on the programs and exercises being offered in the next year. He outlined significant changes to the budget, which included the close out of the Federal Emergency Management Agency (FEMA) Pre-Disaster Hazard Mitigation Buffelgrass grant.

Supervisor Christy asked whether OEMHS had applied for RICO funds.

Mr. Guthrie responded that the department did not apply for RICO funds and that most of the grant funds came from the Emergency Management Performance grant.

Supervisor Miller questioned what factors were driving the 30% decrease in the OEMHS budget.

Mr. Guthrie responded that the decrease was due to the close out of the Pre-Disaster Hazard Mitigation Buffelgrass grant.

- **Wireless Integrated Network**

Rick Brown, Executive Director, Pima County Wireless Integrated Network (PCWIN), reported that PCWIN was comprised of three funding sources: Special Revenue Fund, Infrastructure Replacement Fund and Internal Service Fund. He stated that membership and participation was expected to grow in the upcoming year. He explained that the significant changes in the recommended budget included the completion of a rebanding project funded by Sprint-Nextel and an increase in information technology and site maintenance costs.

Supervisor Miller questioned whether there were capacity issues and if the County had experienced the type of catastrophic event that would tax the system.

Mr. Brown explained that the system was currently at 30% capacity and the PCWIN Board considered adding capacity in the event of concurrent multiple large scale incidents that would test the system. He stated that Pima County had not experienced any catastrophic events.

Supervisor Miller requested a report explaining the changes in administrative overhead in the various departments.

- **Elections**

Brad Nelson, Elections Director, reported an increase in expenses, primarily for personnel and printing costs, due to upcoming primary and general elections.

Supervisor Miller asked what was being done to prevent election hacking.

Mr. Nelson responded that in the State of Arizona, tabulation systems were air-gapped, meaning they were not connected to the internet in any form, nor were flash drives or DVDs allowed into the room to gather information or data. He stated that hand count audits were performed more often than required by statute and that the election tabulation program was tested and certified for accuracy before every election. He assured the Board that the County's election tabulation system was secure.

Supervisor Bronson requested information on new equipment.

Mr. Nelson explained that before purchasing a voter tabulation system, the system must be independently tested by federally approved labs and the Federal Elections Assistance Commission and will then undergo additional certification by the State. He reported that qualified equipment had been purchased in 2014 and was used during 2015 and 2016.

Chairman Elías asked whether there was evidence of undocumented individuals voting in Pima County.

Mr. Nelson stated that he had not seen any evidence of that and when claims were made individuals were directed to make a formal complaint so that it could be fully investigated.

- **Facilities Management**

Lisa Josker, Director, Facilities Management, reported on the different budgets within the department and explained the increases. She reported that the increases were due to solar costs as sites were being brought online, security labor costs and payments for the Kino Recreation Center.

Supervisor Miller questioned the shift in janitorial costs.

Ms. Josker explained that the funds for janitorial services had been shifted from building services to their own fund.

Supervisor Miller requested an analysis of the return on investment for solar installations and a list of upcoming capital improvement projects.

- **Fleet Services**

Frank Samaniego, Director, Fleet Services, presented a brief overview. He explained that over the past year, the department had become Automotive Service Excellence (ASE) Blue Seal Certified, which meant that over 80% of the mechanics had received the ASE Blue Seal Certification. He commented that the department was looking forward to their internship program and was hopeful that in the future, the program would expand to internships with JTED and Pima Community College.

Ray Ochotorena, Deputy Director, Fleet Services, presented the budget and noted that there was a 7.8% decrease in operating costs and a 5% decrease in revenue. He added that the decreases were a result of reduced fuel and oil costs, and repair and maintenance costs.

Supervisor Miller inquired about the reduction in fuel costs.

Mr. Ochotorena stated that the decrease was based on the consistent down trend in recent years.

Supervisor Miller requested a report from the County Administrator of the original purchase costs and all remodel costs associated with the conveyance facility for wastewater.

Supervisor Miller also questioned the increase in capital expenditures.

Mr. Ochotorena explained that this was due to the increase of patrol vehicle purchases.

5. **ADJOURNMENT**

As there was no further business to come before the Board, the meeting was adjourned at 11:10 a.m.

CHAIRMAN

ATTEST:

CLERK

BOARD OF SUPERVISORS' BUDGET HEARING MINUTES

The Pima County Board of Supervisors met at their regular meeting place in the Pima County Administration Building (Hearing Room), 130 West Congress Street, Tucson, Arizona, at 1:30 p.m. on Tuesday, May 8, 2018. Upon roll call, those present and absent were as follows:

Present: Richard Elías, Chairman
Ramón Valadez, Vice Chair
Sharon Bronson, Acting Chair
Ally Miller, Member
Steve Christy, Member

Also Present: Chuck Huckelberry, County Administrator
Andrew Flagg, Chief Civil Deputy County Attorney
Melissa Manriquez, Deputy Clerk of the Board
Eric Thompson, Sergeant at Arms

1. PLEDGE OF ALLEGIANCE

All present joined in the Pledge of Allegiance.

2. COUNTY BUDGET

County Budget Fiscal Year 2018/2019

3. DEPARTMENT BUDGET PRESENTATIONS

• Recorder

Chris Roads, Chief Deputy Recorder and Registrar of Voters, explained that the Recorder's budget differed from other departmental budgets because it could change dramatically if an election cycle occurred during the fiscal year. He stated that the 2018/2019 budget was significantly higher due to the statewide primary and general elections. He reported that the \$5,545,941.00 budget did not include requests for capital expenditures and there were no significant increases. He also noted that \$3,232,000.00 of the budget was for projected election costs.

Mr. Roads reported that F. Ann Rodriguez, Pima County Recorder, was requesting that the Board allow the Recorder's Office to redistribute the 2.5% employee pay increase. The Recorder was recommending that a scaled increase be used, which would give employees at the lower end of the pay scale a 4% pay increase, and those employees at the highest end of the scale a 1% pay increase.

Mr. Roads explained that there was a decrease in election revenues because State law required Counties to pay election costs in even numbered years. He stated that they projected an increase in revenues due to the increased number of documents being recorded.

- **Treasurer**

Beth Ford, Pima County Treasurer, provided an overview of the Treasurer's Office and indicated that the budget was consistent with last year's budget.

- **Finance and Risk Management – Operations Budget
Finance and Risk Management – Risk Management**

Keith Dommer, Finance and Risk Management Director, explained the various divisions within the department and their roles. He indicated that the decrease in the budget was due to the Grants Management Group transitioning to another department.

Supervisor Miller inquired about the decrease in Current Paid Losses.

Mr. Dommer responded that an analysis of claims was performed along with an actuary and the projected amounts were dependent on the nature and timing of the claims.

Supervisor Miller asked about the decrease in Full-Time Employees (FTEs).

Mr. Dommer replied that FTEs were transferred to the Grants Management Group.

- **Human Resources - Operations Budget
Health Benefits Insurance Trust Fund**

Cathy Bohland, Human Resources Director, presented the department budgets. She indicated that the requested increases were for NEOGOV and ADP. She reported that expenditures from the Health Benefits Insurance Trust Fund had decreased due to the reduction of pharmacy claims, Aetna's administrative fees, and staff loss premiums. She also stated that revenues had decreased due to lower contribution rates for employees and for employer plans, as well as HSA contributions.

Supervisor Miller inquired about the decreased expenditures for outside hospital clinics.

Gayl Zambo, Human Resources Division Manager, responded that the decrease were due to a reduction in claims.

- **Information Technology - Operations Budget
Information Technology Internal Service Funds**

Dan Hunt, Information Technology Department (ITD) Director and Chief Information Officer, presented the department budget and reviewed the different budget funding sources: General Fund, Telecommunications and a third source comprised of Computer Hardware, Server Storage and Enterprise Software. He stated that the Telecommunications budget increased significantly to comply with the life cycle replacement management policy.

Supervisor Miller questioned the increase in depreciation expenses.

Tom Burke, Deputy County Administrator, responded that the increase was due to the change from equipment leasing to purchasing.

Supervisor Bronson asked how the change affected useful life.

Mr. Burke responded that the life for most of the equipment was four years and five years for the servers and switches.

Supervisor Miller requested an analysis on the cost benefit of purchasing versus leasing computer equipment.

- **Procurement**

Mary Jo Furphy, Procurement Director, presented the department budget and stated that there was an increase due to personnel, property, training, and ITD costs. She detailed procurement responsibilities and stated that there were no other significant budget changes.

4. **ADJOURNMENT**

As there was no further business to come before the Board, the meeting was adjourned at 2:15 p.m.

CHAIRMAN

ATTEST:

CLERK