

## 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 16, 2017. Upon roll call, those present and absent were as follows:

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

Also Present: Chuck Huckelberry, County Administrator  
Thomas Weaver, Chief Civil Deputy County Attorney  
Julie Castañeda, Clerk of the Board  
Charles Lopiccolo, Sergeant at Arms

\*Supervisor Elías left the meeting at 3:27 p.m.

### 1. **PLEDGE OF ALLEGIANCE**

All present joined in the Pledge of Allegiance.

### 2. **COUNTY BUDGET**

County Budget Fiscal Year 2017/2018

Chuck Huckelberry, County Administrator, noted that May 23, 2017 would be the adoption of the Tentative Budget to set the expenditure ceilings and June 20, 2017 would be adoption of the Final Budget. He stated that the budget process for Fiscal Year 2017/2018 would conclude in August with the setting of the tax rates.

### 3. **DEPARTMENT BUDGET PRESENTATIONS**

#### • **Office of Emergency Management and Homeland Security**

Jeff Guthrie, Office of Emergency Management and Homeland Security (OEMHS) Director, provided a report on the mandated services provided by the department and regional emergency management coordination and activities. He stated that a major portion of his budget was grant funded.

Supervisor Miller questioned why a section of the OEMHS budget showed a reduction of the Full Time Equivalent (FTE) headcount to zero but retained the funding for salaries and wages.

Mr. Guthrie explained that the section in question was related to the buffelgrass grant that was expiring, and he indicated that he would reexamine the requested funding for salaries and wages.

- **Wireless Integrated Network**

John Voorhees, Assistant County Administrator and Pima County Wireless Integrated Network (PCWIN) Executive Director, provided his budget report to the Board. He reported that PCWIN used three funding sources: a Special Revenue Fund that supported infrastructure, operations maintenance for ten FTEs; an Internal Service Fund that served the subscribers and two FTEs; an Infrastructure Replacement Fund that maintained a balance for future infrastructure planning needs.

Supervisor Valadez inquired about the overall tech life cycle.

Mr. Voorhees explained that it depended on the technology available, but the goal was to extend the period to at least ten years.

Chair Bronson asked how long Motorola would continue to support the current system.

Mr. Voorhees responded that the agreement with Motorola provided support for the life of the system, and expired in 2030.

- **Elections**

Brad Nelson, Elections Director, reported a reduction in expenditures due to the absence of a large election. He also stated that there would be a reduction in the number of precincts due to the increased number of individuals voting by mail.

Supervisor Elías expressed concern about reducing the number of precincts, and how it would affect voters.

Supervisor Miller questioned the reasoning behind reducing the number of precincts.

Mr. Nelson responded it was due to the increased number of individuals voting by mail.

- **Facilities Management**

Lisa Josker, Facilities Management Director, explained the different budgets for the department, provided the budget report and reviewed underway energy savings projects.

Chuck Huckelberry, County Administrator, explained that the Facilities Renewal Fund was created to manage major maintenance items without having to compete for general fund dollars.

Supervisor Miller asked why the leases for real estate external expenditures increased from zero to \$405,000.00 and why the motor pool expenditures increased from \$559,000.00 to \$813,000.00.

Ms. Josker responded that these increases were attributed to the Finance Department moving monies into different object codes, and the motor pool increases were due rates and vehicle upgrades.

Chuck Huckelberry, County Administrator, explained that for Fiscal Year 2017/2018 the leases for Adult Probation East, Adult Probation West and the Behavioral Health Pavilion were transferred from Superior Court to Facilities Management.

Supervisor Miller also inquired about the increase for solar energy.

Ms. Josker responded that new solar sites were coming online and there would be a shift from the electricity object code to the solar energy object code.

- **Fleet Services**

Frank Samaniego, Fleet Services Director, presented his department budget and explained the fleet management system used increased efficiency.

Supervisor Valadez inquired about the age of the current fleet, at what point there were diminishing returns, and how much of the fleet were at that diminishing level.

Mr. Samaniego stated that the average age of the fleet was approximately three years and based on the fleet management system, a vehicle rated above 15.5 points would be vulnerable to escalating costs. He estimated that a majority of the fleet had not yet reached diminishing levels but that he would investigate and provide the Board with a more accurate figure.

Supervisor Elías requested a report that detailed and compared each department's fleet of vehicles.

Ray Ochotorena, Fleet Services Deputy Director, stated that the Sheriff's Department vehicles accounted for more than half of the vehicle replacement budget.

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

Keith Dommer, Finance and Risk Management Director, reported that the budget areas within his department all remained relatively unchanged with only a \$3,000.00 total increase. He stated that Risk Management safeguarded and protected the County from a variety of losses and recovered self-insured costs from other departments. He explained that Risk Management increased spending by about \$300,000.00, primarily due to the increased need for County Attorney services to help defend the County from claims.

Chair Bronson inquired about a trend analysis regarding claims and which areas should be focused on in order to reduce those claims.

Mr. Dommer responded that there were a significant amount of public safety, law enforcement and road claims.

Supervisor Christy asked about the process employed for reviewing the claims.

Mr. Dommer replied that specialized employees assessed each claim and its merit on an individual basis.

Supervisor Christy requested a report of the number of claims received versus the number of claims paid out.

Supervisor Valadez expanded on this request by asking that the entire Board receive a trend analysis detailing the overall costs in terms of settlements and lawsuits and where they were coming from.

Supervisor Miller inquired about the Improvement Districts Fund.

Mr. Dommer explained that there were a couple of Improvement Districts monitored and serviced by the Finance and Risk Management Department. He stated that the department also received requests for information on new Improvement Districts and provided training to people interested in forming them.

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

Wendy Peterson, Human Resources Deputy Director, provided an overview of the challenges and successes the Human Resources Department faced in the last year and provided an overview of the various divisions within the department. She stated that the department was asking for a slight decrease in fund expenditures and an increase of one FTE.

Chair Bronson asked if the department was comfortable with its needs going forward to keep up with changes in technology.

Ms. Peterson stated they were and outlined some of the ways the department used trial and error to decide which modules of ADP were working and which ones were not working.

Supervisor Valadez asked if the County was at 100% implementation of the ADP system and about the projected versus actual costs at this point in the contract.

Ms. Peterson responded that the County was 100% implemented and that she would investigate and provide the Board with the projected versus actual costs.

Supervisor Elías questioned whether the County had saved any money with ADP and when there would be a Cost Benefit Analysis performed.

Ms. Peterson responded that there was a savings in man-hours because the process had gone almost completely paperless, but that some areas had caused great employee frustration. She stated that a Cost Benefit Analysis had to be done before the end of the five year contract.

Supervisor Miller inquired about the decrease in outside hospital funding.

Chuck Huckelberry, County Administrator, responded that all of the HSA contributions had been budgeted in the outside hospital fund, but were now budgeted as a separate line item in the budget.

Gayl Hayes, Benefits Division Manager, reviewed the status of the Health Benefits Trust Fund and noted that the \$29 million balance was more than had been expected.

Chair Bronson questioned how the County's management of the fund compared to other entities in the region.

Ms. Hayes responded that several studies had been done with both private and public sector entities and the results were favorable for the County. She also noted that there was one final payment to be made on the loan that had been taken out to get the fund started.

Supervisor Valadez asked where the County was now compared to where it would have been had it stayed in the regular pool rather than moving to self-insured.

Ms. Hayes replied that the County had previously seen double digit increases regularly, but this year under the self-insured system there was no increase for the employees or the County.

Supervisor Valadez inquired if the Wellness Program was a factor that contributed to building up the fund and when the fund would be considered fully funded.

Ms. Hayes stated that the effect of the Wellness Program could be analyzed once the latest health risk assessment was completed and compared to the assessment taken when the program began, but that education appeared to be an important influence. She also indicated that the fund was very close to being at the fully funded mark of \$30 million.

Supervisor Valadez questioned whether the County's coverage of Vision, Dental and Deferred Comp were the best alternatives or if other alternatives were also being examined.

Ms. Hayes responded that changes had been made in the last few years and alternatives would continue to be examined.

Chair Bronson directed the Human Resources and Finance Departments to prepare an analysis of the current retirement funds to be submitted to the Board for review and direction.

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

Jesse Rodriguez, Chief Information Officer, reported on his department budget and reviewed the different budget funding sources: General Fund, Computer Hardware Software ISF Fund and Telecommunications ISF Fund. He stated that Telecommunications ISF Fund was the only fund that changed significantly with the request for an additional \$1 million dollars to complete projects.

Supervisor Valadez inquired about the effectiveness of the leasing programs.

Mr. Rodriguez responded that there was a little over \$500,000.00 dollars in savings monetarily, but there were also additional benefits, like vendor installation and disposal, equaling approximately another \$1 million.

Supervisor Valadez questioned what effect transitioning from having multiple operating systems and multiple platforms had from a security standpoint.

Mr. Rodriguez explained that the program kept equipment and software current and allowed the County to avoid the latest malware crisis.

Supervisor Valadez asked what interest rate the Desktop Lease Financing Program had.

Mr. Rodriguez stated that the interest rate averaged around three percent. David Wieters, Project Management Officer, added that this rate was variable depending on the term.

Chair Bronson asked if assistance was given to Information Technology (IT) by Finance or Procurement in order to negotiate these terms.

Mr. Rodriguez stated that IT negotiated the rate directly with HP Financial Services.

Supervisor Valadez inquired about the Lease Servers and Storage Program results.

Mr. Rodriguez stated that the equipment failure rate had decreased greatly and both performance and speed had increased. He noted that the largest cost savings was in man-hours.

Supervisor Valadez requested the status of bringing all of Pima County under a standardized uniform format.

Mr. Rodriguez reported that only two County officials had not yet signed MOUs with the IT Department. Mr. Wieters explained that having multiple Enterprise Agreements did not increase the prices for the departments using their own agreement, but those purchasing directly, without an agreement, were paying more.

Chuck Huckelberry, County Administrator, stressed the importance of a policy regarding life cycle replacement for all components and standardization across all departments and elected officials receiving County taxpayer support.

Supervisor Valadez directed staff to develop a Board Policy regarding life cycle replacement, separated by desktops, storage and servers with standardization throughout the entire County of those categories, review at co-location and centralization of those services and to examine how to budget for those not using public finances responsibly. He stated the policy should review all the different mechanisms for financing those life cycles.

Supervisor Miller inquired about the decrease in requested funds for Software Maintenance Support and Machinery and Equipment Services.

Mr. Rodriguez explained that the Software Maintenance Support cost fluctuated from year to year based on how much storage each department used. Mr. Wieters responded that a leasing object code had been created

and that was where the Software Maintenance Support expenditures had been moved to.

Supervisor Christy asked about the difference between the number of FTEs budgeted for and the number of filled FTEs.

Mr. Rodriguez stated that half of the positions that were vacant a year ago had been filled, however there were still many vacant positions remaining due to the lack of qualified job seekers as well as non-competitive salaries.

Supervisor Valadez requested the Board be provided with a list of those who participate in the different centralized areas.

- **Procurement**

Mary Jo Furphy, Procurement Director, presented the department budget and stated that there was a slight increase due to IT charges. She detailed procurement responsibilities and stated that there were no significant budget changes.

4. **PUBLIC SPEAKERS**

Christopher Cole, Libertarian Party, recommended the Board revise the County's budget process.

Sheldon Gutman addressed the Board regarding the Sheriff's Department and spring training baseball.

5. **ADJOURNMENT**

As there was no further business to come before the Board, the meeting was adjourned at 4:12 p.m.

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CHAIR

ATTEST:

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CLERK