

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 17, 2017. Upon roll call, those present and absent were as follows:

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

Absent: Sharon Bronson, Chair

Also Present: Jan Leshar, Deputy County Administrator
Lesley Lukach, Civil Deputy County Attorney
Julie Castañeda, Clerk of the Board
Charles Lopiccolo, Sergeant at Arms

1. PLEDGE OF ALLEGIANCE

All present joined in the Pledge of Allegiance.

2. MOMENT OF SILENCE

A moment of silence was observed for the passing of Nanette Slusser and Jackson Jenkins' niece.

3. COUNTY BUDGET

County Budget Fiscal Year 2017/2018

Jan Leshar, Chief Deputy County Administrator, stated that Mr. Huckelberry released his \$100 million pavement preservation plan, and that the item would be on the Board's May 23, 2017 agenda, for discussion and consideration.

4. DEPARTMENT BUDGET PRESENTATIONS

- **Capital Projects Fund**

Nanette Slusser, Assistant County Administrator, explained the Capital Projects Funds. She stated that the County had about 154 projects among all the different departments, and that capital dollars were rapidly declining. She indicated that a majority of the General Obligation bonds were sold and only dollars for animal shelter remained. She explained the transfers from departments for various projects, along with the proposed preservation

program, Certificates of Participation Sales (COPS) for the old courthouse, and \$2.1 million for the spaceport.

Supervisor Miller questioned what the \$2,179,664.00 was for under grant funding.

Ms. Slusser responded that it was for the Spaceport. Tom Burke, Deputy County Administrator, further explained that it was a grant from the State of Arizona, Department of Transportation.

Supervisor Miller questioned whether the \$40 million in COPS was for the old courthouse.

Ms. Slusser stated that \$3.3 million of the COPS was for the courthouse. Mr. Burke further explained the \$40 million of COPS was a placeholder for potential sales.

Supervisor Miller asked if a new library would be built in the Flowing Wells District.

Ms. Slusser stated yes.

Supervisor Miller asked how much of the 1997 Highway User Revenue Fund (HURF) Bonds still needed to be issued.

Ms. Slusser stated she did not immediately have that information, but would provide it to the Board.

Supervisor Miller questioned why Thornydale Road had not been included in the Capital Improvement Projects.

Ms. Slusser explained it was currently in the planning and preliminary design phase.

Supervisor Miller questioned when that project would come on line.

Priscilla Cornelio, Transportation Director, responded that the initial \$1 million design phase would start next fiscal year, and construction was expected to start in 2018-2020, with \$3.7 million allocated for that portion.

Supervisor Miller questioned what portion of Thornydale would be constructed.

Ms. Cornelio indicated Thornydale Road, from Cortaro Farms Road to Sumter Drive.

Supervisor Christy asked if this was a Regional Transportation Authority (RTA) project and whether or not RTA contributions were received.

Ms. Cornelio responded that no RTA monies were involved.

- **Development Services**

Carla Blackwell, Development Services Director, explained the two core services the department provided; planning and building, and described the functions under each section. She stated they were an enterprise fund and 90% of the revenues were from building permits, 10% from planning fees, enforcement fines and site plan review. She further provided a summary of the proposed budget that included separating costs to different object codes, reduction in Full Time Equivalents (FTE) and repayment of borrowed money from the General Fund within five years. She indicated that they averaged 50 to 60 new home permits a month over the last several years, and revenue increases for commercial permits. She explained activities for next year included several large master planned communities with platting and land development and providing permit review to the City of Tucson that would help stabilize revenue streams.

Supervisor Miller questioned if the case management system they used was Accela, how long they had used it and if it was working for them.

Ms. Blackwell responded that they implemented Accela about a year and a half ago and it was a work in progress.

Supervisor Miller questioned if it streamlined their process.

Ms. Blackwell stated that it was still too early to tell.

Vice-Chair Elías asked about development impact fees and what triggered them.

Ms. Blackwell stated they were triggered when someone requested a building permit.

- **Natural Resources, Parks and Recreation**

Chris Cawein, Natural Resources, Parks and Recreation (NRPR) Director, made the presentation and provided a summary of the number of parks facilities and leased properties managed, and programs and services they provided. He indicated that they were requesting \$17.5 million, which included the cost of employee pay raises, one additional FTE and one part-time Volunteer Coordinator to coordinate the over 32,000 hours donated by volunteers.

Supervisor Valadez questioned the amount of holiday work pay requested, versus the actuals and why had it exceeded the amount.

Mr. Cawein explained that it was due to a robbery at Tucson Mountain Park over the Labor Day weekend that incapacitated the water system and it was necessary to deploy several staff members to get the water back in operation.

Supervisor Miller questioned if the \$566,000.00 in debt retirement was for the Frick property.

Mr. Cawein confirmed that it was for the Frick property.

Supervisor Miller questioned how much the County had paid for the Frick property and what were the payments for the next several years.

Robert Padilla, NRPR Deputy Director, responded that the County paid \$2.5 million. He explained the County provided a down payment of \$380,000.00 and would pay \$566,000.00 for the next five years.

Supervisor Miller asked if this was paid out of the Star Pass Environmental Fund.

Mr. Padilla concurred.

Supervisor Miller questioned the annual amount received for that fund.

Mr. Padilla estimated about \$750,000.00 annually.

Supervisor Miller questioned Section 10 Permit for land management, equipment and labor and if they expected increases.

Mr. Padilla explained that a \$255,000.00 supplemental was submitted and was approved by the County Administrator. He indicated that the funds were placed in contingency and transfers would be made when NRPR expenditures occurred.

Supervisor Miller questioned if they expected that amount for management of the lands to be annualized, various or flat costs.

Mr. Padilla explained they anticipated increases.

Supervisor Miller asked about the operator status of Mike Jacobs Sports Park.

Mr. Padilla explained the contract had expired on December 31, 2016. However, the Board authorized a six (6) month extension, which the operator declined.

Supervisor Miller questioned what the plan was moving forward for another operator.

Mr. Cawein explained they had been able to operate the site with a couple of interested parties on a special use permit basis with a caveat that when construction began, operations could be interrupted.

Supervisor Christy asked if the County owned ranches were under their purview.

Mr. Cawein concurred.

Supervisor Christy asked how many ranches did the County own.

Mr. Cawein responded 15.

Supervisor Christy asked if they were working ranches.

Mr. Cawein stated that 13 of the ranches were working ranches.

Supervisor Christy asked if the ranches were leased to operators.

Mr. Cawein explained that there were Ranch Management Agreements for cattle operations.

Supervisor Christy questioned how many acres of ranch land was owned by the County.

Mr. Cawein explained the County owned approximately 46,000 acres, plus 150,000 in State Bureau of Land Management (BLM) Grazing leases.

Supervisor Christy questioned if there was an inventory of the ranches and lease operators or agreements.

Mr. Cawein stated he could provide the information directly to the Board.

Supervisor Christy requested information on each of the ranches owned by the County. He stated the information should include the number of acres, and under what auspice they were operated. He also requested that the report include the income generated and the costs incurred by the County to own and maintain the ranches.

- **Office of Sustainability and Conservation**

Linda Mayro, Office of Sustainability and Conservation Director, made the budget presentation. She explained they expected the 2004 Historic Preservation Bond Program to be concluded by June 2018. She spoke of the conservation science and Multispecies Conservation Plan (MSCP), which concluded with the Endangered Species Act, Section 10 Permit, in July of last year, which served as an insurance policy for endangered species. The

Conservation Lands Management Program was a cooperative venture with Regional Flood Control (RFC), NRPR and Real Property to develop management plans and inventories. She further added that Capital Improvement Projects in-house and outside agencies were reviewed for environmental compliance and that the budget had increased 5% for one additional staff person and necessary studies to get the ecological monitoring underway.

Supervisor Christy made an additional request for information as it pertains to the ranch inventory. He would like it to include the date of acquisition, purchase price, and the amount of open space owned by the County.

Ms. Mayro indicated she would provide that information. She further added that the obligated MSCP ecological monitoring lands was 64,400 acres comprised of RFC lands and natural areas.

Supervisor Miller questioned if the \$480,000.00 was for Section 10 annualized costs and if it was a result of increased costs for Archaeological Services and Environmental Studies.

Ms. Mayro concurred and explained that they now had obligations with the U.S. Fish and Wildlife Service to provide ecological monitoring studies and management plans.

Supervisor Miller requested a summary of the total cost of managing the Section 10 lands.

- **Regional Flood Control District**

Suzanne Shields, Regional Flood Control Director, explained the department was different because it was a special taxing district. She indicated their budget request was for additional 1.2 FTEs, described the services provided and how they maximized efficiencies by utilizing other County departments. She added that their Capital Improvement Projects totaled \$8 million and were working on obtaining a special revenue fund for Canoa Ranch. She indicated that their offices relocated to the Public Works Building and increased costs were incurred with moving the alert system. Other professional services were for contracts with the United States Geological Survey (USGS), University of Arizona and Corps of Engineers.

Supervisor Miller questioned the 62% increase in Public Works overhead.

Ms. Shields explained that Public Works overhead increases included cost for the director, Human Resources and Real Property, and it depended on services the department might use each year.

Supervisor Miller asked if there were any additional costs due to the Section 10 permitting.

Ms. Shields explained they managed their lands under Federal Flood Insurance requirements and did not anticipate any additional costs.

- **Regional Wastewater Reclamation**

Jackson Jenkins, Regional Wastewater Reclamation Department (RWRD) Director, provided an overview of the department's budget and indicated that the recent 3% increases for user and connection fees had not yet been incorporated into the budget. He indicated that the deficit for next year was anticipated to be \$7 million, but due to the fee increases, it would be reduced to \$3 million. He stated that the department was addressing revenue concerns related to flow rates and how it would affect the budget.

Supervisor Christy asked what the prognosis was of the conservation rates.

Mr. Jackson explained that every year the revenue for flow rates continued to shrink. He further stated that recently the billing of wastewater fees were contracted through water companies and the City of Tucson was the largest biller. The City of Tucson recently updated their cost of service model and indicated a potential plan to increase the County's cost by 32%, an impact of \$1 million.

Vice-Chair Elías inquired about the deficit for billing costs.

Mr. Jackson explained they had not included the \$1 million deficit and it would be an addition to the budget, depending on the outcome of the City of Tucson.

Supervisor Miller asked about the City of Tucson increase.

Mr. Jackson explained the current contract expired at the end of June and that with discussions pending, he would request an extension for negotiations.

Supervisor Miller asked about the \$49 million for construction projects.

Mr. Jackson responded that was for 80 projects, 19 of which are under design and construction in the current fiscal year and would carry over to next year.

Supervisor Miller questioned if that was in the budget book.

Mr. Jackson stated it was not in the budget book, but would provide the list of projects to the Board.

- **Transportation**

Priscilla Cornelio, Transportation Director, explained that 97% of the department's budget was funded by Highway User Revenue Funds (HURF), and Vehicle License Taxes (VLT) and that last year's allocation increased by \$1.7 million. The budget included \$19.8 million debt service for the 1997 bonds and Native Plant Nursery. She added that the department supported the County Administrator's proposed budget amendment to provide countywide pavement preservation for neighborhood streets and the additional \$3.5 million of HURF set aside for pavement preservation of arterial and collector streets.

Supervisor Miller asked if all the debt service bonds had been issued and when would it be paid off.

Ms. Cornelio responded that not all the bonds had been issued, and that a program had been implemented to slowly pay off the bonds, but debt service would not decrease for another three years.

Supervisor Miller asked when the debt services payments decreased if that difference would be moved back into pavement preservation projects.

Ms. Cornelio commented that it would be the decision of the Board, but that would be Transportation's recommendation.

Supervisor Valadez questioned whether the heavy equipment used for pavement preservation was County owned or rented.

Ms. Cornelio explained the heavy equipment was County owned. However, if the work went out to bid the contractors would use their own equipment.

Supervisor Valadez questioned if the culvert cleaner was County owned.

Ms. Cornelio responded that the County had owned the culvert cleaner for 25 years.

Supervisor Valadez asked about the rental of other equipment.

David Cummings, Transportation Public Works Division Manager, explained that \$3.25 million per year was spent on rentals to supplement the County fleet. He stated they rented loaders, graders and everything else to supplement the fleet.

Supervisor Valadez questioned if this was the most cost effective method.

Mr. Cummings explained that the alternative would be to buy equipment that would sit idle for a good portion of the time and that they preferred to take the peaks off with rentals.

Supervisor Christy thanked the department for their assistance with an issue in Corona de Tucson and their help with the Green Valley community.

Vice-Chair Elías commented that the District 5 area did not receive any road repair funds last year and was pleased with the recommended pavement preservation proposal.

- **Environmental Quality**

Ursula Nelson, Department of Environmental Quality (DEQ) Director, summarized the functions and programs of the department and stated that the budget had been consistent for many years. She explained that staffing and funding remained unchanged, and they were continuing to watch federal activities that would influence the budget from both a regulatory and financial perspective.

Supervisor Miller questioned what drove the increase for Other Professional Services.

Ms. Nelson explained it came from the re-institution of the emissions program. The Arizona Department of Environmental Quality (ADEQ) decided to continue to administer the program, but it would be offset by a grant from ADEQ.

Supervisor Christy questioned if there was any overlap or duplication of effort between ADEQ and DEQ.

Ms. Nelson explained that they tried to avoid overlapping. She stated DEQ had jurisdiction over permitting for the Air Quality Program but other programs were delegated and coordinated with ADEQ.

Supervisor Christy questioned hazardous waste spills.

Ms. Nelson explained the department did not handle spills, except when they assisted the Department of Transportation with some of their in-house clean-ups.

Supervisor Christy questioned if they participated in the Underground Storage Tank Fund.

Ms. Nelson explained they did not directly participate in the Underground Storage Tank Fund, but received reports.

Supervisor Christy questioned if DEQ had programs that provided assistance to businesses that generated hazardous waste and helped resolve those issues.

Ms. Nelson explained that if during inspection, there was an egregious violation, they would take stronger actions, but for other issues, they would issue a notice without a penalty or punitive amount associated. She added that they worked with businesses to point out ways they could reduce their waste materials.

Supervisor Christy commented that when Occupational Safety and Health Administration (OSHA) and the Fire Department performed inspections they had no punitive intent and they provided a survey and analysis to businesses. He asked if DEQ provided that level of service.

Ms. Nelson explained that they provide compliance assistance to smaller businesses and are in the process of revising air quality rules to make it easier for individuals to read and separate out requirements for larger companies.

5. **BOARD COMMENTS**

Supervisor Valadez questioned if there was a mechanism in place that would identify how budget allocations were spent by departments and elected officials.

Tom Burke, Deputy County Administrator, explained they tracked expenditures of every department on a monthly basis and monitored their actual expenditures.

Supervisor Valadez questioned if departments were spending their budget in the way the Board budgeted them. He further commented that one of the responsibilities of the Board was the appropriation and allocation of financial resources. He requested a report be provided to the Board delineating that information.

Mr. Burke indicated that that information would be provided to the Board once it was available in September 2017.

Supervisor Valadez stated the Board should begin receiving that information in the subsequent year along with the County Administrator's recommendations, so that the Board can determine if departments/elected officials are budgeted appropriately.

Supervisor Miller commented that that information would be beneficial for all Board members.

6. **PUBLIC SPEAKERS**

Christopher Cole, Pima County Libertarian Party, addressed the Board regarding the budget process and suggested to number programs by priority and category.

7. **ADJOURNMENT**

As there was no further business to come before the Board, the meeting was adjourned at 3:49 p.m.

CHAIR

ATTEST:

CLERK

DRAFT