



**OFFICE OF THE
COCONINO COUNTY BOARD OF SUPERVISORS**

SPECIAL SESSION MINUTES

May 2, 2022

8:00 a.m. – Special Session
(Budget Discussions)

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Lena Fowler were present, in person. Supervisor Judy Begay was present telephonically. Supervisor Matt Ryan was present virtually via Zoom meeting technology.

Also Present: County Manager Steve Peru, Deputy County Manager/Public Works Director Lucinda Andreani, Deputy County Manager Sue Brown, Clerk of the Board of Supervisors Lindsay Daley and Deputy Clerk of the Board Valerie Webber were present virtually via Zoom meeting technology.

Chair Patrice Horstman called the Special Session meeting to order at 8:29 a.m.

1. FY23 County Manager Recommended Budget Presentation - 8:00 a.m. – 12:00 p.m.

County Manager Peru stated staff will begin the budget presentation by speaking about department meeting materials to be reviewed and department budget discussion meetings that were held to address department needs. He briefly spoke about the importance of the County receiving American Rescue Plan Act (ARPA) funding.

County Manager Peru further provided a presentation that explained governmental funds, proprietary funds, fiduciary funds, the general fund, special revenue funds, debt service funds and capital projects funds. He outlined the budget development annual process and requirements and financial planning, proven successes and desired outcomes.

Chair Horstman called for a break at 9:25 a.m. and reconvened open session at 9:37 a.m.

Supervisor Judy Begay appeared via Zoom technology.

Finance Director Siri Mullaney continued with a presentation that highlighted FY22 general fund revenue and expenditure forecast. She answered questions related to personnel cost savings and inflation.

County Manager Peru reviewed FY23 budget outlook and major assumptions related to a Truth and Taxation (TNT) proposed tax increase, county taxing districts, primary tax rates, county tax rates and primary property tax rate comparisons.

Finance Director Mullaney reviewed Truth in Taxation (TNT) levy impacts between FY10 and FY23.

County Manager Peru spoke about the history of the County's conservatism in setting TNT levy amounts.

Supervisor Ryan noted the County usually takes the 2 percent increase as compared to other counties, which allows the County to continue services.

Chair Horstman noted the County either takes the 2 percent or it will be lost.

County Manager Peru reviewed secondary taxes with regards to the Flood Control District and Library District.

Finance Director Mullaney displayed comparisons of sales taxes, related to population and inflation growth compared to actual revenues. She reviewed Jail District and Road Maintenance Sales Tax rates and trends, sales taxes by categories, sales tax long term forecasts, transportation revenue and other revenues. She answered questions regarding county sales taxes.

Chair Horstman called for a break at 10:40 a.m. and reconvened open session at 11:00 a.m.

County Manager Peru continued with a presentation that highlighted capital facilities projects, debt of the Public Safety Retirement System pension obligation bond principle and interest as well as potential Arizona State Retirement System unfunded liability debt restructure. He highlighted available recurring funds and available one-time funds.

Human Resources Director Erika Philpot provided a chart that reflected a number of positions that were posted multiple times and vacancy rates across the county. She answered questions asked by individual Board members regarding the length of time vacancies have been open.

Director Philpot continued by providing information from the Bureau of Labor Statistics regarding labor costs, compensation cost increases and rising pay and benefit expenses, a chart that reflected median wages and cost of living based on the State of Arizona as a whole and a county seat cost of living comparison. She provided a comparison of position/title pay between Yavapai County and Coconino County as well as the City of Flagstaff.

Director Philpot presented a local compensation comparison offered by the City of Flagstaff, Northern Arizona University and Coconino Community College.

County Manager Peru provided a comparison of total full-time employees (all funds) between FY06 to FY22.

Finance Director Mullaney reviewed both general fund paid and costs covered by property taxes full-time employees (FTE) comparisons with Navajo, Cochise, Yuma, Mohave and Yavapai counties.

County Manager Peru displayed a chart that showed inflation rates since 1990.

Finance Director Siri Mullaney outlined staff's recommendations for a balanced budget plan and reviewed the General Fund 10-Year Plan.

County Manager Peru spoke about concerns with costs of living, inflation and costs of benefits and the services provided during hard times.

Deputy County Manager Lucinda Andreani spoke about the opportunity to fund the proposed compensation plan and strategies used over the years that have contributed to the County's success. She noted the County is at a 36% vacancy rate and there is not adequate staff to maintain service levels.

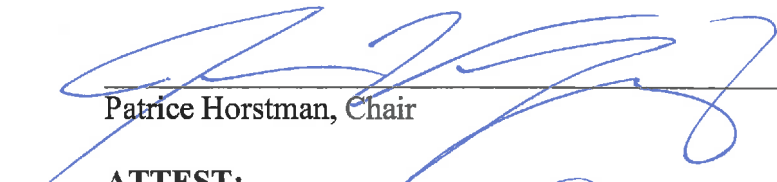
Deputy County Manager Sue Brown noted for 12 years as a director, the one thing she learned was that the County must maintain balance. There is a series of issues at hand to work through to continue to provide services. Today's budget recommendations reflect an investment in the employees who provide services to the citizens who need them. Staff looks forward to answering questions.

Individual Board members provided feedback on the information presented and thanked staff for the presentations and hard work.

There being no further discussion, Chair Horstman adjourned the Special Session meeting at : 12:35 p.m.

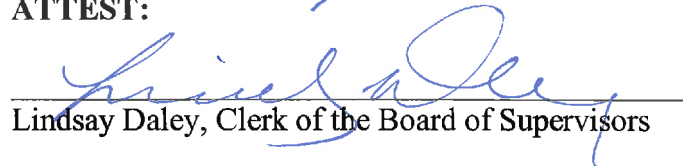
COCONINO COUNTY BOARD OF SUPERVISORS

(SEAL)



Patrice Horstman, Chair

ATTEST:



Lindsay Daley, Clerk of the Board of Supervisors

