



OFFICE OF THE COCONINO COUNTY BOARD OF SUPERVISORS

SPECIAL SESSION MINUTES

May 12, 2022

8:00 a.m. – Special Session

(Budget Discussions)

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Judy Begay, Supervisor Matt Ryan and Supervisor Lena Fowler were present in person.

Also Present: County Manager Steve Peru, Deputy County Manager/Public Works Director Lucinda Andreani, Deputy County Manager Sue Brown, Finance Director Siri Mullaney, County Attorney William Ring, Deputy County Attorney Yvonne Vieau, Clerk of the Board of Supervisors Lindsay Daley and Deputy Clerk of the Board Valerie Webber were present.

Chair Horstman called the meeting to order at 8:08 a.m.

County Manager Steve Peru explained that there has been a request to go into executive session on item #1 for legal advice.

1. Reserved for Discussion regarding the FY23 Budget – 8:00 a.m. – 8:30 a.m.

A motion was made to go into executive session at 8:08 a.m.

Motion: to go into executive session for item #1 **Action:** approve, **Moved by:** Supervisor Judy Begay, **Seconded by:** Supervisor Lena Fowler. The motion passed unanimously.

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Matt Ryan, Supervisor Lena Fowler and Supervisor Judy Begay were present in person.

Also Present: County Manager Steve Peru, Deputy County Manager Sue Brown, Deputy County Manager Lucinda Andreani, Deputy County Attorney Yvonne Vieau, County Attorney William Ring, Finance Director Siri Mullaney, Clerk of the Board of Supervisors Lindsay Daley were present in person.

Chair Horstman began the executive session discussion at 8:18 a.m.

Chair Horstman adjourned the executive session at 9:15 a.m.

The Board took a break at 9:15 a.m. and Chair Horstman reconvened the open session at 9:35 a.m.

County Manager Peru explained that due to time constraints, they would need to discuss item #3 prior to item #2. The Board discussed item #3 before item #2.

3. Discussion Regarding Arizona State Retirement System Debt – 9:30 a.m. – 12:00 p.m.

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Matt Ryan and Supervisor Lena Fowler were present in person for the meeting.

Absent: Supervisor Judy Begay

Also Present: County Manager Steve Peru, Deputy County Manager/Public Works Director Lucinda Andreani, Deputy County Manager Sue Brown, Finance Director Siri Mullaney, Omar Daghestani with Stifel, Clerk of the Board of Supervisors Lindsay Daley and Deputy Clerk of the Board Valerie Webber were present.

Omar Daghestani with STIFEL presented provided updates regarding the Arizona State Retirement System (ASRS) Contribution Pre-Funding Program. He spoke about investment returns for ASRS, considering the worst-case scenarios, and went over a summary of statistics for a 2 year trailing annualized ASRS return from 2000 to 2021. He explained that ASRS has produced strong historical returns with the trailing annualized return outperforming 7.0% assumed rate of return in every measurement category. Mr. Daghestani explained that over the recent months, the US Treasury market has experienced significant volatility from a number of variables, causing a recent rise in interest rates. He spoke about the ASRS pre-funding opportunity for the county to borrow funds and use those to pre-fund ASRS to have a budgetary savings over 25 years. Mr. Daghestani presented three different scenarios for the Board to consider and provided information on savings and risk evaluation for each.

Supervisor Ryan asked what the pattern is from other agencies considering pension financings. Mr. Daghestani spoke about some agencies that are doing pension financing and explained it is important to be ready as soon as possible.

The Supervisors expressed their support for the scenario that had a higher yield.

Director Mullaney spoke about needing Board direction on the Board's choice for investment strategy weighing the risk versus investment return.

Mr. Daghestani spoke about the timeline regarding the state legislation and explained that any outreach to the state by the Board would be helpful to get the legislation passed and that if it is passed it will become effective immediately.

Supervisor Ryan requested that staff bring the item back for action as soon as possible.

The presentation and discussion on item #3 ended at 10:00 a.m. and they moved to item #2 for discussion.

2. Information Technology Budget Presentation & Discussion – 8:30 a.m. – 9:30 a.m.

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Matt Ryan and Supervisor Lena Fowler were present in person for the meeting. Supervisor Judy Begay entered the meeting at approximately 10:10 a.m.

Also Present: County Manager Steve Peru, Deputy County Manager/Public Works Director Lucinda Andreani, Deputy County Manager Sue Brown, Finance Director Siri Mullaney, Information Technology (IT) Department Director Matt Fowler and IT Deputy Director Helen Costello, Clerk of the Board of Supervisors Lindsay Daley and Deputy Clerk of the Board Valerie Webber were present.

Deputy County Manager Sue Brown provided an introduction of IT Director Matt Fowler and IT Deputy Director Helen Costello.

Supervisor Begay entered the meeting at approximately 10:10 a.m.

Director Matt Fowler spoke about the IT Department Vision, he explained the organizational chart of the employees in the IT Department and spoke about the vacancies. Director Fowler spoke about the department's FY22 accomplishments, the opportunities and challenges they have had over the last year and COVID impacts. Director Fowler also spoke about the department's vision for FY23 as well as for the next 2-5 years. He explained their need for additional employees, emerging opportunities and threats including advocacy for rural broadband.

Director Fowler spoke about the department's funding requests for 3 employees, increased IT operational costs, 2 vehicle requests, rural broadband grant match funding and ERP (Munis) Training.

Upon inquiry from Supervisor Vasquez, Director Fowler stated that he would lean toward supporting the compensation plan versus adding employees if having to choose, for retention purposes.

County Manager Peru spoke about the recommendations of the County Manager's Office for the IT department and Deputy County Manager Sue Brown mentioned there would be a 5% operational increase that all departments would get.

Supervisor Ryan spoke about the need for technology assistance with not just running the board meetings but other functions that were previously being done by the Public Affairs division.

Deputy County Manager Lucinda Andreani spoke about the Salesforce software being purchased; however, the effort has been at a standstill which turnover in Public Affairs.

County Manager Peru spoke about how positions were created in clusters and how they have been able to maximize the capacity of people and their skills; however, when people leave then there is a gap.

Chair Horstman spoke about seeing the need with the IT department, that she would like to have a full discussion in the future regarding what IT is doing with grants and with IT security.

Director Fowler answered questions regarding the need for employees and filling vacancies. He explained that they would still be understaffed even if their three vacancies were filled and that if positions are not created then they will need to say no to providing services.

The Supervisors spoke about the importance of It and all that they do and expressed their appreciation and thanks to Director Fowler and his staff and their desire to support IT. Supervisor Fowler requested that the County Manager's Office evaluate what is really needed for IT.

Director Fowler spoke briefly about the IT department absorbing the work from departments that had previously had their own IT people but then moved away from having their own IT staff.

Upon further discussion regarding the IT department needs and importance, Deputy County Manager Sue Brown stated that staff will put the study of IT capacity on the parking lot list.

The Board took a break at 11:41 a.m. and the Chair reconvened the open session at 12:58 p.m.

4. Reserved for Discussion regarding FY23 Budget/Wrap Up - 1:00 p.m. – 5:00 p.m.

Present: Chair Patrice Horstman, Vice Chair Jeronimo Vasquez, Supervisor Matt Ryan, Supervisor Lena Fowler and Supervisor Judy Begay were present.

Also Present: County Manager Steve Peru, Deputy County Manager/Public Works Director Lucinda Andreani, Deputy County Manager Sue Brown, Finance Director Siri Mullaney, Clerk of the Board of Supervisors Lindsay Daley and Deputy Clerk of the Board Valerie Webber were present.

County Manager Peru spoke about the key upcoming dates regarding budget adoption. He went a handout that listed all the department requests, future discussions and work sessions, and other budget items and he also went over the FY23 department increment requests that did not change. He spoke about the recommendation to increase the flood control district tax rate to \$.50. He explained the balanced plan regarding recurring funds available, department budget recommendations, compensation fund, and went over the one-time available funds. County Manager Peru and Finance Director Mullaney answered questions related to financial planning, American Rescue Plan Act funding and investment fund. County Manager Peru spoke about needing to have Truth in Taxation (TNT) hearings, TNT levy impact and revenue assumptions

The Supervisors spoke about user fees and Finance Director Mullaney provided information on the user fees.

County Manager Peru spoke about available funds, FY23 one-time funds, initial investments with mandated payments, inflation, the funding needed for the 5-year compensation investment fund. County Manager Peru and Director Mullaney answered questions regarding the compensation investment fund. County Manager Peru explained that the County has six fewer employees today than it had sixteen years ago.

Supervisor Begay explained her concern that the budget plan was developed around the compensation plan and that has driven the recommendation.

Deputy County Manager Sue Brown explained that staff is aware that there is a need for additional employees; however, need to be able to fill vacancies that exist to see what having full employment can bring to the organization.

County Manager Peru and Director Mullaney answered additional questions related to the compensation plan and recurring costs.

Supervisor Ryan spoke about the County capping out and that they do not have enough employees to do everything and the impact of the cost of housing.

County Manager Peru answered questions about needing to adjust if there is a catastrophe or emergency in which they may not be able to fulfil the 5-year merit increase. Director Mullaney went over the revenue outlook, emergency reserve and that ARPA funds are a short-term solution to a long-term problem and that an override will need to be discussed for the future. County Manager Peru explained that they will bring back a discussion on the need for an override on the expenditure limitation.

County Manager Peru spoke about additional items added into the budget, including the Assessor and Public Fiduciary 3-year positions, constable wage increase, and laptops for Community Development.

Corey Ringenberg spoke about the amount of funds needed for the Page Court Security

County Manager Peru, Deputy County Manager Lucinda Andreani and Director Mullaney provided information and answered questions from the Supervisors regarding the Parks and Recreation Department's request to take the revenue from the amphitheater and put it back into specific projects for the amphitheater.

County Manager Peru also spoke about the funding requests for economic development programs, tribal liaison services, Board of Supervisors' operational budgets and community wildfire defense program. He also explained that the recommendation on the amount for Navajo Nation/BIA Roads Plan has increased from \$200,000 to \$500,000.

County Manager Peru also went over the recommendation for the Grant Matching/Innovation Opportunity Fund and the Supervisors expressed their support. He also went over the recommendation of an incremental increase to the Library District tax rate from \$.2556 to \$.2656.

The Supervisors requested that they receive more information from the Library District in a paper briefing format and they also expressed support for kiosks but also book mobile van and support for the tax rate increase.

The Supervisors requested that the outside agencies that the County will be providing funds to provide more information like the county departments did on their needs. County Manager Peru stated that he will request that of the outside agencies.

The Supervisors thanked Director Mullaney, budget staff and County Manager staff for all their work in preparation for the budget. County Manager Peru thanked various staff. Deputy County Manager Lucinda Andreani thanked the Board for their leadership in the decisions made regarding the budget.

There being no further discussion, Chair Horstman adjourned the meeting at 3:46 p.m.

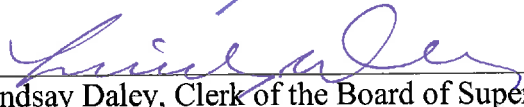
COCONINO COUNTY BOARD OF SUPERVISORS

(SEAL)



Patrice Horstman, Chair

ATTEST:



Lindsay Daley, Clerk of the Board of Supervisors