



OFFICE OF BOARD OF SUPERVISORS
YAVAPAI COUNTY, ARIZONA

Prescott, Arizona

January 24, 2018

MINUTES OF THE BOARD OF SUPERVISORS SPECIAL STUDY SESSION HELD ON JANUARY 24, 2018, 9:00 A.M., in CONFERENCE ROOM 302 located at EMBRY RIDDLE AERONAUTICAL UNIVERSITY, 3700 WILLOW CREEK ROAD, Prescott, Arizona.

CALL TO ORDER

Chairman Simmons called the meeting to order at 9:00 a.m.

PLEDGE OF ALLEGIANCE

Supervisor Smith led the Board and audience in the Pledge of Allegiance.

ROLL CALL

Present:

Rowle P. Simmons, Chairman
Randall W. Garrison, Vice-Chairman
Supervisor Thomas Thurman
Supervisor Craig L. Brown
Supervisor Jack R. Smith

Absent:

None

Kim Kapin, Clerk of the Board, called roll and informed the Chairman a quorum had been met.

STUDY SESSION

I. **FY 2018/2019 Budget** - Phil Bourdon, County Administrator and Donna Fagan, Budget Manager

Phil Bourdon, County Administrator, showed a PowerPoint regarding the FY 2018/2019 Budget that included:

- Overview
- State Shared Sales Tax FY 2017/2018 – Year to Date the tax was up \$491,000.00 over the previous year.

Supervisor Brown asked if the projections from the Arizona Department of Revenue were more accurate than for previous years. Mr. Bourdon noted they were.

- County Sales Tax FY 2017/2018 – Year to Date tax was up \$270,000.00
- General Fund Vehicle License Tax FY 2017/2018 – Year to Date tax was up \$276,000.00
- Gas Tax (HURF) FY 2017/2018 – Mr. Bourdon noted that the revenues were down \$55,000.00 to date and additional revenues were expected later in the year.
- Current Economic Data – There was a steady climb in permit activity year to date.

Supervisor Thurman added that 41 permits came into the Development Services Department the previous week.

Supervisor Brown said there had been many property splits in his district, but they were outside the Active Management Area.

Supervisor Smith noted that there was a bill discussing the possibility of splits being made in half-acre increments.

- Budget Status – January 2018
 - PILT and SRS update – Mr. Bourdon said that neither program had been funded by Congress, but he said there were reasonable expectations that Payment in Lieu of Taxes (PILT) may be approved. He added that it was a \$3.1M revenue source. He did not feel the Secure Rural Schools (SRS) program would return, as it had lapsed for two years.

Supervisor Brown added that the worst-case scenario should be considered, meaning no revenue from PILT, SRS and the Jail Tax extension not passing.

- Total County Budget FY 2017/2018 Expenditures by Fund Type – Mr. Bourdon focused on debt service and said it would lower in the coming year. A refinance payment the previous year skewed the numbers.
- General Fund Expenditures by Service FY 2017/2018 – the majority of the fund was spent on law enforcement – 51 percent

- General Fund Revenues – FY 2017/2018 – Property taxes were responsible for 38 percent of the revenues and the County was at 80 percent of the levy limit.
- Yavapai County Property Tax – FY 2017/2018 - The General tax was 17 percent of the total taxes assessed to property owners.
- State Budget Update – Mr. Bourdon said the state proposed a structurally balanced budget last year, but it went into a deficit. The Governor had again proposed a structurally balanced budget for the coming year. Mr. Bourdon added that the Governor should think about including long-term cost shifts for the counties, rather than one year at a time.
- CSA budget priorities for counties
 - Eliminate Arizona Department of Juvenile Corrections (ADJC) fee, as it was and 11.3M hit to counties the previous year
 - Eliminate the Arizona Department of Revenue fee, which is assessed to local governments for Arizona Department of Revenue (ADOR) services
 - Eliminate payments to Arizona State Hospitals for sexually violent persons
 - Maintain rural counties' share of lottery revenues
 - Fix Elected Officials Retirement Plan (EORP) and Hold Counties Harmless
 - Maintain financial "flexibility language"

There was a discussion about the County not receiving lottery money and the possibility of the state floating the rate for EORP the coming year. Mr. Bourdon said it was a state retirement plan and he feared the cost would be passed to the counties. He noted that the state may float over 60 percent of the plan, which would be around \$900,000.00 to Yavapai County.

Supervisors Brown and Smith added that the cost would have to be added to the additional costs of the Public Safety Personnel Retirement System (PSPRS) payments and other sweeps.

Mr. Bourdon said the state may try to create a revenue source for the counties. He noted that was how the one-half cent sales tax became available to the counties.

Supervisor Brown said that type of shift made the county look like the bad guy. He postulated that the state would then say the counties did not need the money that came from the state, because the counties were making enough through their taxes.

- CSA legislative priorities for counties
 - Transportation and Infrastructure – public road maintenance and primitive designation; domestic drinking water treatment and distribution system. This would allow a county improvement district to acquire, construct, or improve a domestic drinking water treatment and distribution system or a combination of such projects

- with funds from the Water Infrastructure Finance Authority (WIFA).
 - Government efficiency – zoning notice service
 - State land payments – This would enable the State Land Commissioner to accept additional payment options, instead of only cashier's checks, on sales and auctions of state land.
- CSA legislative priorities for counties (cont.)
 - Criminal justice – Mr. Bourdon noted that the County Supervisors Association (CSA) would work on allocating financial resources to counties to assist with providing mandated attorney services for indigent defendants in juvenile dependency matters, due to recent increases in costs associated with these cases as a result of the overhaul of the child protective services system in Arizona.
 - County financing and budget – Eliminate the county Disproportionate Uncompensated Care (DUC) payments to the state.
 - Change the existing general fund one-half cent sales tax authoring to allow a five-member board of supervisors to levy the tax with a super-majority vote, rather than a unanimous vote.
 - Draft FY 2018/2019 County Budget
 - Revenue projections – the preliminary Net Assessed Value (NAV) increased 5.6 percent from the previous year.
 - New construction increases of \$51M would translate into approximately \$890,000.00, of additional levy potential in the General Fund and would not require a Truth in Taxation Hearing.
 - Allocation of county ½ cent sales tax revenue FY 2018/2019: 45 percent General Fund; 40 percent Regional Road Program and 15 percent Capital Program
 - Expenditure projections – Mr. Bourdon noted that all prior year approved capital or one-time expenditures from the General Fund had been removed. The Elections and Voter Registration budgets would be adjusted for the upcoming fiscal year and there would be no capital expenditures except for \$2.6M for county vehicles. Personnel costs were adjusted to current staffing with known benefit adjustments.

Mr. Bourdon added that the Public Safety Personnel Retirement System (PSPRS) retirement rates for FY 2018/2019 would increase in the General Fund \$297,000.00 and \$327,000.00, for the Jail District. He said the health insurance premium increase would be known in March.

 - Jail District – Mr. Bourdon said there was a transfer of \$697k above the Maintenance of Effort as part of the approved budget for FY 2017/2018. He estimated a 2.5 percent increase in that number for FY 2018/2019.
 - Arizona Long Term Care System (ALTCS) contribution to the State – the estimated increase was 1 percent from \$8.8M to \$8.9M.
 - The contributions in the draft budget remained the same as the previous year for

the Yavapai Family Advocacy Center, Community Counts, Yavapai County Cooperative Extension, Upper Verde Watershed Protection Coalition (UVTWPC), USGS Middle Verde Monitoring, the Verde Front, Arizona Wildfire Academy Scholarship, Economic Development Organizations, MATFORCE and Sharlot Hall Museum.

- New Budget Considerations

Mr. Bourdon emphasized that the biggest consideration for the coming year was the outcome of the jail tax. In addition, the Board approved a permit software update the previous year and a timekeeping and scheduling system replacement would be forthcoming.

Supervisor Smith discussed a pilot program in Yavapai County to let the Sheriff determine if someone had mental issues and determine ways to keep that person out of jail. He noted the program would be 100 percent funded by the state.

- Budget prep schedule

Mr. Bourdon discussed the schedule for the budget, noting that the budget instruction packet would be delivered to the departments on February 20, 2018.

There was a discussion about the contingency fund and the addition of staff.

Mr. Bourdon suggested that the Board begin to prioritize issues the day after the election on May 16, 2018.

YAVAPAI COUNTY JAIL DISTRICT Minutes of Meeting January 24, 2018

The Board of Supervisors resolved into the Board of Directors of the Yavapai County Jail District.

Present: Rowle P. Simmons, Chairman; Randall W. Garrison, Vice-Chairman; Craig L. Brown, Member; Jack R. Smith, Member; Thomas Thurman, Member.

Also present: Phil Bourdon, County Administrator; Martin Brennan, Board Counsel; Kim Kapin, Clerk of the Board.

- II. **Yavapai County Jail District - The Board of Supervisors will resolve into the Board of Directors of the Yavapai County Jail District and following consideration of this item will reconvene as the Board of Supervisors - Update on May 15, 2018 Election.** Phil Bourdon, County Administrator

Mr. Bourdon thanked the Board for their time talking to various groups in the County regarding the Jail Tax extension. He noted that they received good feedback from those meetings.

He noted that 60 presentations had been scheduled and 32 made to date, and discussed the

schedule for the publicity pamphlet.

Mr. Bourdon talked about the importance of the elected officials stating their opinions during interviews and presentations and said that staff was only allowed to educate the public.

Supervisor Thurman hoped that all departments understood that the impact to each department would be huge if the jail tax did not pass.

Mr. Bourdon said he would convey the information to them so they would not ask for anything extra in their budgets.

ADJOURNMENT

There being no further business to discuss, the Study Session of the Board of Supervisors held on January 24, 2018, adjourned at 10:05 a.m.

Rowle P. Simmons, Chairman

ATTEST:

Kim Kapin, Clerk of the Board

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Study Session of the Board of Supervisors of Yavapai County, Prescott, Arizona, held on the 24th day of January, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2018.