



OFFICE OF THE COCONINO COUNTY BOARD OF SUPERVISORS

SPECIAL SESSION MINUTES (BUDGET)

Wednesday, May 3, 2023, 9:00 a.m.

In Person at Highlands Fire Station

3350 Old Munds Highway, Flagstaff (Mountainaire), AZ 86005

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, Deputy County Manager Andy Bertelsen, Finance Director Siri Mullaney, Budget Analyst Erin Beckett, Budget Analyst Chris Bringard, Special Assistant to the County Manager Corey Ringenberg and Clerk of the Board of Supervisors Lindsay Daley were present in-person.

Call to Order:

Chair Horstman called the Special Session to order at 10:05 a.m.

Deputy County Manager Sue Brown went over the agenda for the day.

1. FY24 Budget Discussion

The Board did not discuss item 1 until 1:10 p.m. (see content after the short lunch break)

2. Community Development Department FY24 Budget presentation and discussion

The Board started with item 2 at the beginning of the meeting. Deputy County Manager Andy Bertelsen introduced Community Development Director Jay Christelman and Director Christelman introduced Community Development staff that were with him.

Director Christelman thanked the Board for what was provided to the department last year. He spoke about the programs in Community Development.

Chair Horstman asked if there were any vacancies in Community Development and Director Christelman answered that there is an environmental engineering position/wastewater engineer

currently vacant and that they are recruiting for a Hydrologist. Supervisor Ryan stated that the wastewater position is unique and important.

Director Christelman spoke about the trends, challenges and needs for the Community Development department. He also spoke about the revenue of the department and how they had fee increases a little over a year ago and that revenues are in line with expenditures. Director Christelman also spoke about the impact of the 4 months of record winter. He also went over the permit volume.

Director Christelman spoke about the program for building and safety and being responsible for any structural permit. He explained that they have no paper in the office anymore, how the division has 100% in office attendance for employees. He also spoke about the accomplishments of the program being the GPAC computers and how they allow employees the ability to do their job in real time in the field. Director Christelman also spoke about the performance measures of the building and safety program.

Director Christelman spoke about the environmental quality program, the amount of staff for the program, and how they were one of the last divisions to do digital because of the requirements of the Arizona Department of Environmental Quality. He spoke about the outcomes, accomplishments, and performance measures of the program. He explained that the engineer needs to be a registered sanitarian and the current engineer has been working 19 hours a week. Director Christelman stated the position is hard to recruit and the current engineer wants to retire. Vice Chair Vasquez asked if there are any plans to develop employees in the area and Director Christelman answered yes that there is someone internal; however, the state has changed the applicable experience, so they are trying to work on an intern program.

Director Christelman spoke about the planning and zoning program. He went over the accomplishments of the program which included the renewable energy ordinance, Doney Park Area Plan, started working with the City of Flagstaff on the Regional Pan. He also spoke about the performance measures of the program.

Director Christelman spoke about the engineering division program, service outcomes and performance measures of the program. He also spoke about the flood hazard area and how property owners are required to have flood insurance if they have a mortgage.

Sustainability Specialist Nina Schmidt spoke about the Sustainable Building Program. She explained the mission of the program and how they have had over 250 projects and over 1,000 customers and have been providing outreach. She spoke about the certification program they have and how they use certified projects to educate the public. She also spoke about a pilot program they have that allows customers to opt out. She spoke about alternative technology, strategic initiatives and focusing on workforce development. She spoke about one of the challenges being that staffing has decreased since part of the sustainability program is now under the Manager's Office and they had previously worked together.

Vice Chair Vasquez asked if the program is cost prohibitive. Specialist Schmidt answered that yes, there are added costs for things like solar. She explained that they do work with Habitat for

Humanity and Housing Solutions and are strategic about what sustainability resources they use. She also stated that incentives are great. She spoke about how they had a real estate initiative and contractors are spending more money to make sustainable homes; however, it is not reflected in the value.

Upon questions from the Supervisors, Specialist Schmidt spoke about streamlining processes and following up on leads from inquiries. She also stated that they are educating staff in the building department to help get information out regarding sustainability. Director Christelman explained that one of the successes out of last year's budget was a program they did to get a design for container homes that is permitted by the county and that the public can use with an affordable fee, because there has been a tremendous interest in shipping containers being used for homes.

Director Christelman spoke about the code enforcement program and how Mark Stento came back to the program and has been training the dark sky office. He also spoke about how staff have been working with the Attorney's Office on permit tracking software to work better for code enforcement. Chair Horstman explained that people say that they put a complaint in but don't hear back and asked Director Christelman to speak to the complaint process. Director Christelman stated that staff usually respond within 48 hours and that there is a complaint line and weblink. He stated that they get an average of 300 inquiries and roughly 1/5 turn into a code enforcement case.

Business Manager Rachel Davis spoke about the increment and carryover requests for the community development department. She also spoke about the performance measures.

Supervisor Ryan spoke about how there are other area plans due for updates and asked what resources are needed to do those. Director Christelman explained that there is no staff capacity to take on anything more right now with the regional plan and county comprehensive plan being worked on. Chair Horstman stated that she would like this to be brought to the Board to see what the staff's recommendations are for priorities of plans.

Director Christelman explained that there are funding requests for short-term rental staffing and a vehicle. Chair Horstman stated that she hopes this will be self-sustaining from the fees to pay for the 1.5 employees. Director Christelman explained that the fee will be used for administration of the permit not the administration of complaints. Director Christelman then provided information on the financial overview of the department.

County Manager Peru explained the recommendations of their office regarding the community development funding requests.

County Manager Peru answered questions regarding vehicle requests and upon a question, explained that the community development sustainability program is located at community development and the community engagement sustainability program is located in the Manager's Office.

The Chair called for a break at 11:18 a.m. and then reconvened the meeting at 11:33 a.m.

3. Parks and Recreation Department FY24 Budget presentation and discussion

Deputy County Manager Andy Bertelsen spoke about the parks and recreation department and the awards they received for the Archuleta Park, and public art.

Parks and Recreation Director Cynthia Nemeth introduced staff from the parks and recreation department. She explained that they do their best to offer diverse recreational activities, and that they have four programs including administration, county fair, parks maintenance and programs and services. She spoke about how they also provide support to events that come to Ft. Tuthill County Park, provide recreation programs for youth and adults and how they now have a recreation on wheels program. Director Nemeth provided information on the organizational chart of the department and how they rely on 10 temporary positions seasonal in nature. Director Nemeth spoke about the trends, challenges and needs of the department. She stated that trends include pickleball, water shortages, water strategies, increased requests for special events outside of typical season, requests for multi-day events and festivals, and an increase in participation in the fair. She also went over the challenges which included impacts they may see from Northern Arizona Healthcare building a hospital next to Ft. Tuthill County Park. The challenges and needs she spoke of included the need for directional signs, filling vacancies, needing snow removal equipment, needing a master plan for Ft. Tuthill County Park, need staff to keep up with the day-to-day activity on weekends and maintaining facilities. Director Nemeth went over the administration program and spoke about the service delivery, outcome of services, goals and objectives of the program and performance measures. She also spoke about grants and congressional funding and water sewer project around the quad. Director Nemeth spoke about the County Fair program, service delivery, goal to increase entries and work with 4H programs, and she went over the outcome. She also spoke about working with partners, stem activities, livestock showing, revamping fair buildings and making some of them usable throughout the year. She spoke about the accomplishments and performance measures of the program as well.

Chair Horstman stated she would like to see the County booth at the fair in a prominent area and that she looks forward to having discussions on parking at Ft. Tuthill and snowplay. Supervisor Ryan mentioned cleanup is challenging with the snowplay that occurs at Ft Tuthill. Supervisor Begay asked Director Nemeth to send the trends, challenges and needs information for their packets.

Director Nemeth provided information on the operations and maintenance program and how most of the facilities are around flagstaff except for the Tuba City Park. She spoke about the good partnership the County has with the City of Williams for Cataract Park and the agreement with Arizona Trails to help with development and volunteer maintenance of trails. She spoke about the staffing at the Tuba City Park. Supervisor Begay stated it is good there is staff at the park because there can be fights and alcohol use. Director Nemeth stated she is excited about the possibility of the Tuba City Service Center because it may bring more positive activity to the area. Director Nemeth spoke about the goals, objectives, accomplishments and performance measurers for the program.

Chair Horstman stated that she is interested in expanding the RV Park at Ft. Tuthill Park and getting it updated and Director Nemeth stated that they do have some interest from the private sector now that sewer is there.

Director Nemeth spoke about the Natural Resources program and the service delivery, outcome of services, goals and objectives, accomplishments and performance measures of the program. Director Nemeth also provided information on the recreation program and spoke about the service delivery, outcome of services, goals and objectives, and performance measures of the program. Director Nemeth also spoke about the increment and carryover funding requests for the parks and recreation department.

Supervisor Ryan stated he doesn't want a fee for everything but that there is a greater impact. Supervisor Fowler showed her appreciation for the County joining the trail alliance. She also stated that the county vehicle program may need to be re-evaluated because several departments are requesting vehicles and vehicle replacement. Supervisor Fowler also stated that more investments are going into Ft. Tuthill Park and that with Northern Arizona Healthcare (NAH) going in next to the park there may be a need for a study to be done, through Northern Arizona University, on the economic impact. Director Nemeth stated that they were hopeful that NAH would participate in funding a Master Plan for Ft. Tuthill Park. Supervisor Begay stated that the NAH issue is a concern and that they need to think about access to the park. Upon a question from Vice Chair Vasquez about when there has been a traffic study regarding the Park, Supervisor Ryan stated there may have been one done when ADOT did the roundabouts at the entrance of the park. Deputy Manager Lucinda Andreani stated there was a traffic plan for the COVID activity at the park and there may be traffic counts from past fair activities. Deputy Manager Andy Bertelsen explained that there is a need a snowplay and how having it at Ft. Tuthill Park has taken pressure off traffic in the city. He also mentioned there is no public transportation to the airport or to Ft. Tuthill currently. Supervisor Ryan stated that parking at the Park needs to be looked at and a traffic study needs to be done to show what happens when there are events at the park. Chair Horstman stated that NAH needs to start working with the county to address some of the concerns the county has raised.

Deputy County Manager Sue Brown went provided information on the recommendations from the Manager's Office regarding the parks and recreation department's increment and carryover requests and what would be funded under the capital project list. She explained that they are not recommended the \$100,000 for the amphitheater at this time. Chair Horstman stated she likes the idea of a savings account for the revenue. County Manager Peru stated that projects can go to the capital project list but this year is limiting because of the expenditure limits. Vice Chair Vasquez asked for information regarding fleet and how many are or are going to hybrid vehicles for long-term. Chair Horstman stated the timing is bad for fleet needs because vehicle prices are high.

Deputy County Manager Brown explained that they would adjust the schedule for the day to work through lunch and push the flood item back.

Chair called for a lunch break at 12:52 p.m. and reconvened at 1:10 p.m.

The Board then discussed item 1 on the agenda.

1. FY24 Budget Discussion

Human Resources Director Erika Philpot spoke about the need for compensation of employees and the need for full-time employees and how they are looking at the 10-year financial model, and how they have not grown the organization, but have staff doing double duty which has created additional responsibility. She stated that they are recommending a 2.5% salary increase for county employees as part of compensation plan.

Finance Director Siri Mullaney spoke about the 10-year financial plan and showed how they are planning for recessionary drops in their outlook to FY32 and how they set aside money in last year's budget and looking at avoiding a deficit. She stated this is a good model and they want to make sure they are in balance on a recurring basis. She explained that they do not have a structural deficit forecasted with the recommended changes.

Director Mullaney answered questions regarding financing and explained that they have been working with bond counsel and how debt payback was in place for the Public Safety Personnel Retirement System (PSPRS). Upon questions, Director Mullaney explained that 4.2% is the new debt service they put in as a placeholder if approved and is part of the recommended budget, otherwise expenses will need to be cut. Director Mullaney explained that no department has had a change in their base budget during the period of the recession.

Supervisor Begay stated that departments are saying there is a need for more staff and that she is not sure how they will be able to maintain services. Chair Horstman stated that with the expenditure limit being an issue she is concerned that they are not cutting the budget but instead moving it forward and that they will make up the difference with short-term funding. She stated that as a Board they need to talk about that and how they will explain this to the public. She stated that they need to consider if they have a responsibility to cut the budget rather than do a short-term debt and that is what she is struggling with.

Director Mullaney reiterated that the County does not have a deficit and that instead the financing through debt is for needs over the long-term, that the County has cash on hand and is able to fund; however, due to the expenditure limit cannot. Chair Horstman stated she understands that but that the county will be paying a debt service if they do the financing. Supervisor Matt Ryan stated that if the Board does cuts to the budget instead then they will draw down their budget further and have to pay the consequences in the future and that again their limitation is that they have money but cannot spend it due to the expenditure limit.

County Manager Steve Peru stated that Coconino County has the lowest property tax in the state. Chair Horstman stated that something needs to be done regarding the expenditure limit. Director Mullaney stated that the financing debt allows the county to move some money.

Human Resources Director Erika Philpot presented information on the compensation plan and spoke about the efficiency wage theory. She provided information on turnover, retirements, and vacancy rates. She explained that turnover is coming down and spoke about current recruitments. She provided information on how many employees make less than \$20 an hour. She provided information how many employees are in each position grade and what the salaries are. She

provided information on take home pay for median employee. She went over the compensation table, compensation plan impact 2.5% merit with average, and the impact of a 2.5% increase for each position grade. She showed the difference between various scenarios for the take home pay of the various positions. She also explained a take home pay table for a new hire of an entry level position.

Supervisor Matt Ryan stated that he is wrestling with providing more salary increase to lower positions because that causes compression, and he wants to give those employees who put their time the benefit and have some level of gap, so a pay range is not compressing. He stated there is no perfect scenario.

Director Philpot spoke about compensation plan alternatives and how they have tools in place for employees to be successful.

Vice Chair Jeronimo Vasquez asked which compensation option is preferred by Human Resources and the Manager's Office. County Manager Peru stated he would like to get input from the Elected Official/Leadership Team on that. Chair Horstman stated she likes the option of 2.5% merit increase and the flat amount as this will avoid compression. Supervisor Judy Begay stated that evaluations are important and how are the increases justified if evaluations are not done year to year. She explained that she is still considering the options/scenarios. She also stated that having a 10-year financial plan is good but that they don't know what the future holds, and how do they justify the merit. She stated she understands that everyone needs raises but that she would like to consider it on a yearly basis. She also stated that they need to make sure that departments are fully staffed so that current employees do not burn out. She stated that these are hard decisions and that they need to discuss it. Supervisor Lena Fowler stated that she wishes they had all the money in the world, and that for the county staff's skill and talent there is a need for compensation. She also spoke about the cost of insurance going up for employees and that she would like to see employees get an increase and make employees whole.

Chair Horstman called for a break at 2:13 p.m. and then reconvened the meeting at 2:21 p.m.

4. Flood Control District FY24 Budget presentation and discussion

Deputy County Manager/Flood Administrator Lucinda Andreani spoke about the number of fire and flood events from the past year and thanked staff for working hard on the financials and 10-year plan. She spoke about how the district went through 8 years of a budget deficit and how it affects the management of cash flow. Administrator Andreani introduced staff with her. She showed a video of flood work being done in the Brandis drainage corridor. She also went over the organizational chart of the flood control district.

Administrative Manager Shaun Pooyouma provided information on the revenues and expenditures of the flood district from the past year.

Administrator Andreani went over the accomplishments of the districts including forest restoration of Bill Williams Mountain and the Readiness & Environment Protection Integration (REPI) program. She spoke about the FY24 post-wildfire flooding projects for 7 corridors, as

well as the FY24 Forest Restoration projects and explained those projects. She spoke about a piece of technology they are looking at for use. Administrator Andreani went over the funding increment requests for the district as well as forest restoration increment requests, which included an additional full-time employee for an Administrative Specialist III and an increase in temporary wages budget. She also explained that they are requesting office space for the district staff and recommending the purchase of a trailer to be put at public works.

Manager Shaun Pooyouma provided information on the district carryover funding requests, short-term projects and applying for funding for the Highway 89 corridor.

Manager Jeremy Floyd spoke about the 10-year financial plan and spoke about the 10-year financial plan for the Flood Control District. He provided information on the revenue estimates and base budget. Administrator Andreani spoke about paying off the deficit and committing to getting the reimbursements in quickly.

Supervisor Lena Fowler stated that the work is amazing as well as getting the funds to do the work with the assistance from Congressional representatives, and she looks forward to the projects getting done and having a safer community.

Upon a question from Vice Chair Vasquez on where the work is in relation to the monsoon season, Administrator Andreani stated that work will be done into the monsoon season to finish the projects. She explained that they will do what they can to get Highway 89 open, but it is up to ADOT to complete the work needed for it. Supervisor Judy Begay thanked Administrator Andreani for her work and going after funds and securing grants.

County Manager Steve Peru explained the funding recommendations from the Manager's Office and that they are in support of the funding request of the Flood Control District as it is not from the general fund. He also explained that they are looking at options for financing the acquisition of the requested trailer through the capital programs. Administrator Andreani stated they may need to roll in the capital costs to the overall county capital project list, as they are not over budget but need to be conscientious of the expenditure limit issue. Administrator Andreani also went over information regarding continuing financial impacts to the flood control district and risks. She stated that the City of Flagstaff did the right thing by having an impact analysis done regarding flooding.

Chair Horstman stated it is amazing what they have been able to get done in a short amount of time. Supervisor Ryan stated that they need to remind people that they can't do it all. Chair Horstman agreed and stated it has been "all hands on deck" to help the community and that they may not be able to keep up expectations.

5. Public Works Department FY24 Budget presentation and discussion

Public Works Director Christopher Tressler started to present on item 5 at 3:38 p.m. He introduced the various staff with him. He provided information on the program map for the department and went over the organizational chart for the department and said they are evaluating the need for the second Deputy Director position in Public Works. Director Tressler

explained how Public Works is funded and the challenges with the Highway User Revenue Fund (HURF) not changing since the 1980s, and how if the County had not done its own road tax that revenue for roads would be cut in half. Director Tressler spoke about the culture of Public Works and how they are addressing a compensation equity issue right now and trying to close the pay gap between the county and private industry in order to fill positions.

Deputy Director of Public Works Ray Garcia spoke about the Office of the Director program and provided information on their training and safety program, work being done on facilities, fleet charging stations, and increasing life expectancy of equipment. Upon a question from the Chair, Deputy Director Garcia explained the grades of positions and starting pay of \$19 an hour compared to the private sector starting at \$34 an hour for the same position.

Administrative Manager Jeremy Floyd provided information on the administration program.

Assistant County Engineer Nate Reisner provided information on the engineering program. He explained what they are able to do in-house and delivering projects and how they have to work with different agencies for things such as federal clearance and guidelines to get projects done, which can have many hurdles. He also spoke about the accomplishments of the program this year, how they are going after federal grants for projects and went over the projects slated for FY23 and also spoke about the pavement preservation program and roads included in that. He also spoke about the performance measures of the program and how there has been an increase in costs due to raw materials and everything coming out of Camp Verde and how they are looking at alternatives to bring the costs down.

6. FY24 Budget Discussion – 3:45 – 4:00 p.m.

Item 6 was not addressed by the Board due to time.


Chair Horstman adjourned the meeting at 4:08 p.m.

COCONINO COUNTY BOARD OF SUPERVISORS

(SEAL)


Patrice Horstman, Chair

ATTEST:


Lindsay Daley, Clerk of the Board of Supervisors

