

Maricopa County FY 2011 Recommended Budget

May 24, 2010

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Mission

The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.





Vision

Citizens serving citizens by working collaboratively, innovatively, efficiently and effectively. We will be responsive to our customers while being fiscally prudent.





DRAFT Strategic Priorities

- Ensure safe communities
- Provide all citizens with access to an effective, integrated justice system
- Promote and protect the public health of the community
- Reduce the environmental impact of County government and provide leadership to promote regional environmental sustainability

Scheduled for Board discussion and adoption June 7, 2010.





DRAFT Strategic Priorities

- Contribute to a safe and effective regional transportation system
- Provide assistance and educational opportunities to individuals so that they can improve their own circumstances and quality of life, and contribute to their communities
- Preserve and increase citizen satisfaction and trust in County government with efficient, effective, and accountable results

Scheduled for Board discussion and adoption June 7, 2010.





DRAFT Strategic Priorities

- Exercise sound financial management and build the County's fiscal strength
- Maintain a quality workforce and equip County employees with tools, skills and technology they need to do their jobs safely and well

Scheduled for Board discussion and adoption June 7, 2010.



Executive Summary





Budget Guidelines

Approved by the Board of Supervisors January, 2010

- Maintain Structural Balance.
- Assume flat primary property tax levy.
- No increases for employee compensation; no requests for funding above base target amounts.
- Capital improvement projects that can be funded within existing resources and meet the Board's strategic goal related to addressing infrastructure needs.
- New information technology projects considered only if they have a return on investment of 3 years or less.

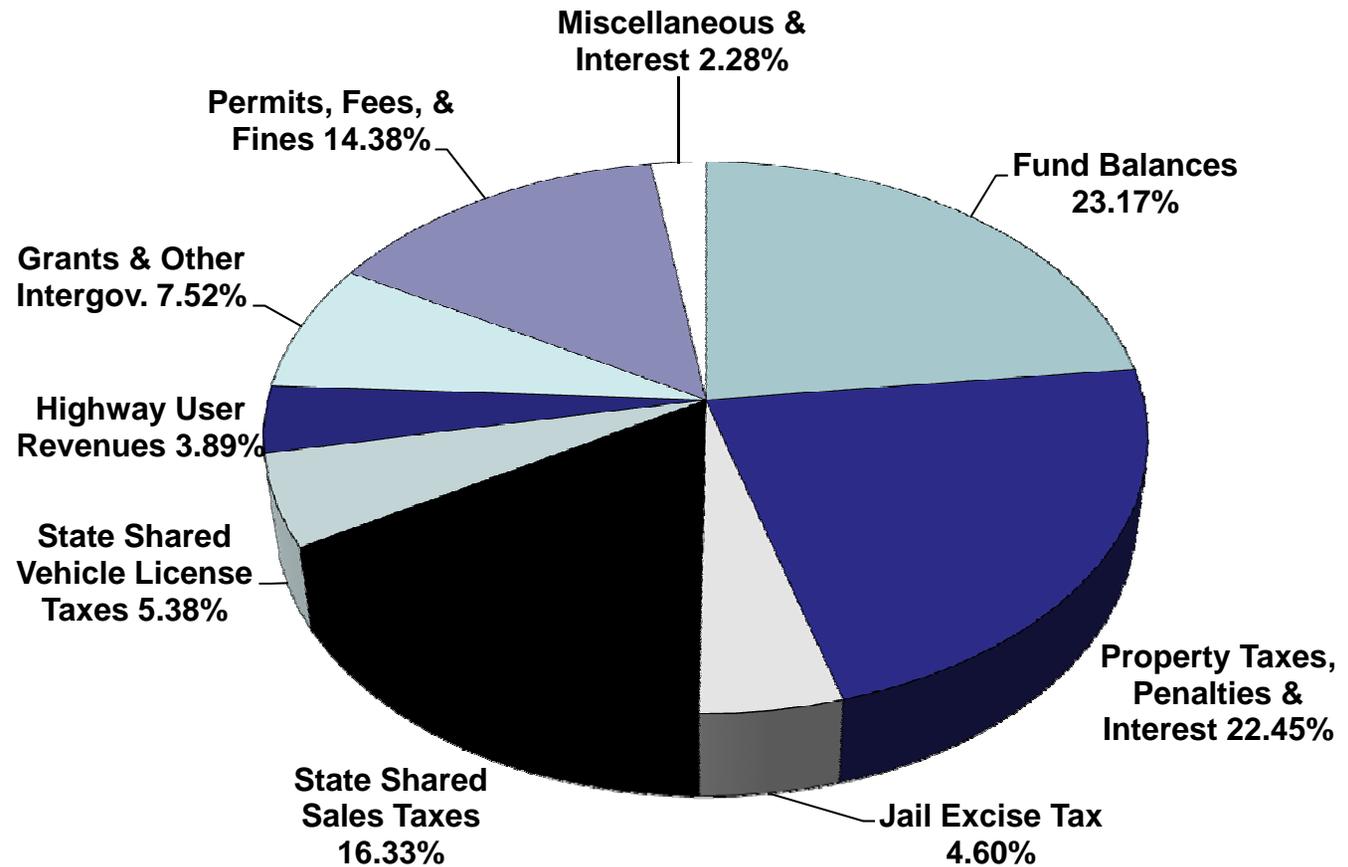


Structurally Balanced Budget

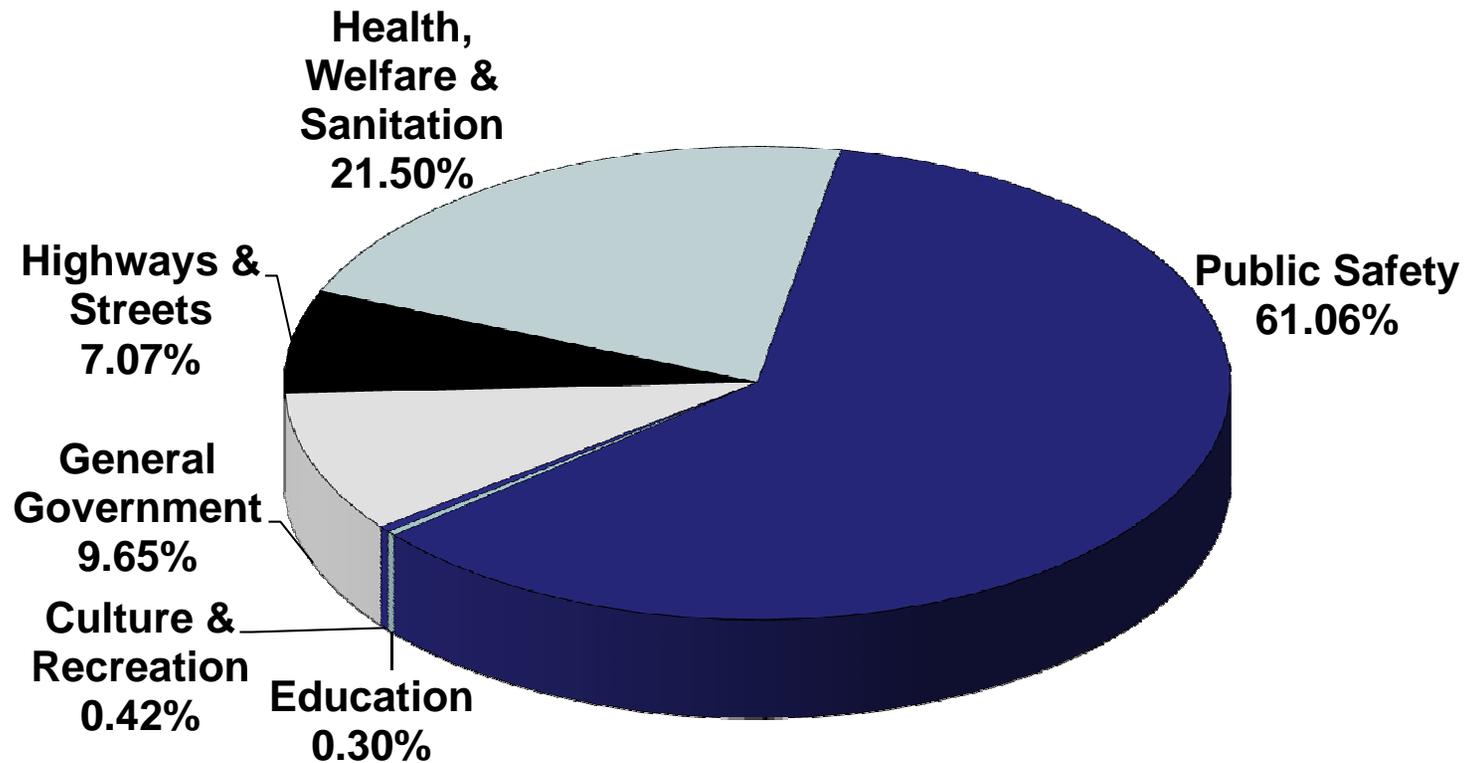


*Definition:
Reoccurring
revenues meet or
exceed reoccurring
expenditures*

FY 2011 Recommended Budget Sources of Funds: \$2,264,280,816



FY 2011 Recommended Budget Uses of Funds: \$2,264,280,816



FY 2011 Net Variance FY 2010 Revised Budget

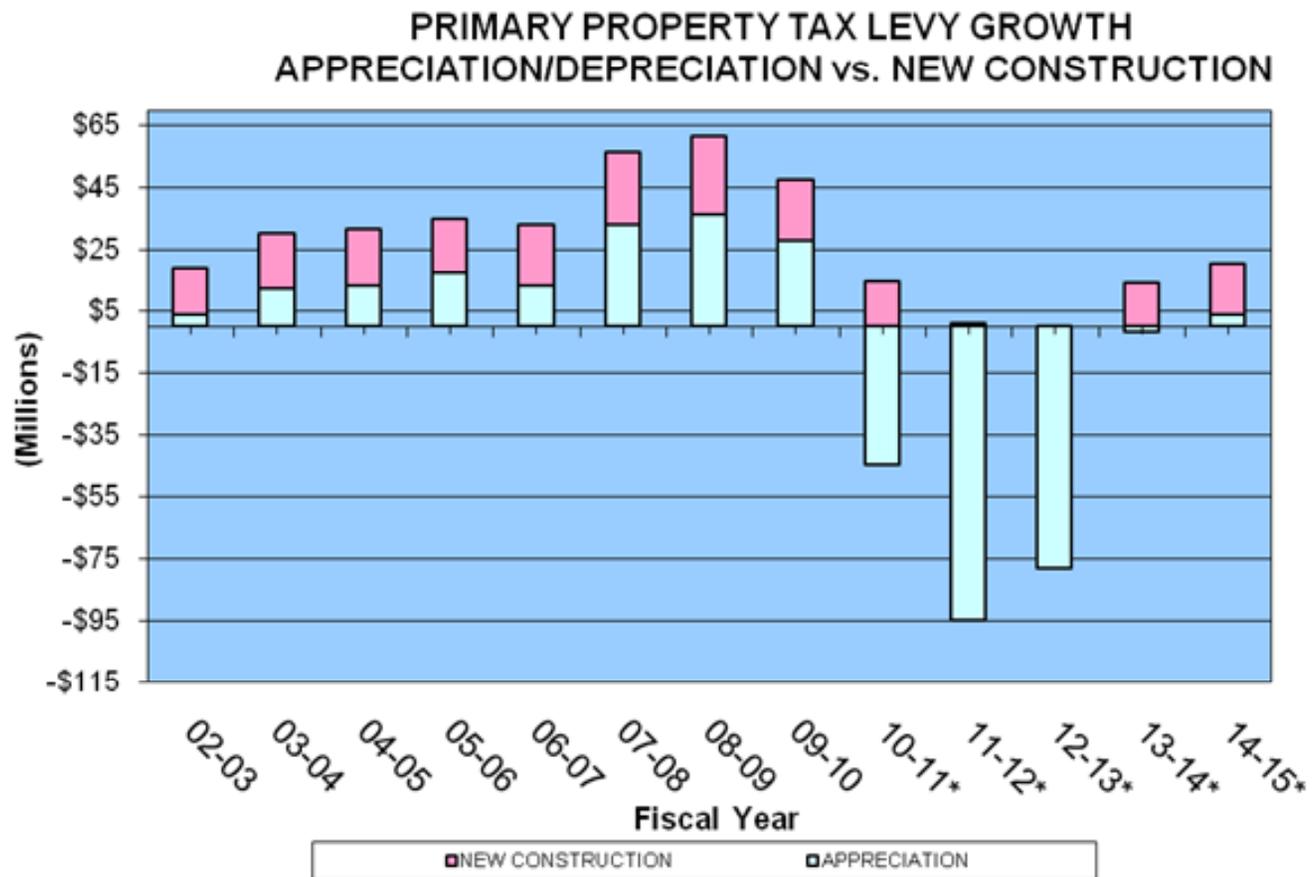
		(millions)	
	FY 2010 Revised	FY 2011 Recomm.	(Inc.)/ Dec.
Total County	\$ 2,198.0	\$ 2,264.3	\$ (66.3)
Total Operating	1,760.2	1,669.4	90.8
Total General Fund	1,274.2	1,373.7	(99.5)
General Fund Operating	1,090.3	1,075.6	14.7



Revenue Trends



Declining Property Tax Values

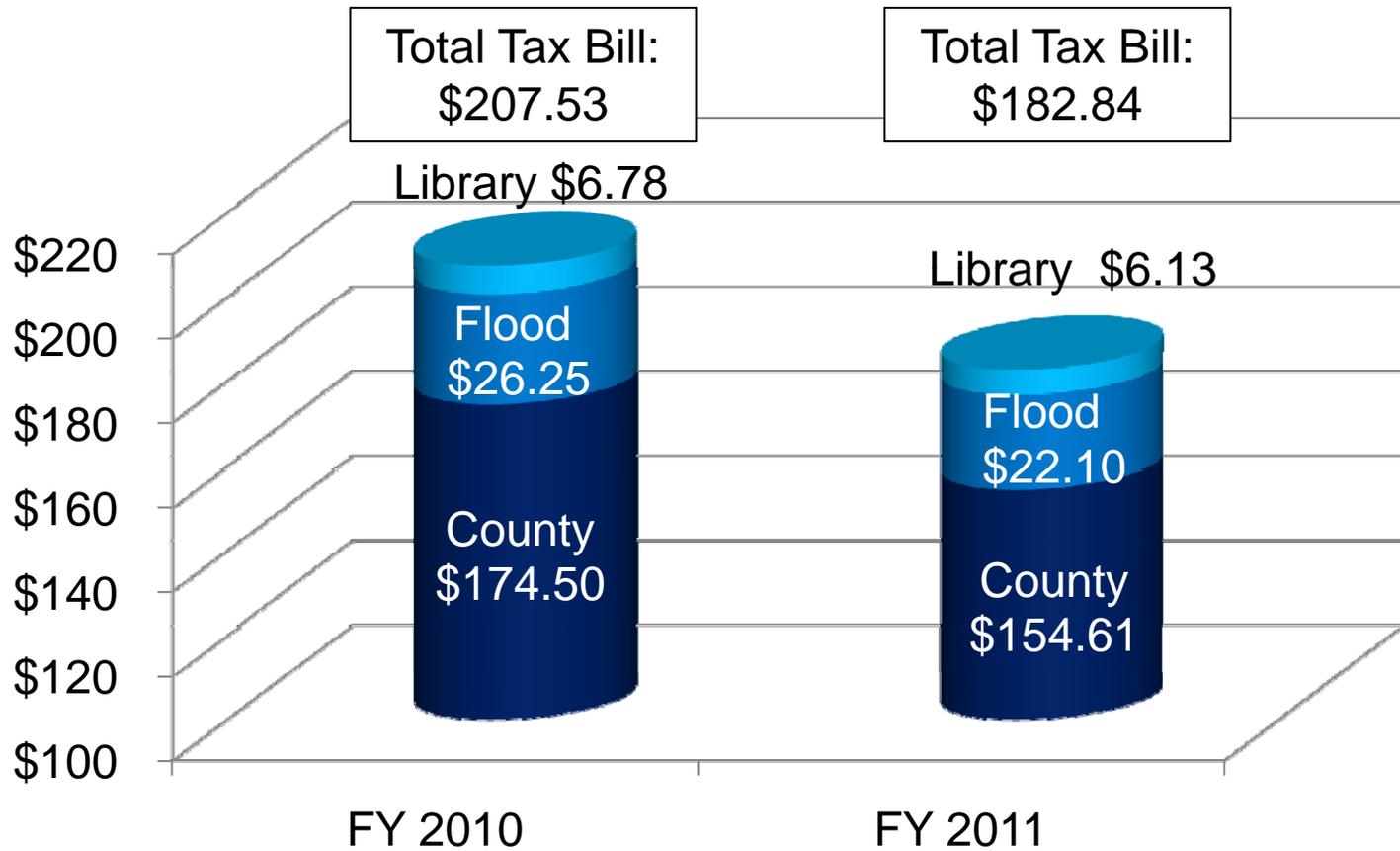


*Forecast: Source Elliott D. Pollack & Co.



Homeowner Property Tax Bill

FY 2011 Savings: \$24.69 (11.9%)



Residential Median Values (Full Cash): FY 2010: \$192,000 FY 2011: \$148,800





“Truth in Taxation” Notice

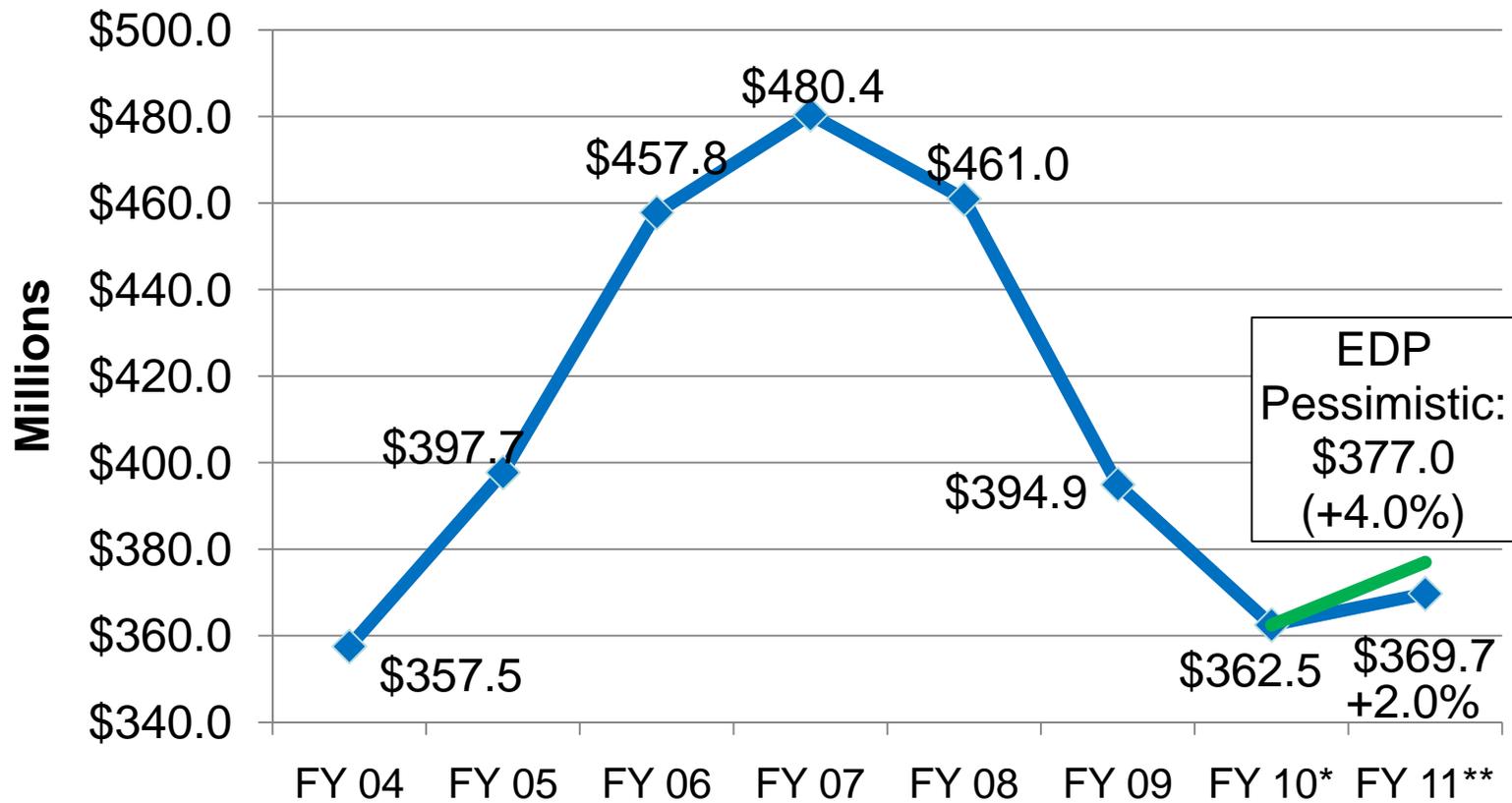
Truth in Taxation Hearing Notice of Tax Decrease

In compliance with section 42-17107, Arizona Revised Statutes, MARICOPA COUNTY is notifying its property taxpayers of MARICOPA COUNTY’S intention to lower its primary property taxes over last year's level. MARICOPA COUNTY is proposing a decrease in primary property taxes of \$14,975,172. For example, the proposed tax decrease will cause MARICOPA COUNTY’S primary property taxes on a \$100,000 home to decrease from \$108.38 (total taxes that would be owed without the proposed tax decrease) to \$105.18 (total proposed taxes including the tax decrease).

This proposed decrease is exclusive of increased primary property taxes received from new construction. The decrease is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax decrease that is scheduled to be held at 10:00 AM June 21, 2010 at the Board of Supervisors Conference Room, 301 W. Jefferson, Phoenix, Arizona.

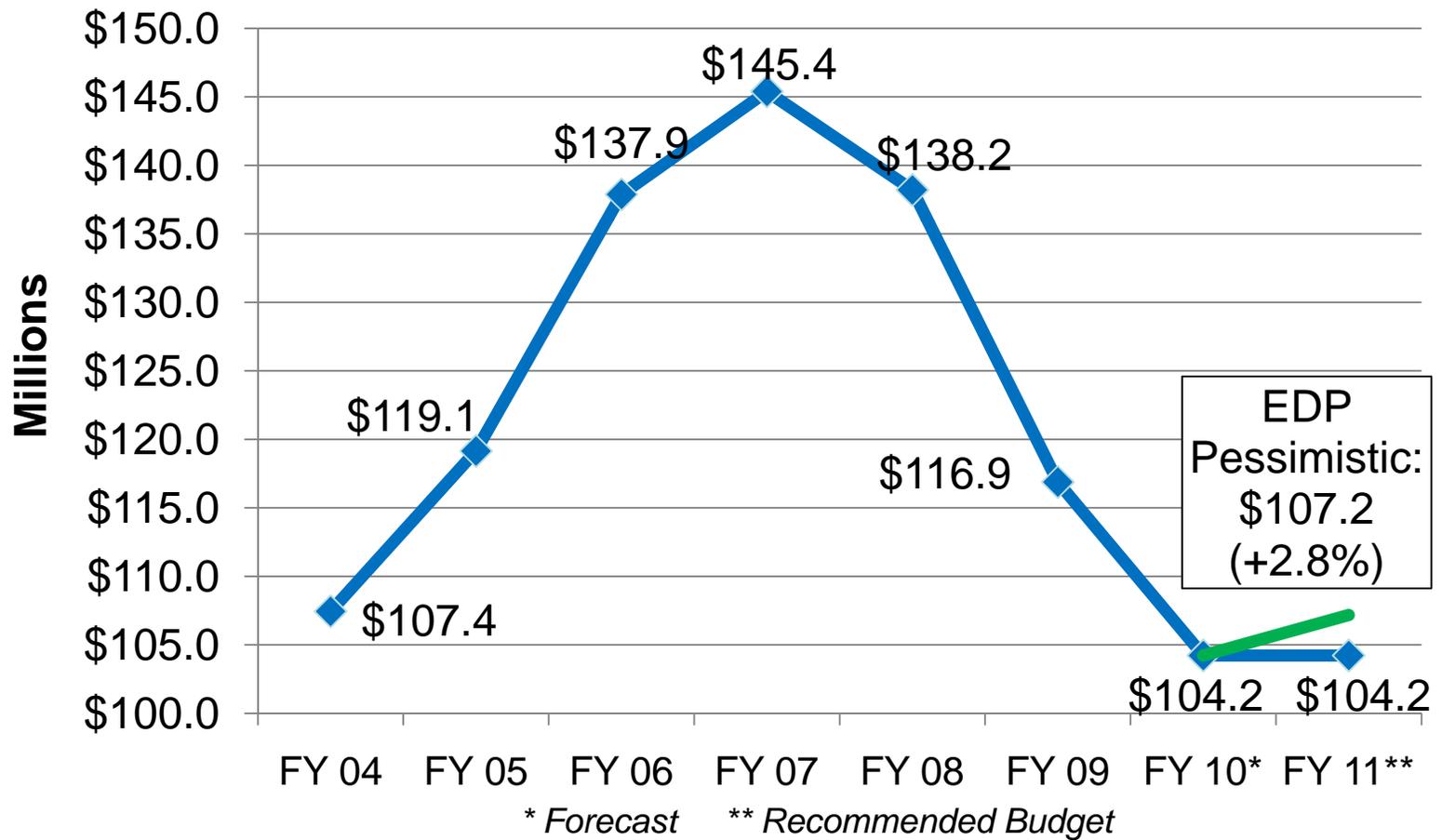
State Shared Sales Tax



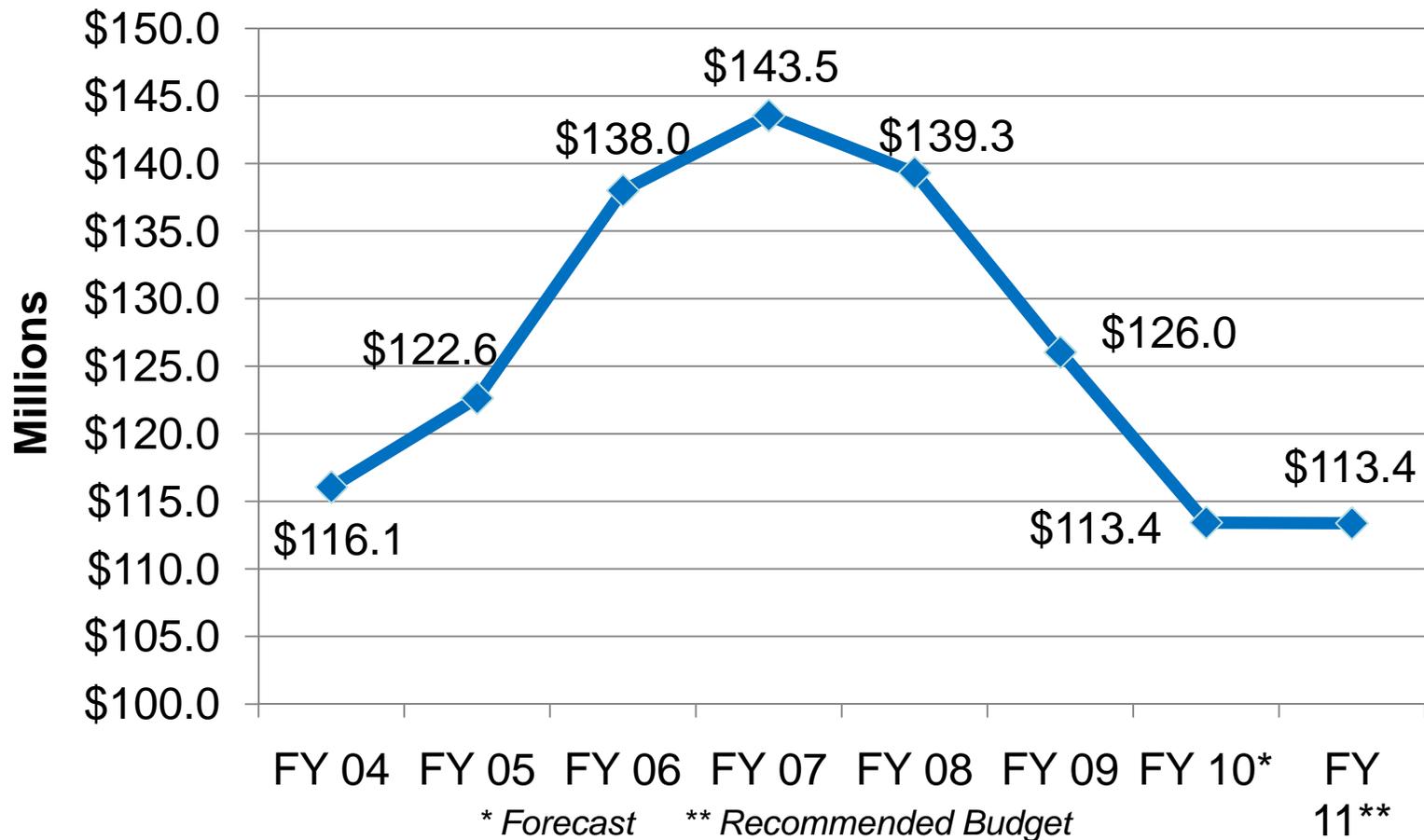
* Forecast ** Recommended Budget



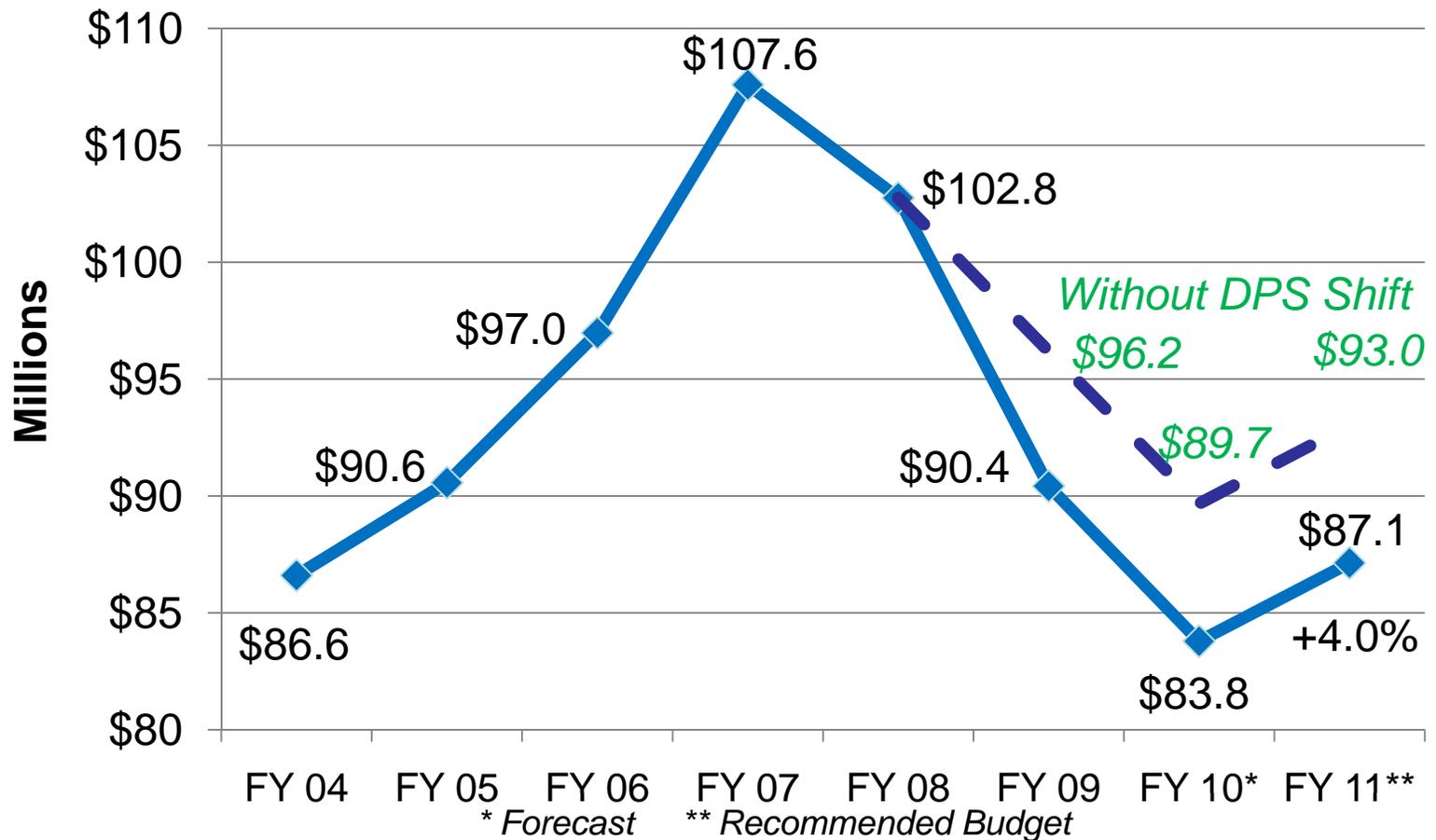
Jail Excise Tax



Vehicle License Tax



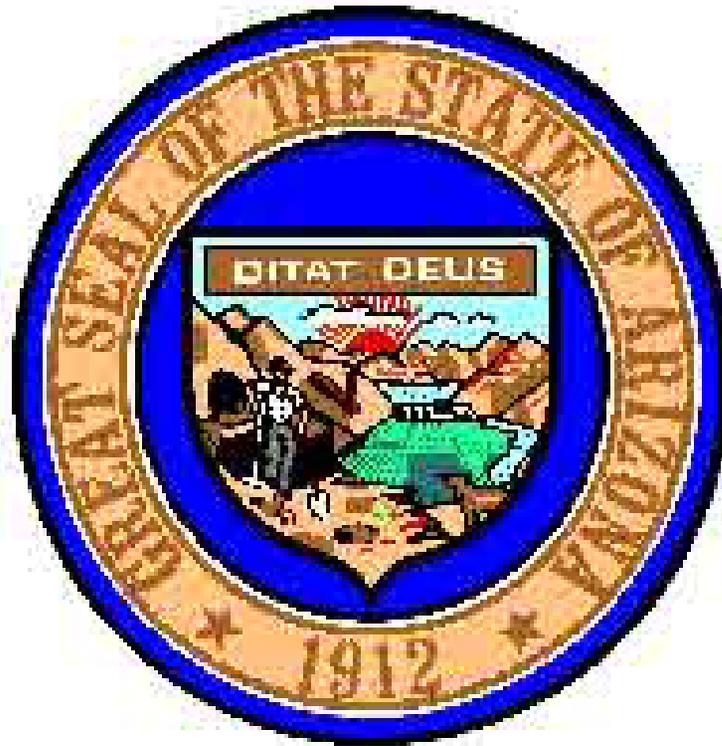
Highway User Revenue



Threats



State of Arizona Budgetary Threats





State of Arizona Threats

- Increasing “County Contributions” - \$28.6 million for FY 2011
- Continued HURF Diversion to DPS
- Continuation of 25% payment for Sexually Violent Persons housed at the Arizona State Hospital – caseloads escalating beyond County control
- Juvenile Corrections – Department sunsets June 30, 2011; Commission stacked against counties

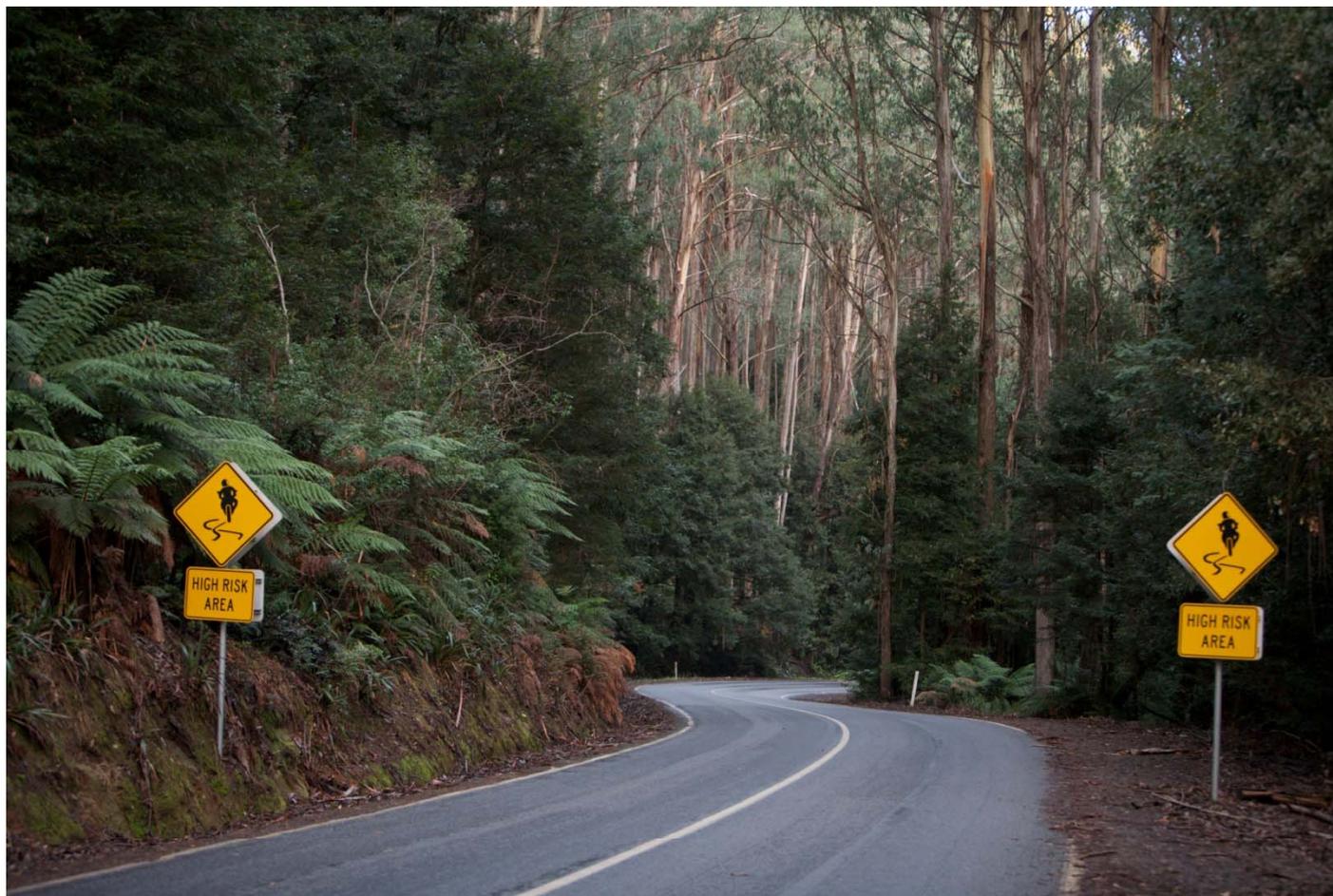


Maricopa County Forced Funding of State Deficit: **\$125.6 million**

	FY 08	FY 09	FY 10	FY 11	TOTALS
Mandated Contribution	\$ 5.50	\$24.17	\$19.01	\$28.60	\$ 77.28
Sweep ALTCS Refunds		11.08			11.08
HURF Diversion to DPS	5.89	5.89	5.89	5.89	23.56
Divert Lottery Revenue			0.02	0.25	0.27
25% SVP Payments			2.00	3.14	5.14
100% Judges' Salaries				8.25	8.25
	\$11.39	\$41.14	\$26.93	\$46.13	\$ 125.59



MCSO Issues



Maricopa County Budgetary Threats from the Sheriff's Office

- Internal lawsuits initiated by the County Sheriff still pending
- Lack of compliance with Board policies and State statutes
 - Funded Position Policy
 - Procurement Code
 - Travel Policy
- Non-compliance with Fair Labor Standards Act issues at MCSO; resolution pending





Technology Risks

- Zone 2 network infrastructure is slowly proceeding with Court approval
- End of life telephone and radio systems
- Infrastructure at Durango, Southeast Regional and other remote campuses



Economic Indicators





Outlook: Elliott D. Pollack and Co.

We are in a recovery, but we have yet to fully recover. Years not months.

The recovery will still be very weak as consumers will still be a drag on the economy.





Economic & Demographic Trends

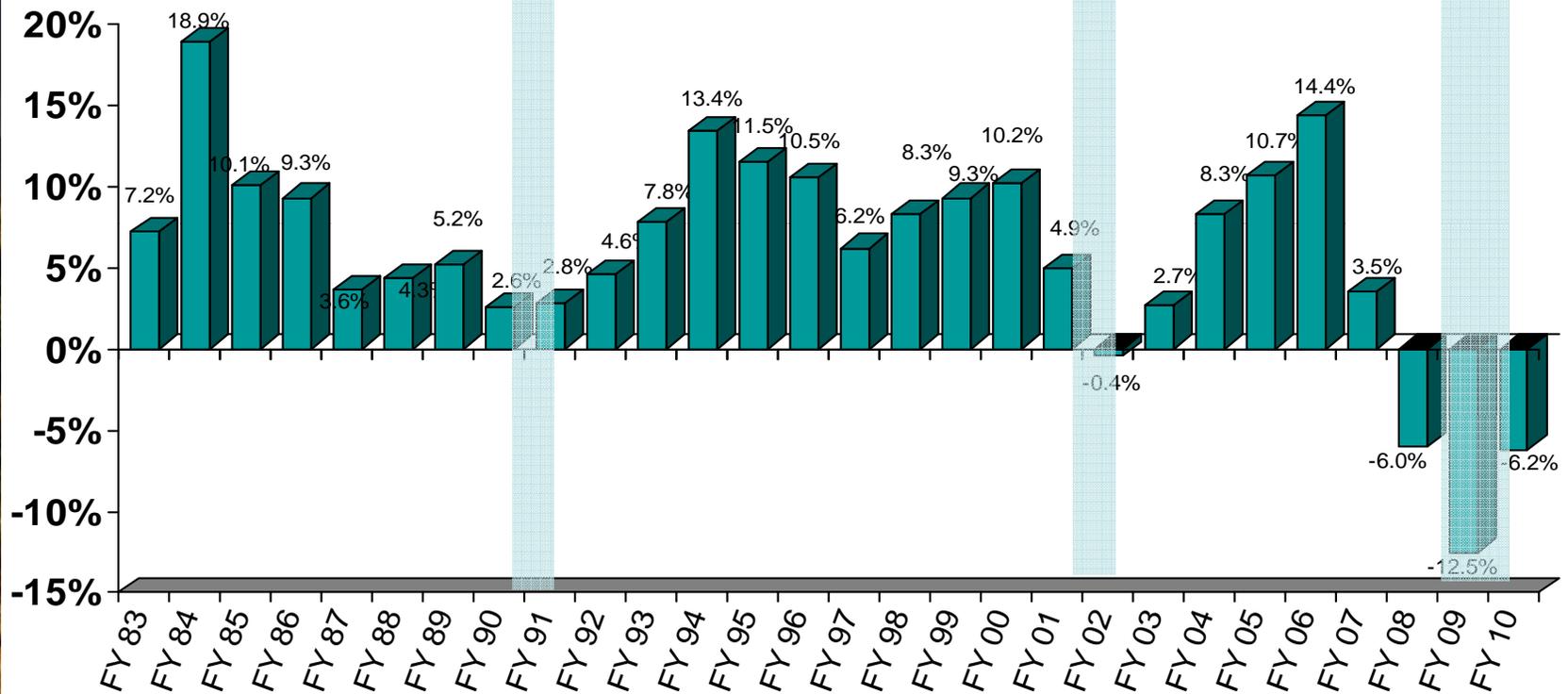
“There will be downward pressure on the economy from weak consumer demand for another year or two. Consumers are still feeling financially impacted from the recent recession. As of the end of 2009, consumers were beginning to spend more on both durables and non-durables. However, they were also still spending nearly 18% of their incomes on past purchases, owe more on their homes than they are worth, and are reporting very little confidence in the economy.”

- Elliott D. Pollack and Co., April 2010



Maricopa County Retail and Restaurant & Bar Sales by Fiscal Year

Annual Growth FY 83 – FY 10*



Source: ADOR

* Fiscal year-to-date through February 2010

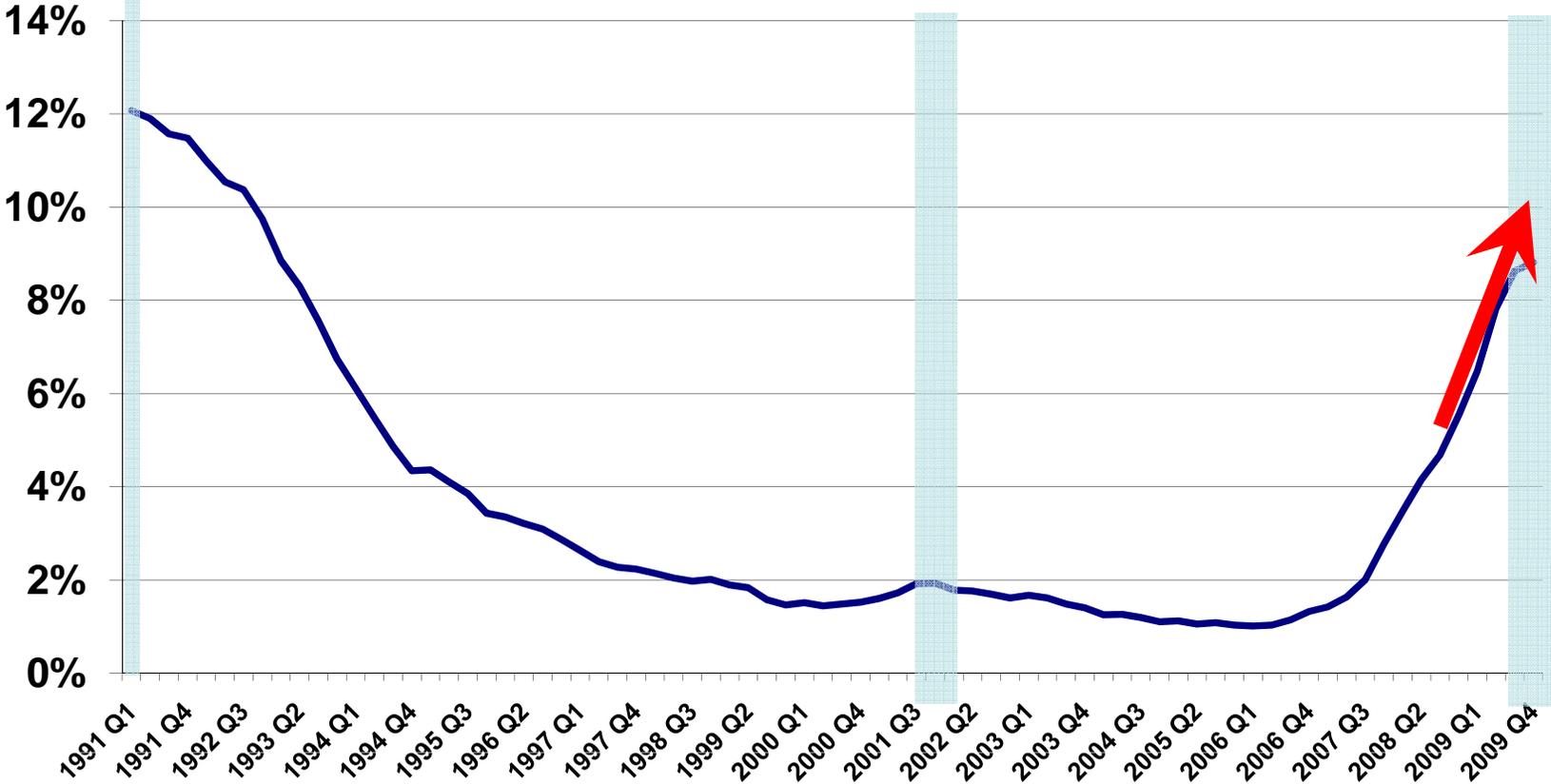
Recession Periods



Problem Commercial Real Estate Loans Rise Delinquency Rates at Commercial Banks 1991 – 2009*

Source: Federal Reserve

Recession Periods

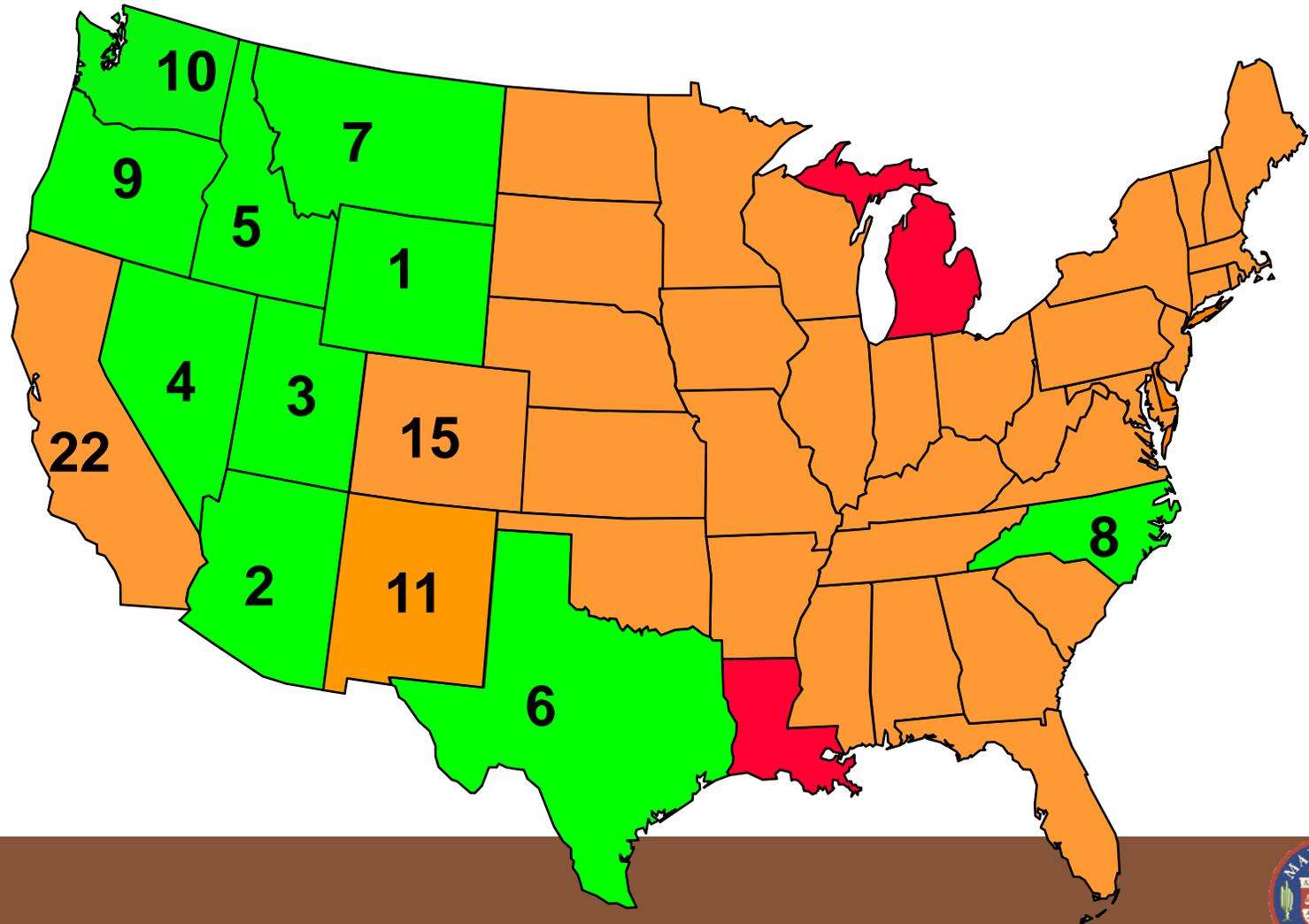


* Data through fourth quarter 2009



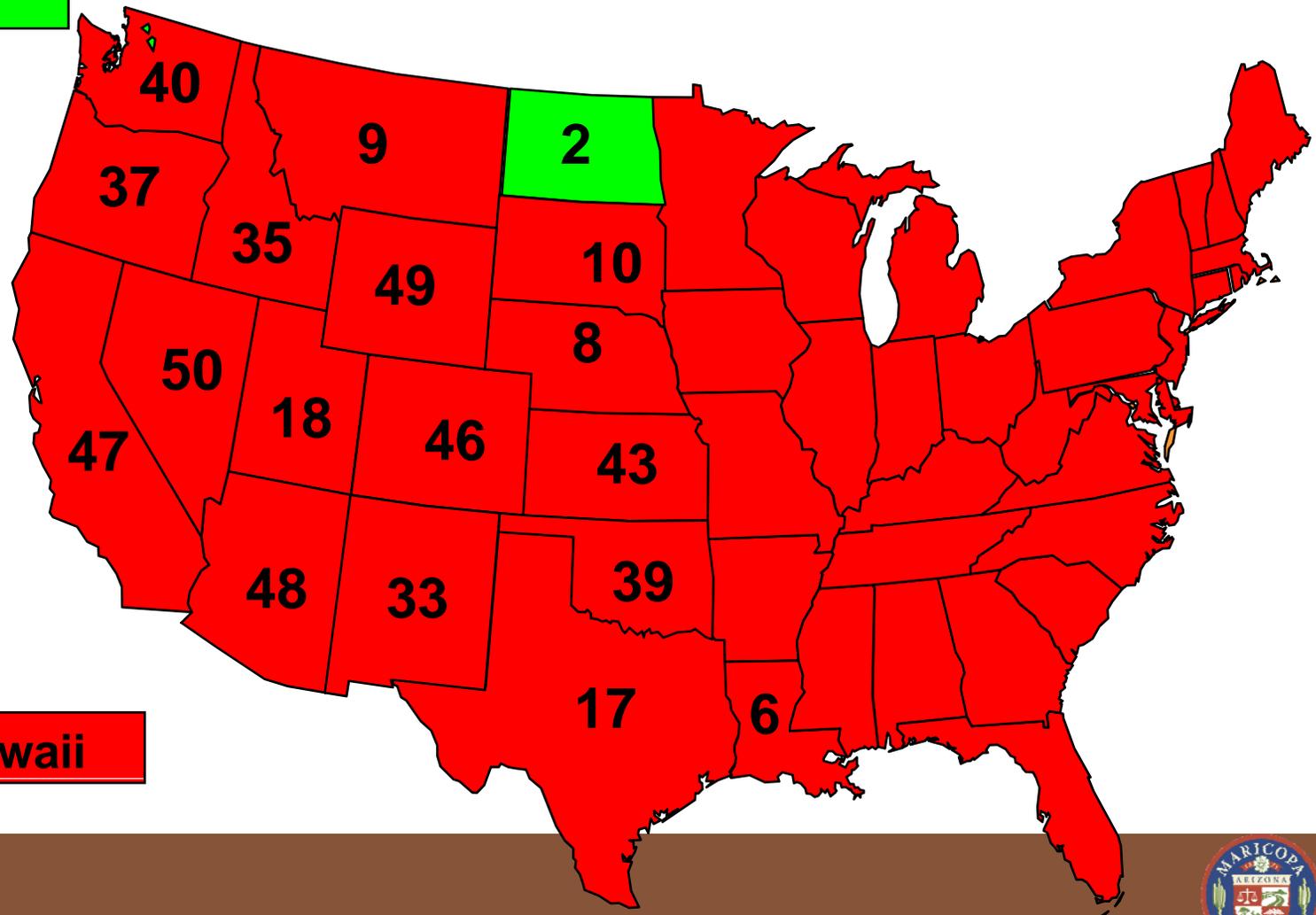
Job Growth 2006

Source: US BLS



Job Growth Update: Feb. 2010 vs. Feb. 2009

Alaska
1



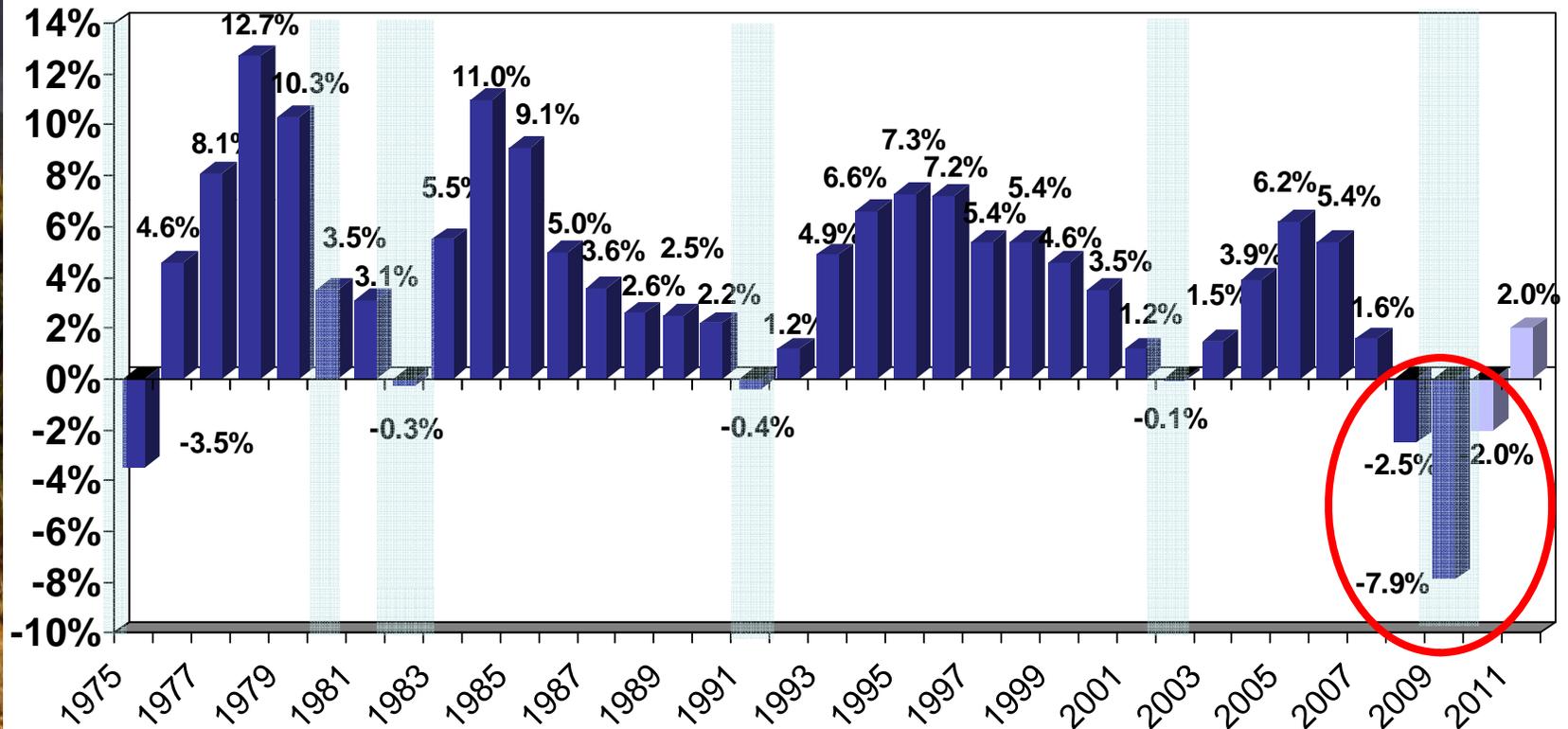
Hawaii



Phoenix-Mesa Metro Area Employment*

Annual Percent Change 1975–2011**

Source: Department of Commerce, Research Administration



*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

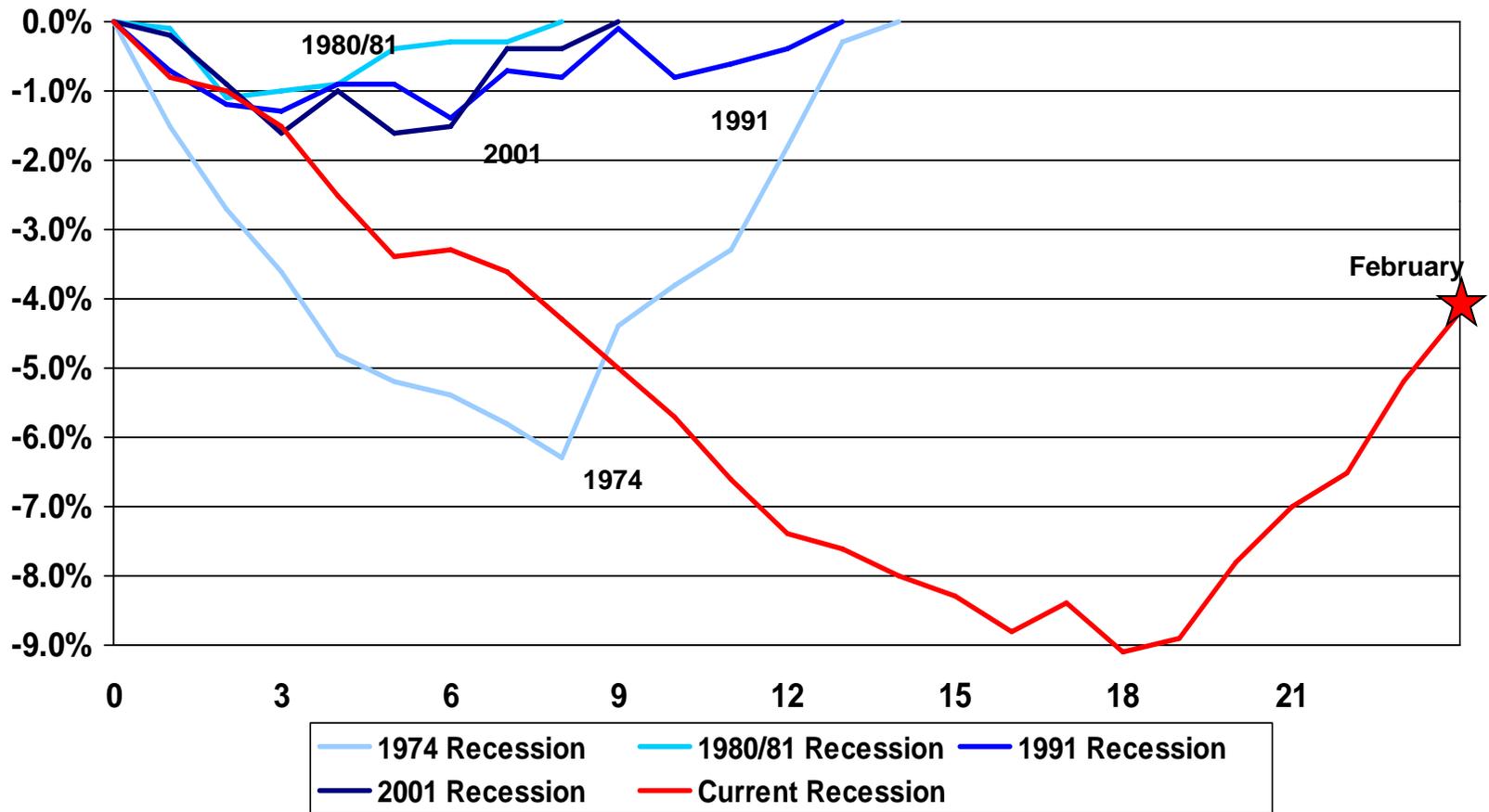
** 2010 & 2011 forecasts are from *Elliott D. Pollack & Co.*

Recession Periods



Greater Phoenix Y/Y Job Losses - Recent Recessions

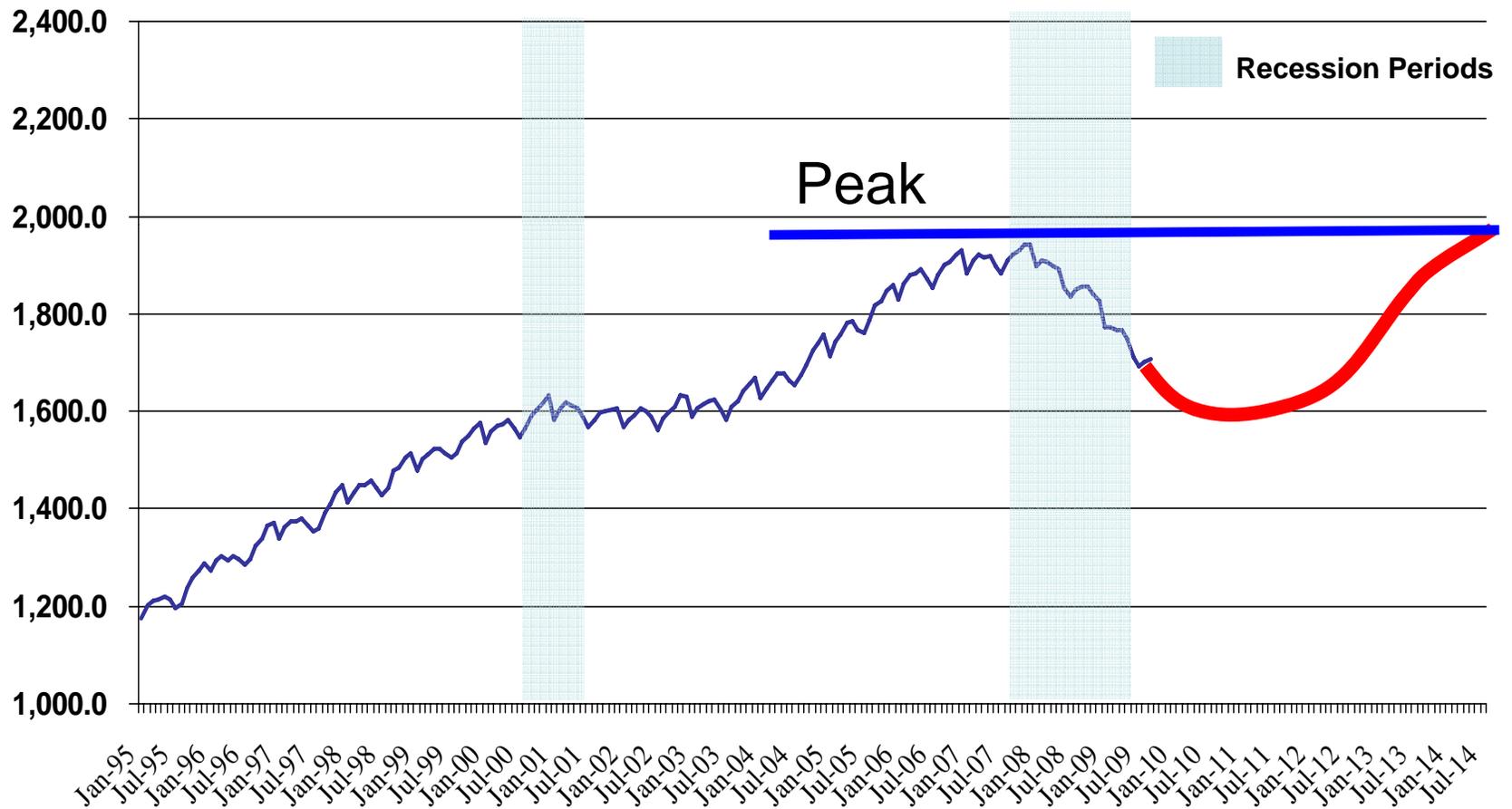
Duration in Months - BLS





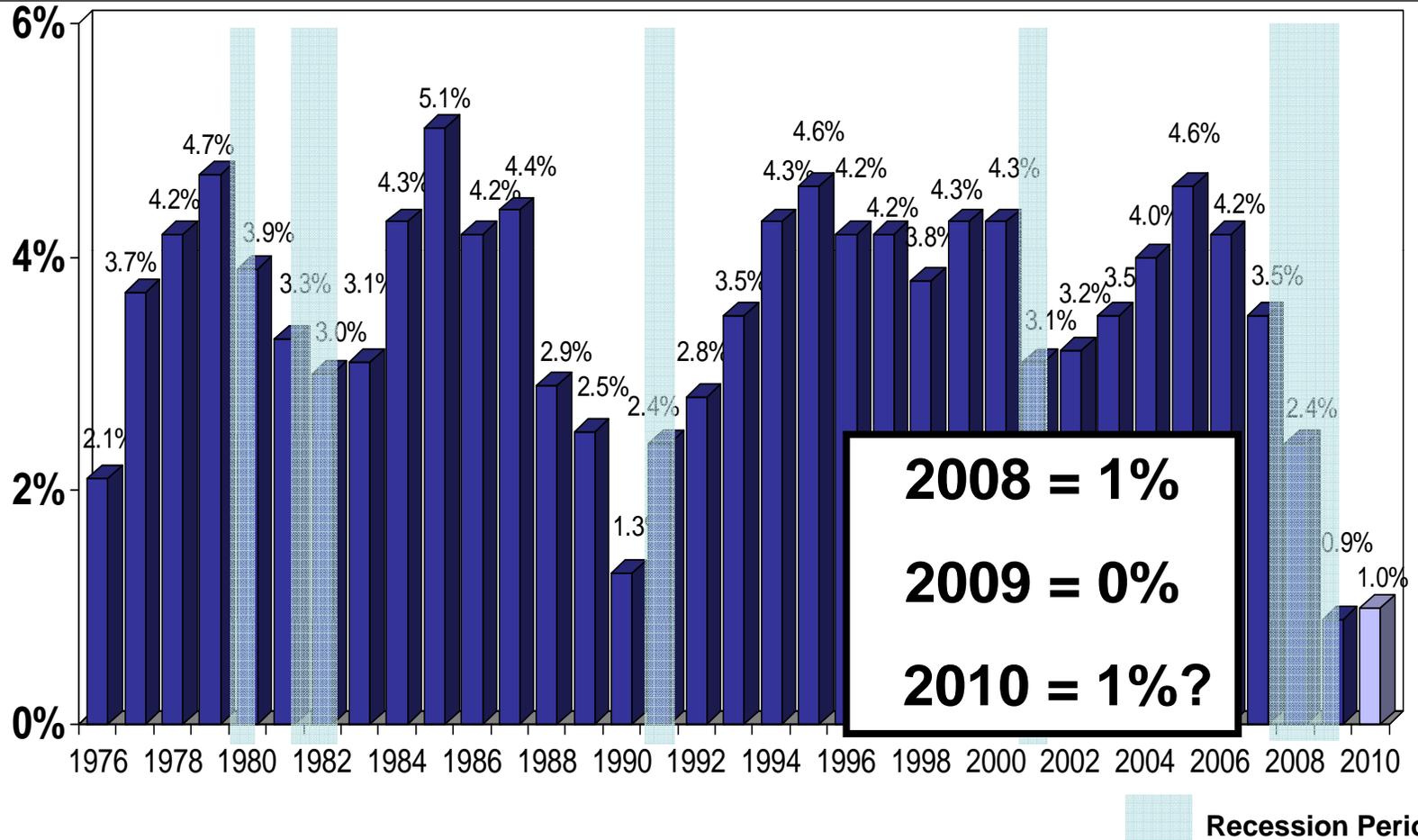
Employment Levels: Greater Phoenix Back to Peak Before 2015?

Source: ADOC



Greater Phoenix Population Annual Percent Change 1976–2010*

Source: Arizona State University & Department of Commerce, Research Administration



2008 and 2009 are estimates put out by ADOC and may be subject to substantial revision.

* 2010 forecast is from *Elliott D. Pollack & Co.*





Greater Phoenix vs. the Remainder of AZ?

**The same issues are at play,
but to a lesser degree
outside of GP.**

**The rest of the State is at
least 1+ years ahead of the
GP area in terms of the
recovery.**

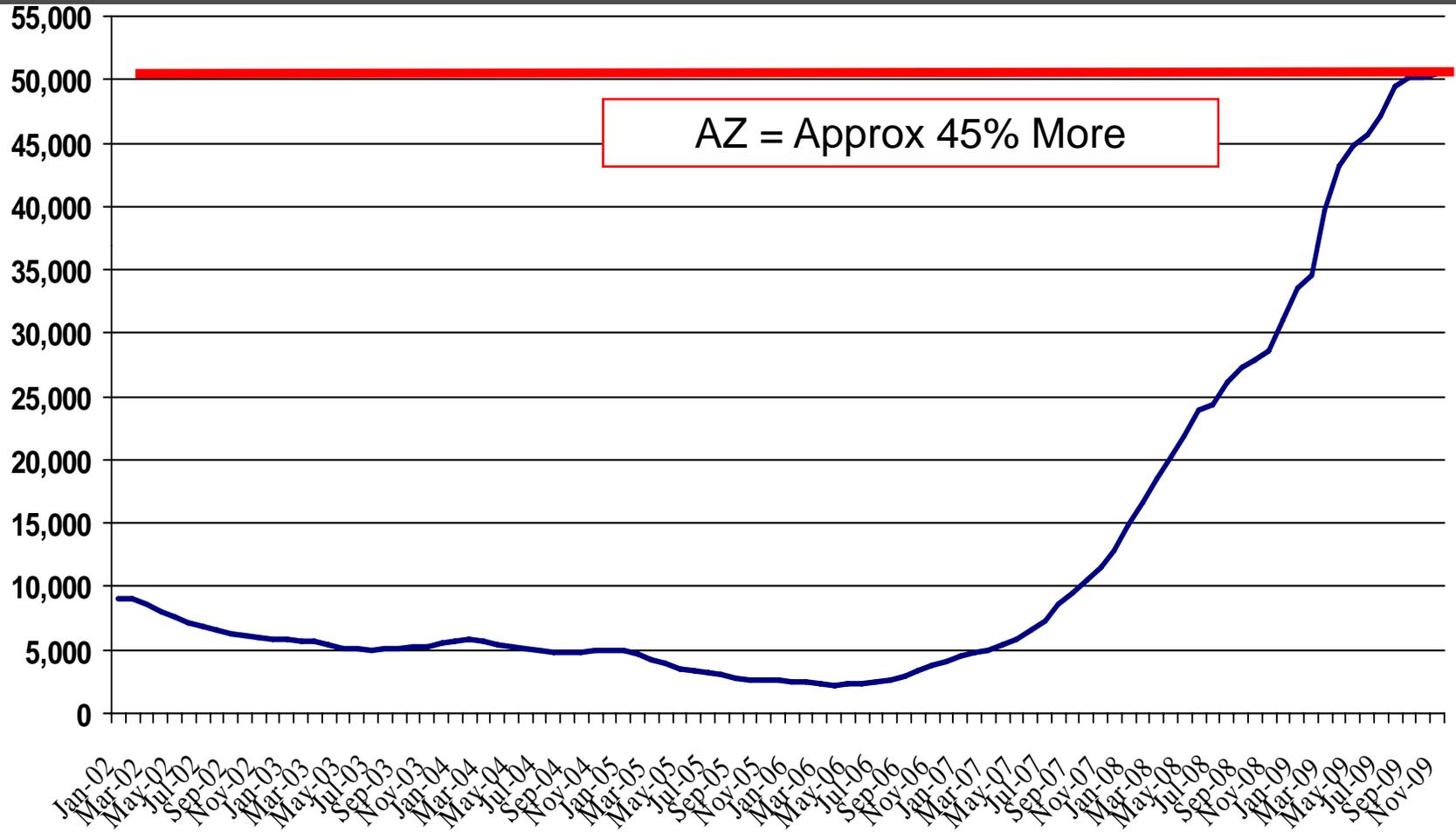


Government Finances?



Properties in the Foreclosure Process Maricopa County 2002 – 2009

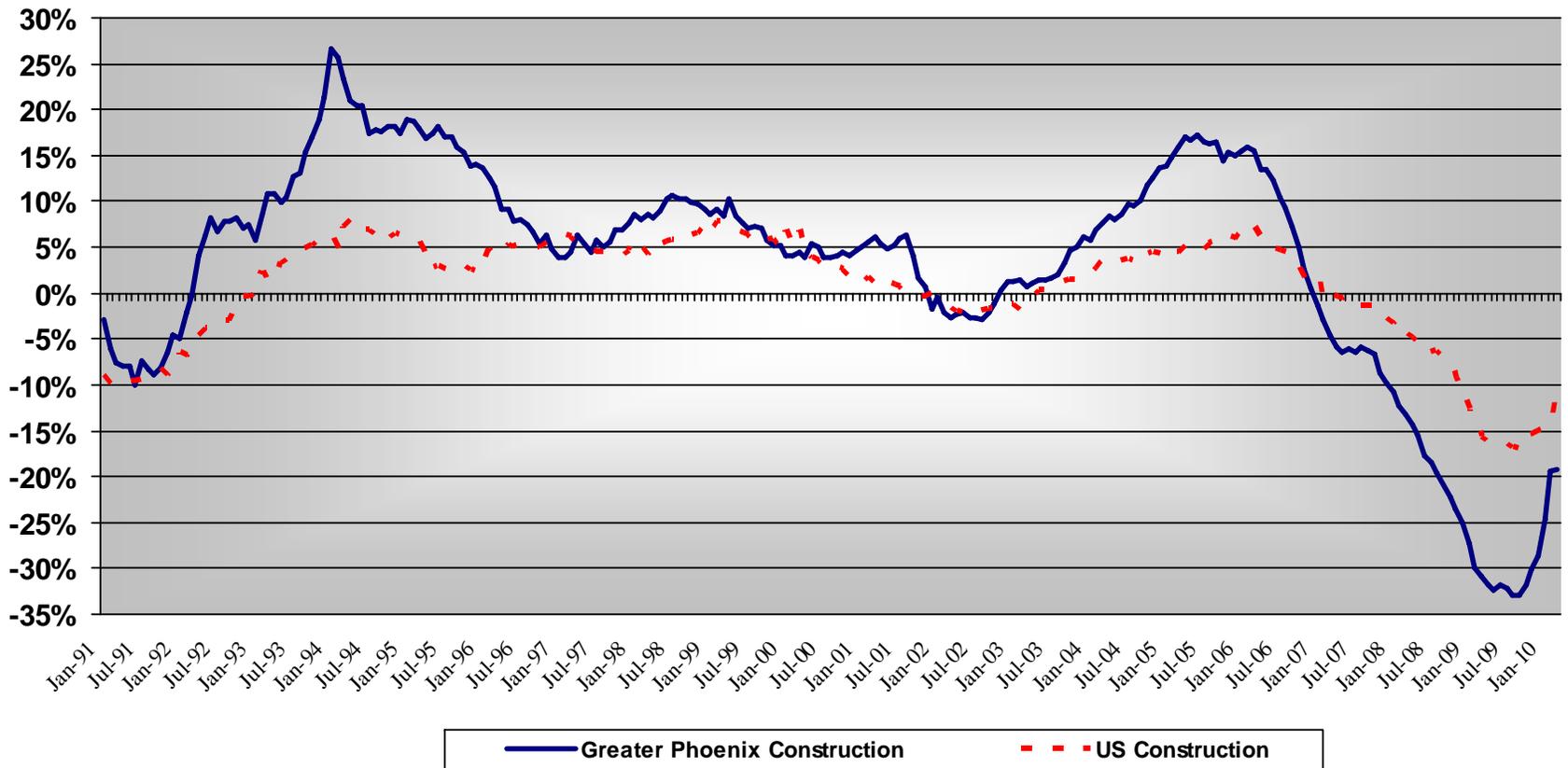
Source: The Information Market



*Data through
November 2009.



Construction Employment: Greater Phoenix v. U.S. Percent Change Year Ago 1991 – 2010*

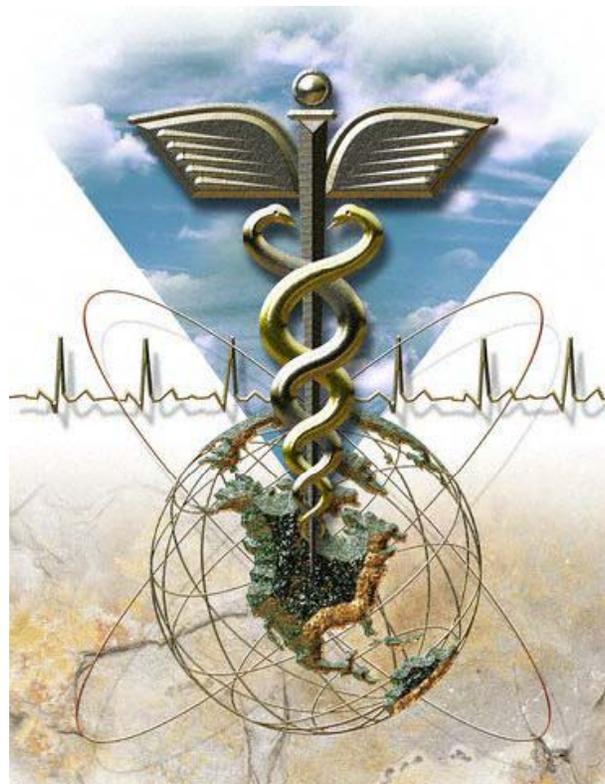


Source: Bureau of Labor Statistics

*Through March 2010



Health Care Programs



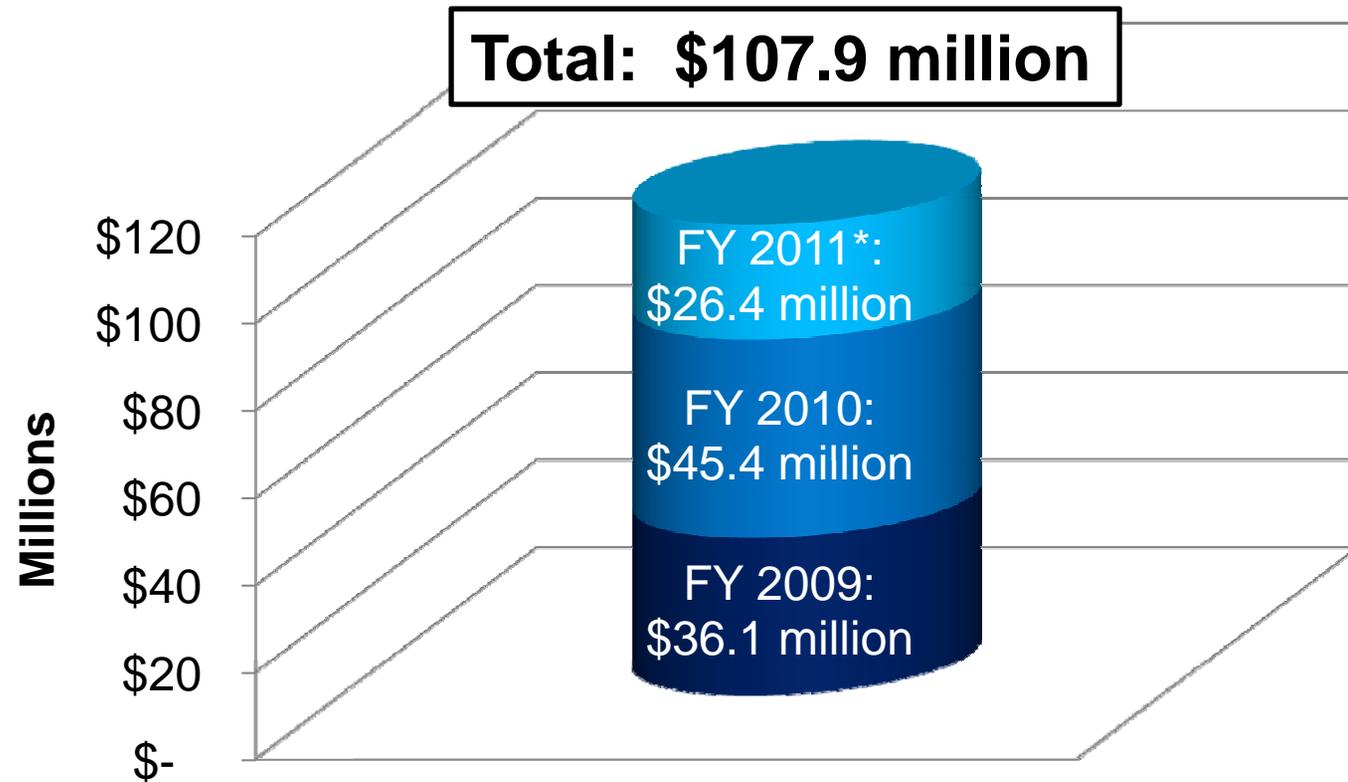


Health Care Programs

- \$1.8 million increase in Arnold v Sarn mental health contribution
- No increase in base ALTCS contribution – for now
- Escalating caseloads and costs for new mandated payment to ASH for Sexually Violent Persons



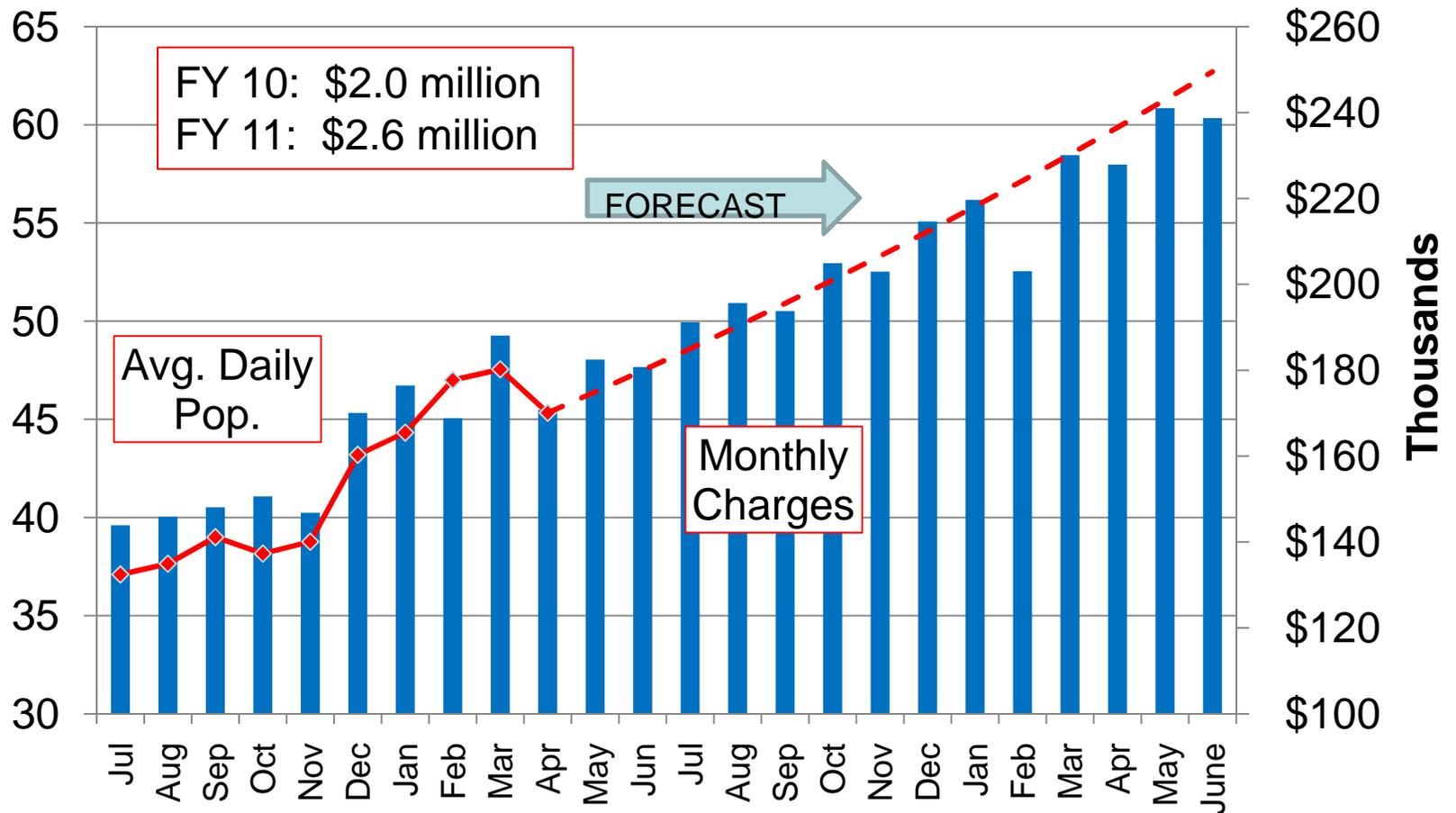
FMAP Savings



*FY 2011 Federal allocation covers through December 31, 2010, and may be extended.



State Payments for Housing Sexually Violent Persons at Arizona State Hospital



Departmental Budgets



" BECAUSE OF OUR TIGHTENING BUDGET, I HAD TO
TURN OFF THE LIGHTS AT THE END OF THE TUNNEL. "

Justice System



INJUSTICE ANYWHERE IS A
THREAT TO JUSTICE EVERYWHERE.
MLK
Mary E. Donohoe





Justice System Overview

- Filings, caseloads, and populations are trending downward
- Declining need for detention staff in jails offset by increasing demands for healthcare for inmates
 - Inmates sicker, more mental illness
 - Standards continue to increase



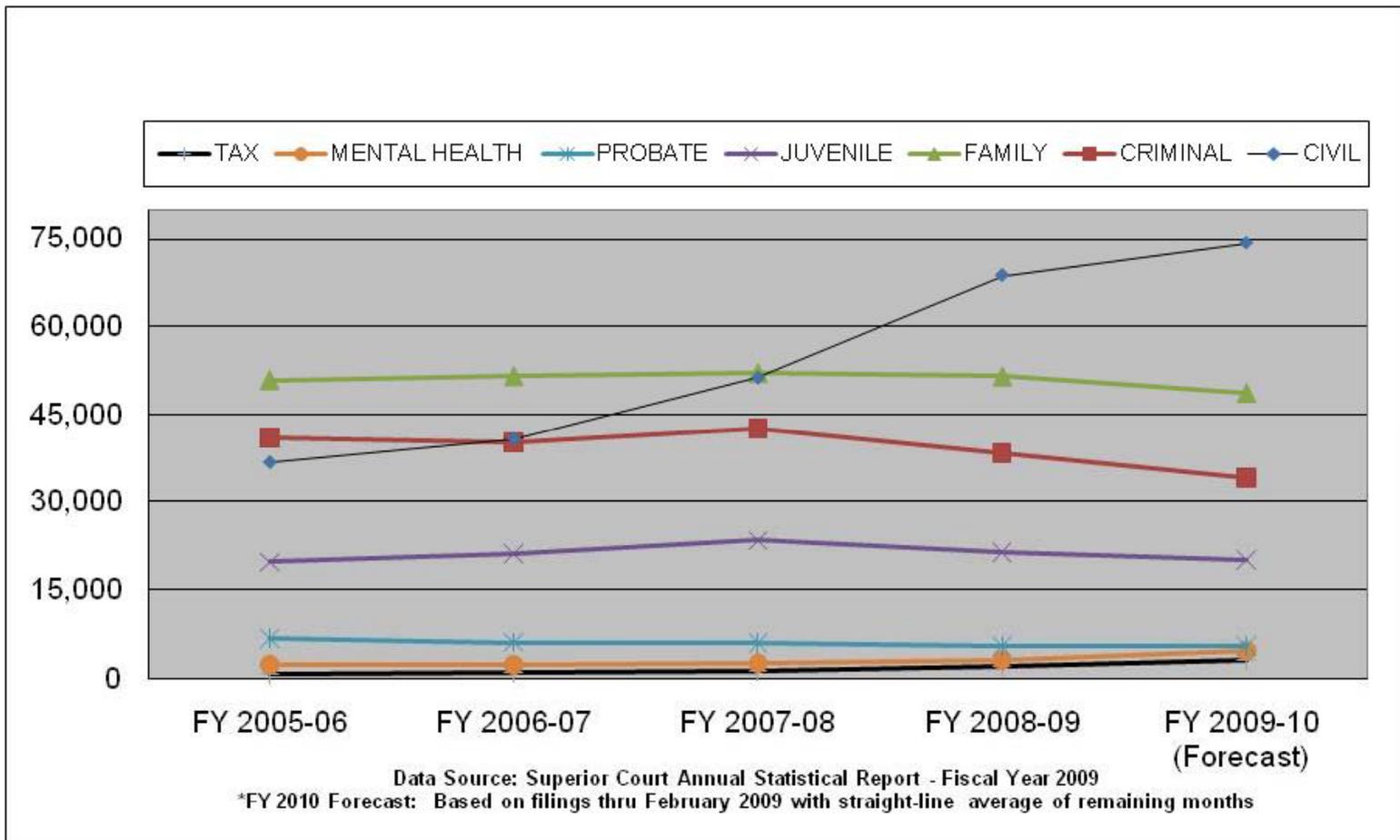


Superior Court

- Filings are down (6.2%), but so are terminations (18.1%)
- Active pending inventory relatively flat year-over-year
- Trials completed down substantially (19.0%)
- Capital cases are driving factor
- Budget agreement signed



Superior Court Cases Filed



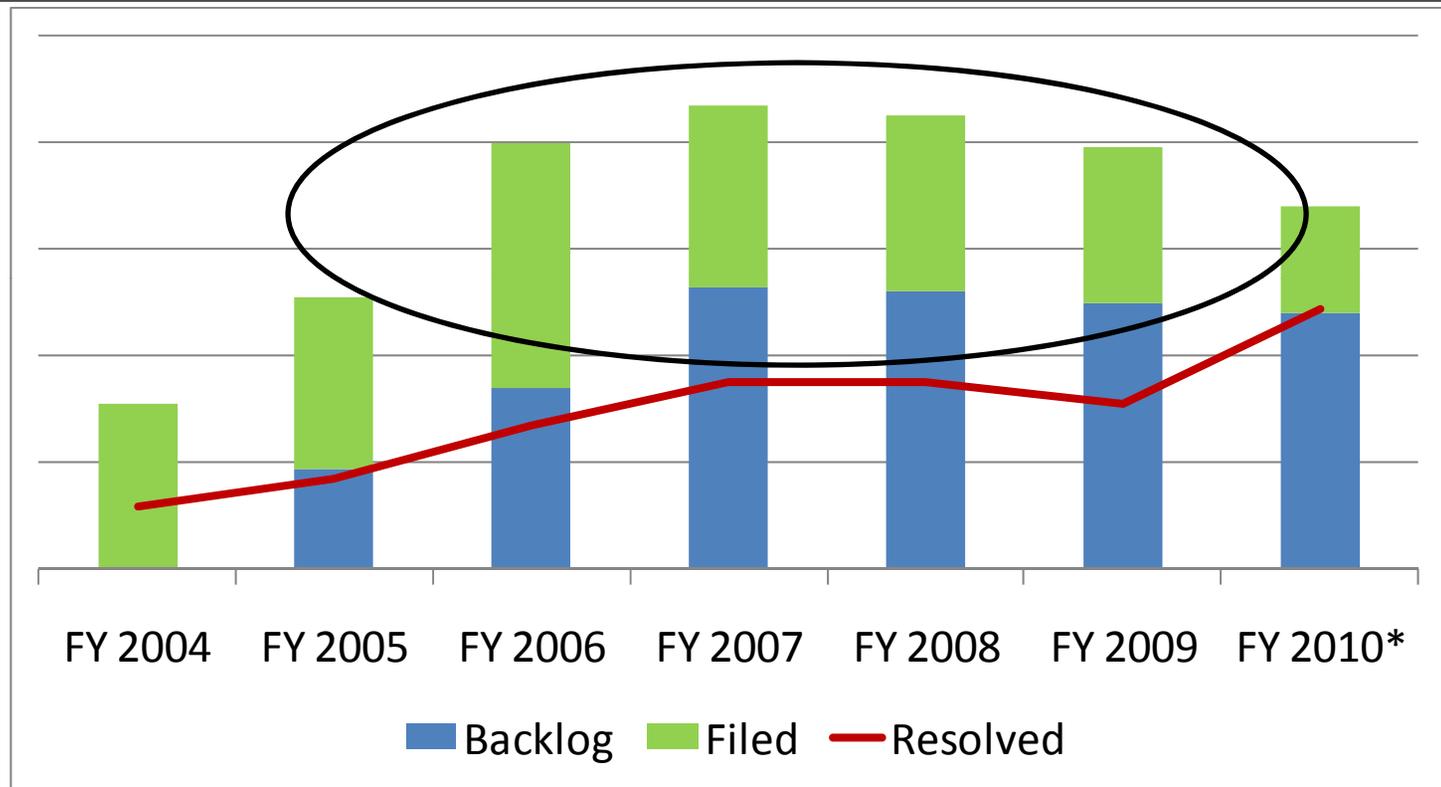


Public Defense Services

- Budget increased by \$11.9 million in alignment with historical spending patterns
- Capital cases account for the majority of FY 2010-11 forecasted overspending
- One-time funds appropriated for capital cases handled by non-staff attorneys; staff capacity increased in early 2010 to accommodate additional cases



Capital Cases





County Attorney

- FY 2011 budget recommendation is at same level as FY 2010 budget
- Final recommendation may change based on negotiations with new County Attorney
- Recommend elimination of RICO Fund appropriation at this time or until additional information is available
- Budget agreement not yet signed – being reviewed by new leadership





Sheriff's Office – Law Enforcement

- General Fund budget recommendation is relatively flat
 - 0.8% less than prior year's budget
- Uncertain if budget is sufficient; major concerns regarding inappropriate use of Detention Fund for enforcement
 - Functions may need to be transferred from Detention Fund to General Fund – if programs approved by the Board



Adult Probation Caseloads

Type of Supervision	FY 2009	FY 2010	% Change
Pretrial	664	551	-17.0%
Pretrial (Intensive)	1,150	881	-23.4%
Pretrial (Electronic)	264	236	-10.6%
Standard	30,078	30,275	0.7%
Intensive	992	814	-17.9%
Total	33,148	32,757	-1.2%

FY 2011 recommended budget is 0.6% less than FY 2010



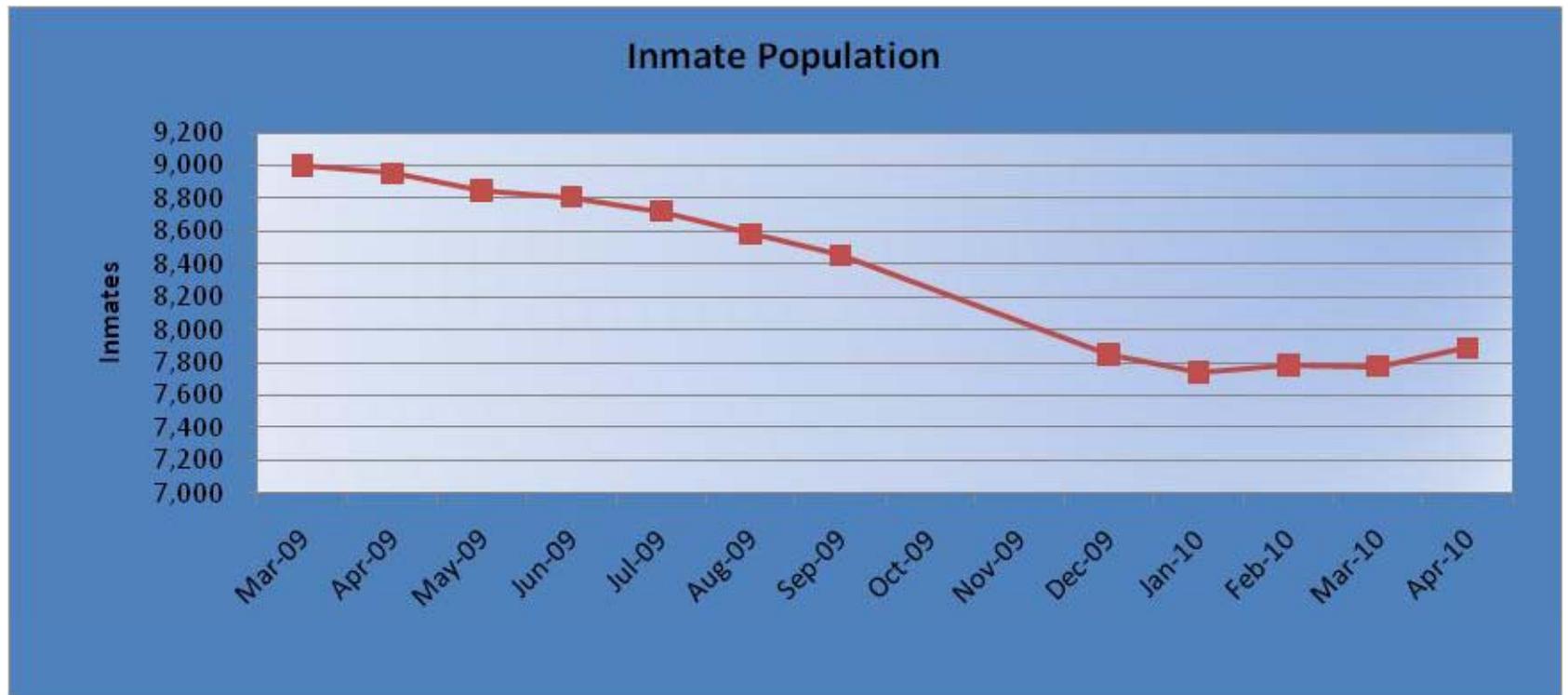
Juvenile Probation Caseloads and Detention Population

Type	FY 2009	FY 2010	% Change
Average Daily Detention Population	277	256	-7.6%
Average Length of Stay	13	12.5	-3.8%
Standard Probation	4,389	4,085	-6.9%
Intensive Probation	461	392	-15.0%

FY 2011 recommended budget is 1.9% and 1.3% less than FY 2010 in General and Detention funds, respectively



Jail Population





Sheriff's Office - Detention

- In FY 2010, MCSO budget supported an inmate population of 9,240
- Current inmate population is 85% of staffed capacity
- FY 2011 budget reduces detention staff by 68 FTE
 - 50% of Towers staff
 - Towers population is currently 1/3 of staffed capacity
- FY 2011 budget converts 96 detention staff currently assigned to food and distribution factories to lower level positions





Sheriff's Office

- Recommend elimination of Jail Enhancement Fund and RICO fund appropriations
 - Spending must be evaluated for appropriateness
 - Outside bank accounts are evaluated & possibly closed
- Funds may be appropriated mid-year if financial records are produced
- Budget agreement not signed





Correctional Health Services

- Reduced jail population has not reduced demands for medical and mental health services
- Recommended budget includes \$2.4 million for new mental health staff
 - Should allow Correctional Health to better respond to concerns arising from *Graves v. Arpaio*
- Recommended budget includes \$10 million in non-recurring funds for electronic medical records system



Justice Court Filings

Case Type	2009 YTD	2010 YTD	% Change
DUI	957	918	-4.1%
All other Criminal Traffic	5,422	4,364	-19.5%
Civil Traffic	12,797	11,685	-8.7%
Misdemeanor	1,916	1,679	-12.4%
Small Claims	1,313	1,439	9.6%
Eviction Actions	6,193	5,284	-14.7%
Other Civil	7,061	6,844	-3.1%
Orders of Protection	287	311	8.4%
Injunctions Against Harassment	308	273	-11.4%
Total	36,254	32,797	-9.5%
Photo Enforcement	NA	33,624*	NA



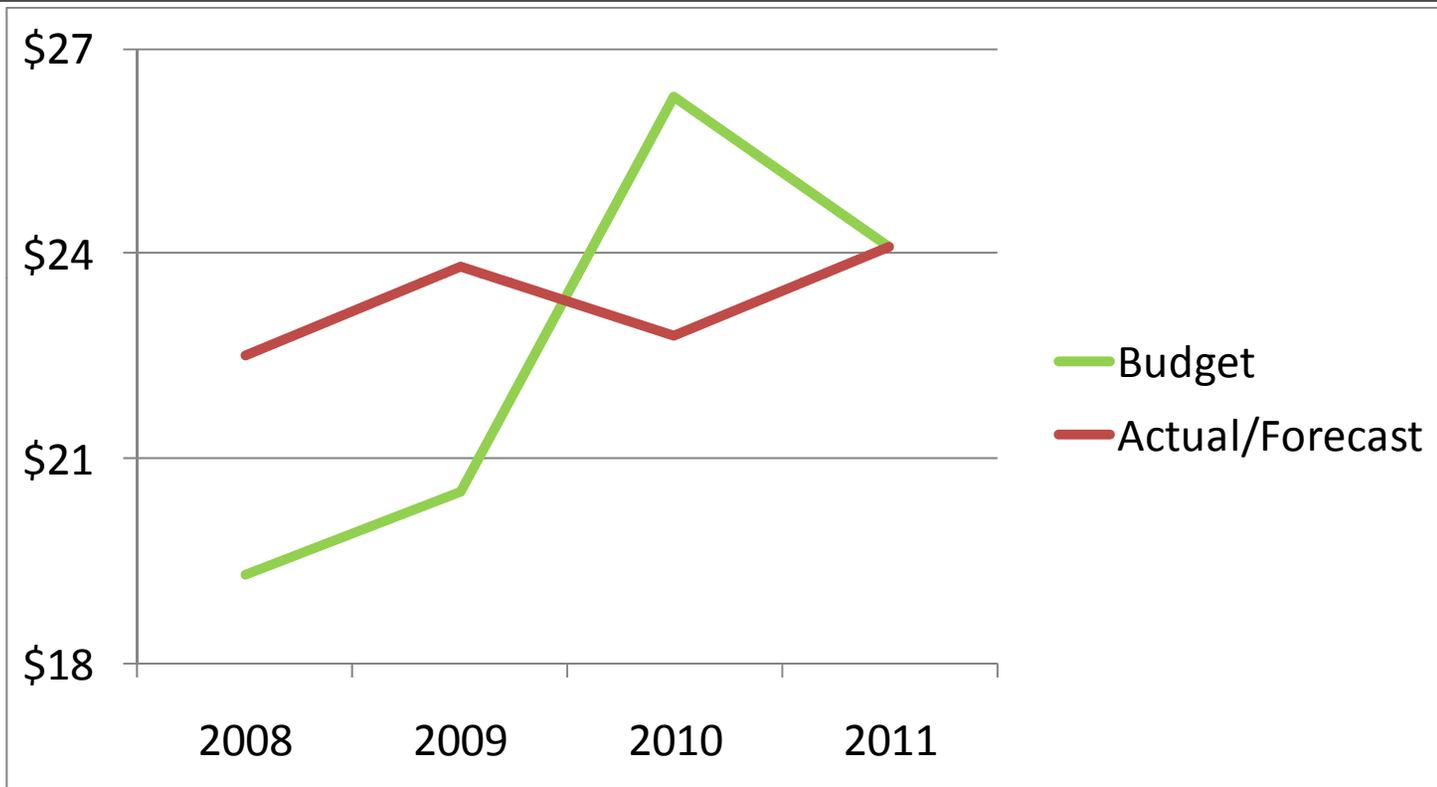


Justice Court Filings

- Total decline in filings is nearly 10%
 - All but two categories of filings have declined over last year
- FY 2011 recommended budget is 0.9% less than FY 2010
- Justice Courts' staff was not reduced during last two years
- Budget agreement signed, but with conditions added by JP's that cannot be supported by County



Justice Court Revenue (in millions)



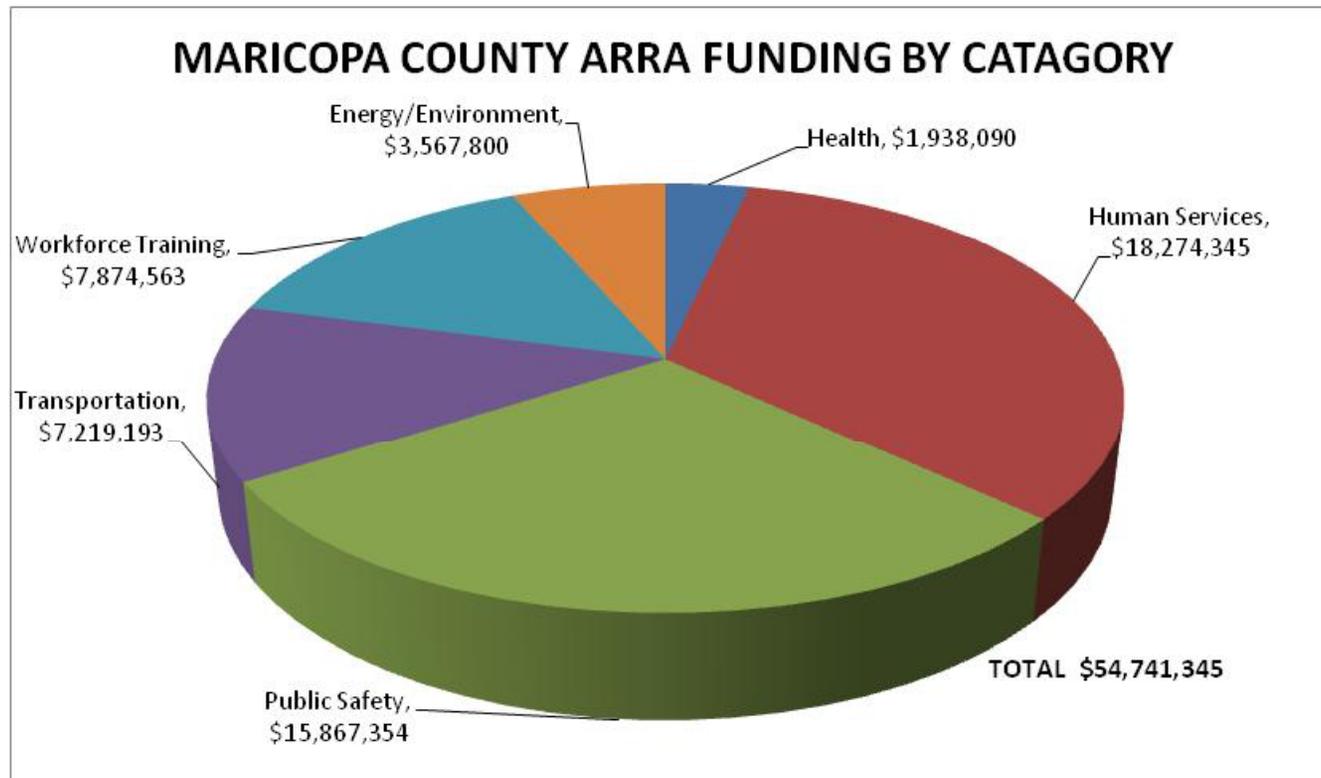
ARRA & Sustainability



Stimulus Money At Work



Federal Stimulus Funding



Excluding FMAP





Sustainability Projects

- Energy Conservation Projects through APS-ES
- Application for Federal funds for Solar for the new Court Tower
- ARRA Grants for the 4th Avenue and LBJ Solar Thermal Water Heating Systems
- Chilled Water Conversion Projects at Estrella and Towers Jail
- Silver LEED Certification for the Downtown Court Tower





Sustainability Projects

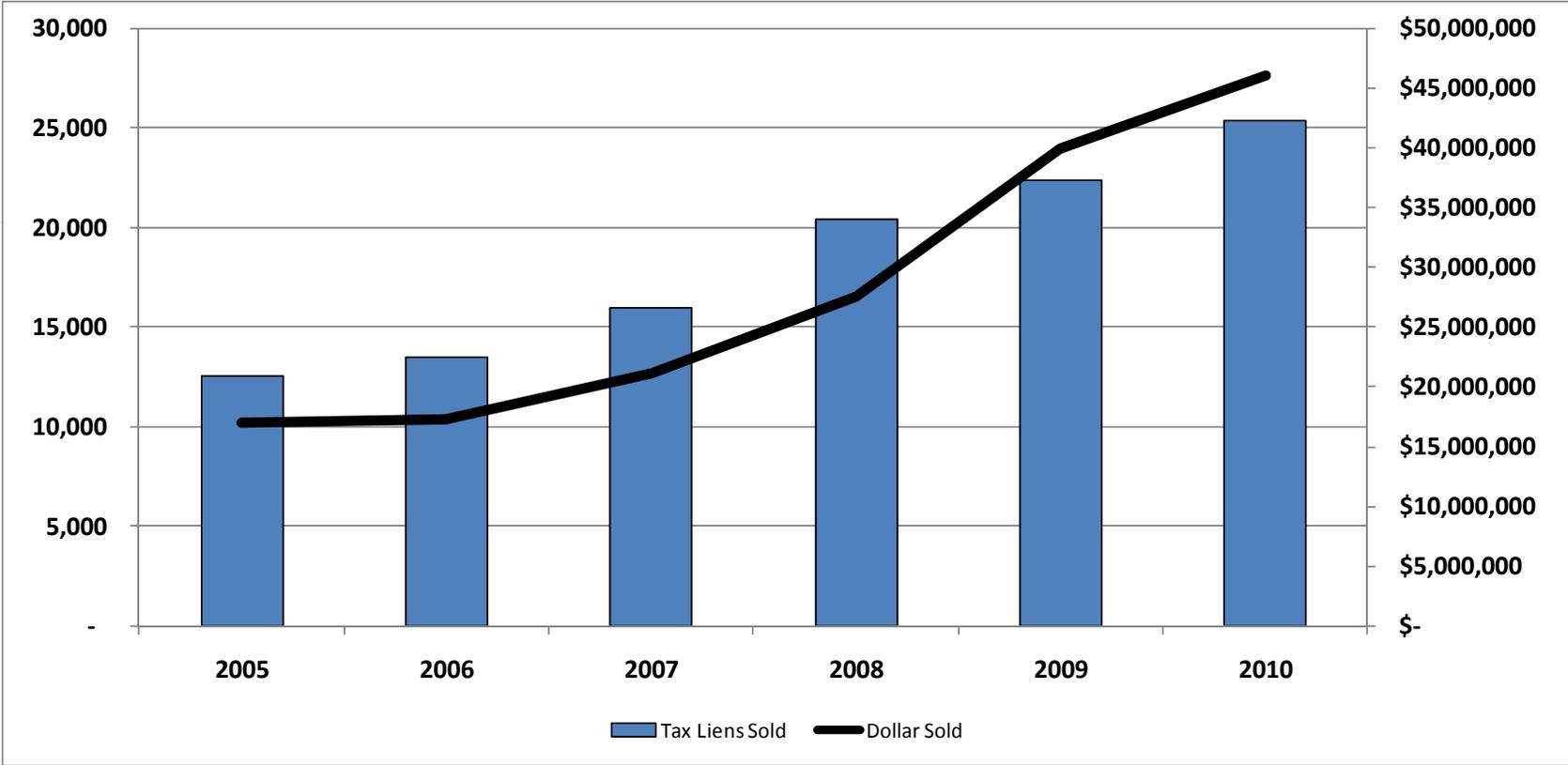
- LEED Certification for the White Tank Library and Nature Center
- Single-Stream Recycling Contract for Downtown and Durango Campus
- Electronic-Waste Recycle Project
- 900 kW of Solar Photo-Voltaic on 3 Downtown County Buildings



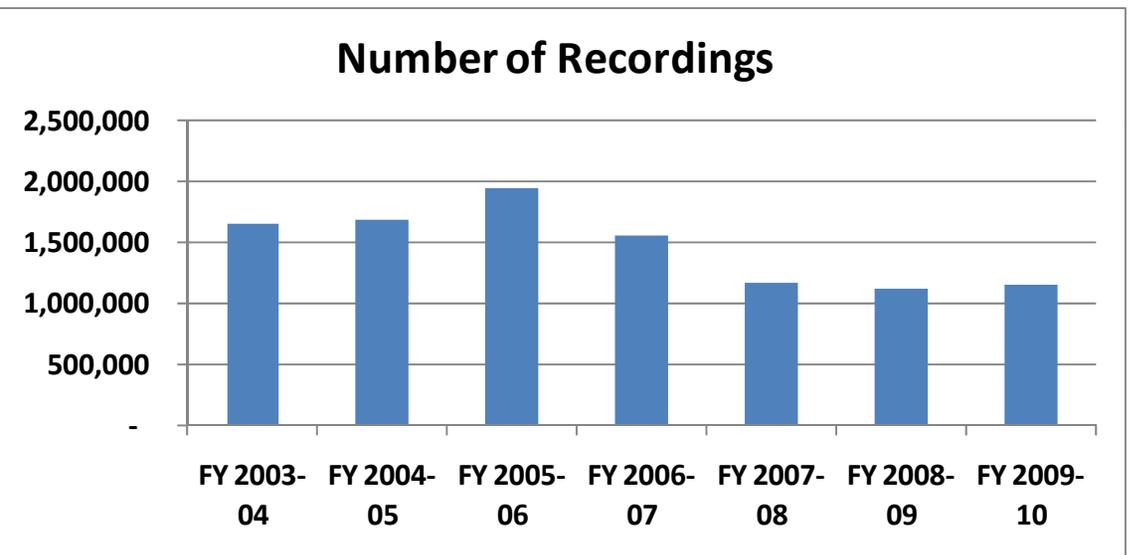
General Government



Tax Lien Sales

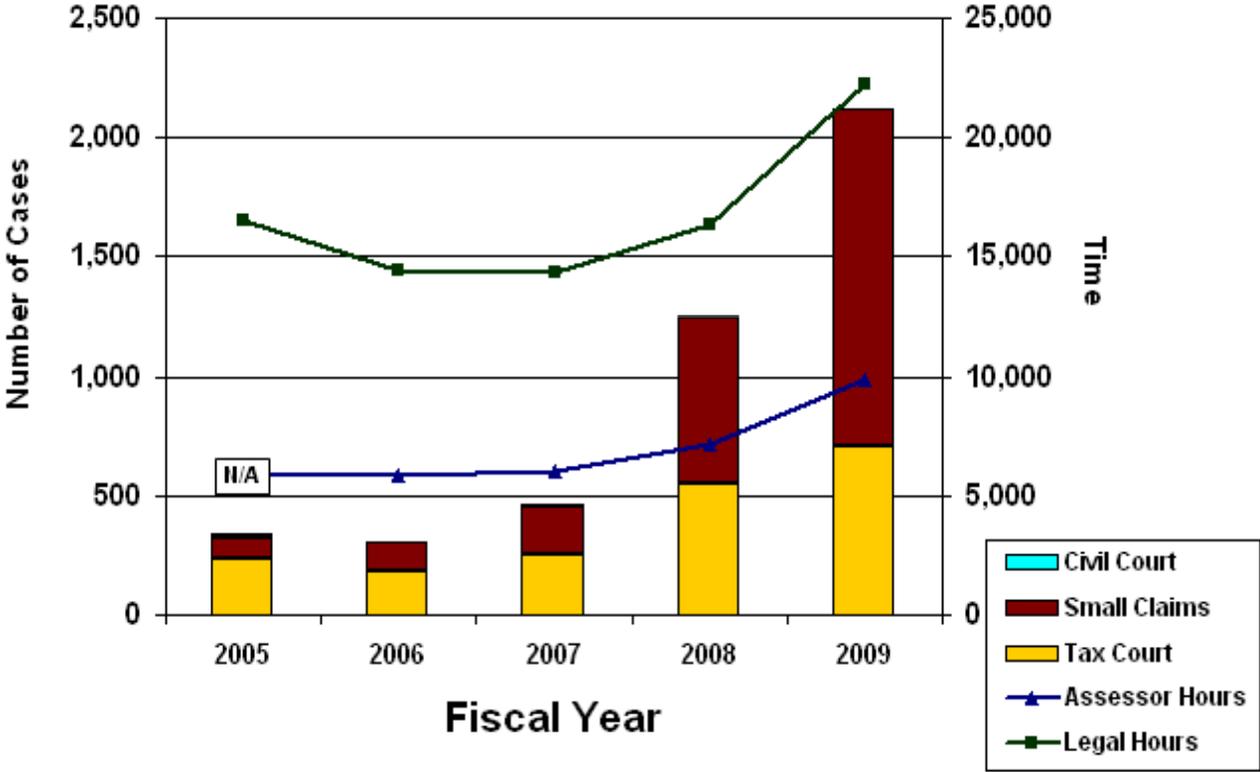


Recordings



Assessor Appeal Litigations

Growth in Litigation
Cases & Hours Worked



Education Services Agency

- Reading for the Stars
 - Launches at the beginning of the school year this summer
 - 5 schools on board to start
 - Funding for FY11 has been secured
 - Phase 2 school expansion underway
 - Continuing progress of sustainability funding

Maricopa County Education Service Agency

Reading for the Stars

by

Reading with the Stars

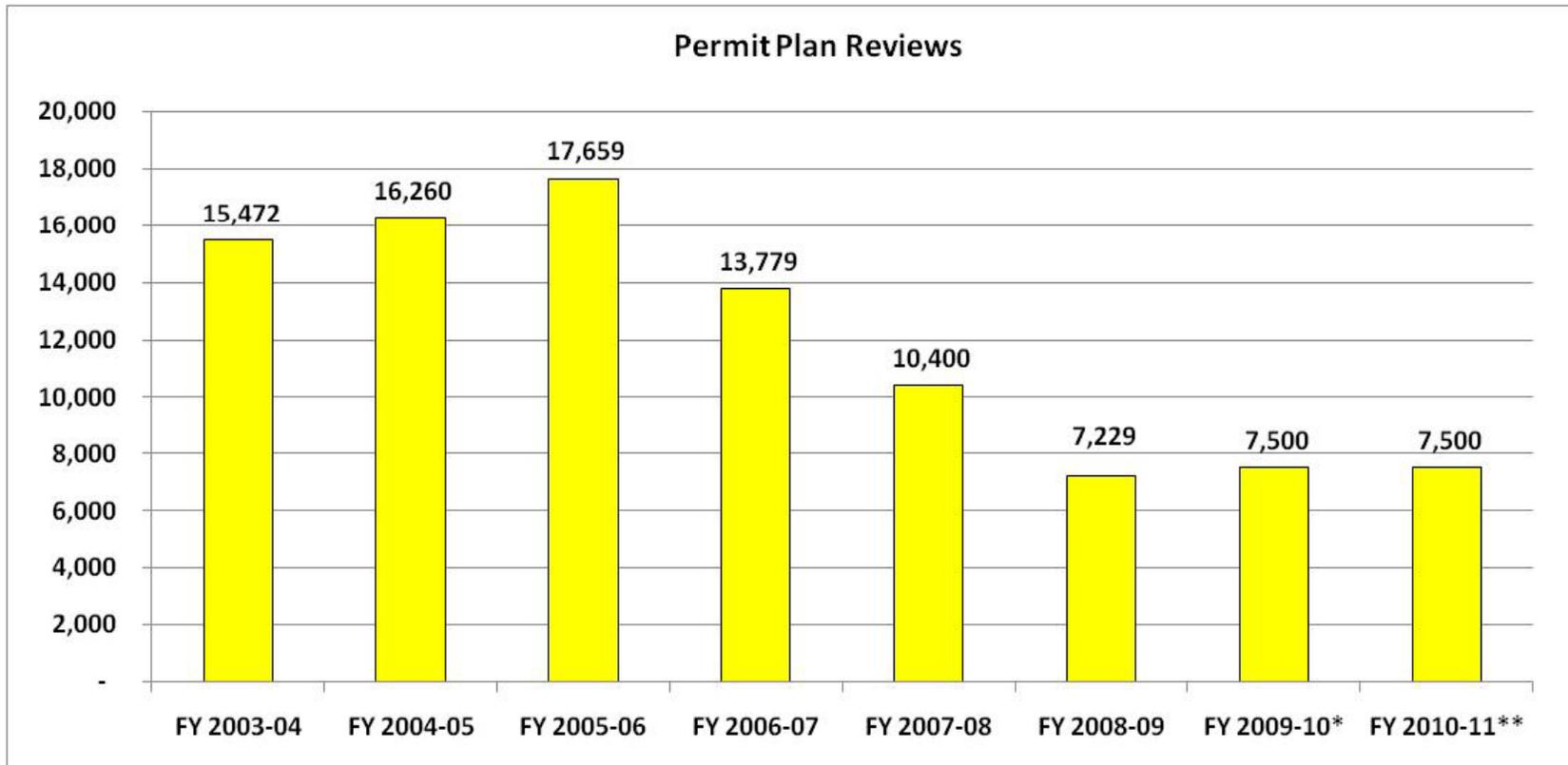


Regional Development Trends



Planning & Development

Number of Permits Plan Reviews

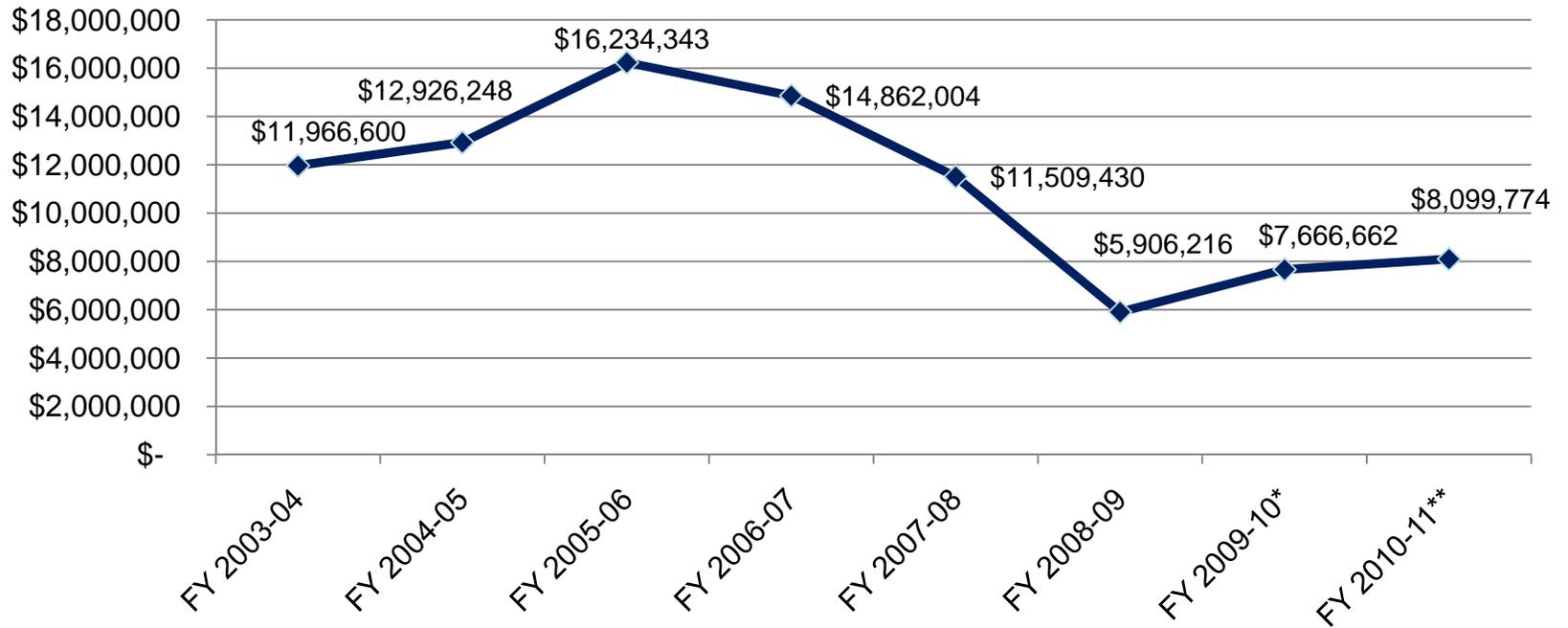


* Forecast ** Recommended Budget



Planning & Development Revenue

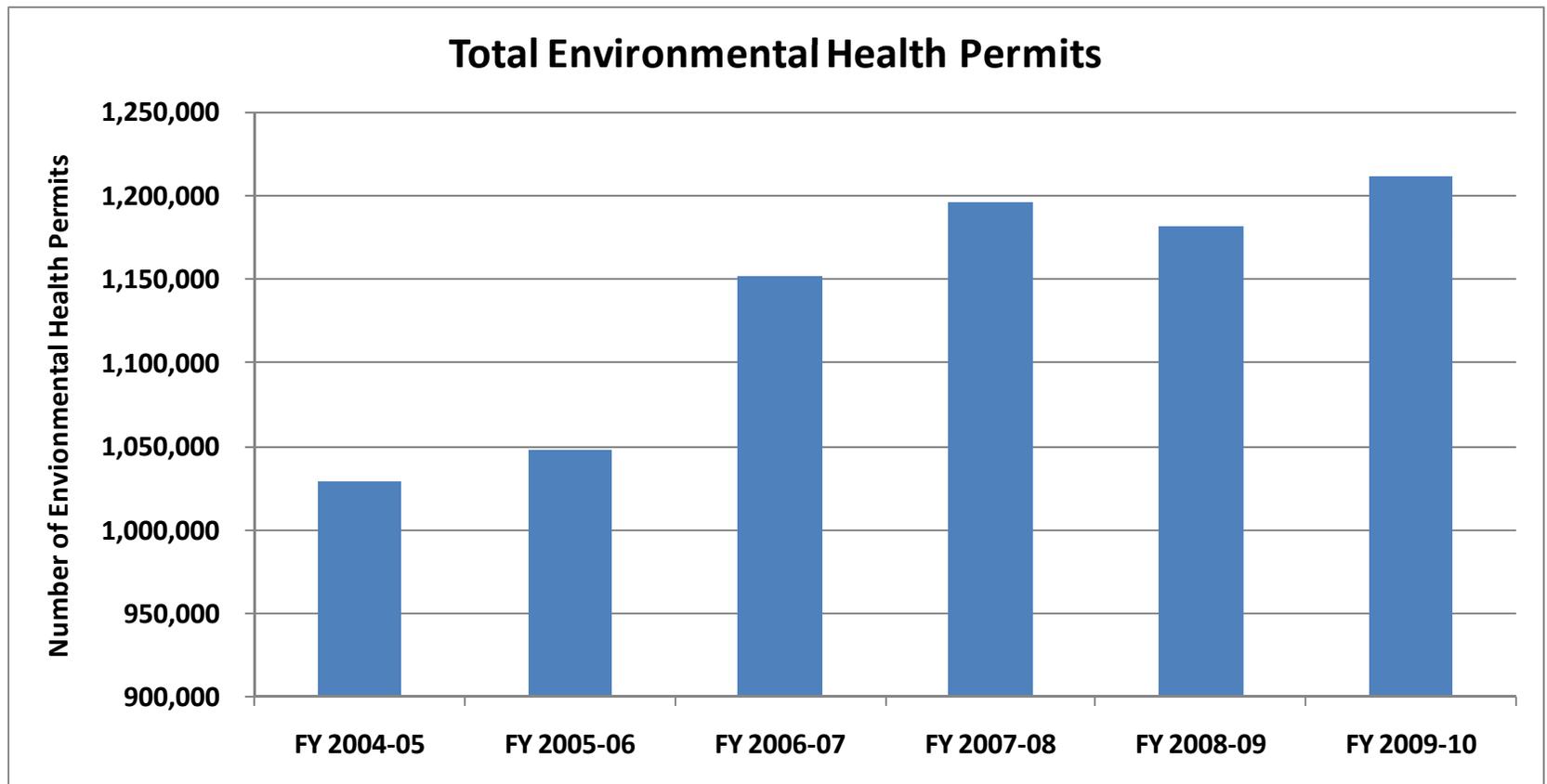
Planning & Development Revenue



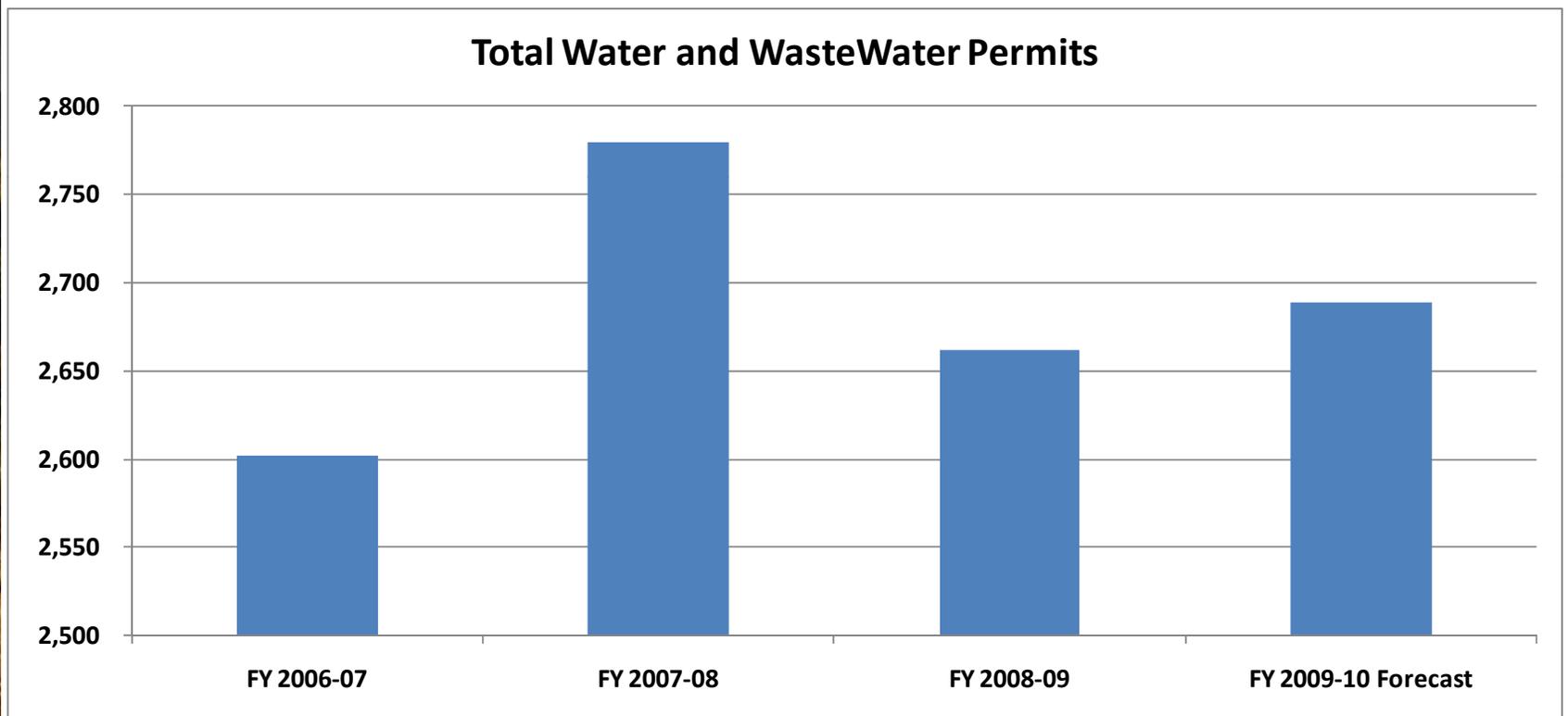
*Forecast **Recommended Budget



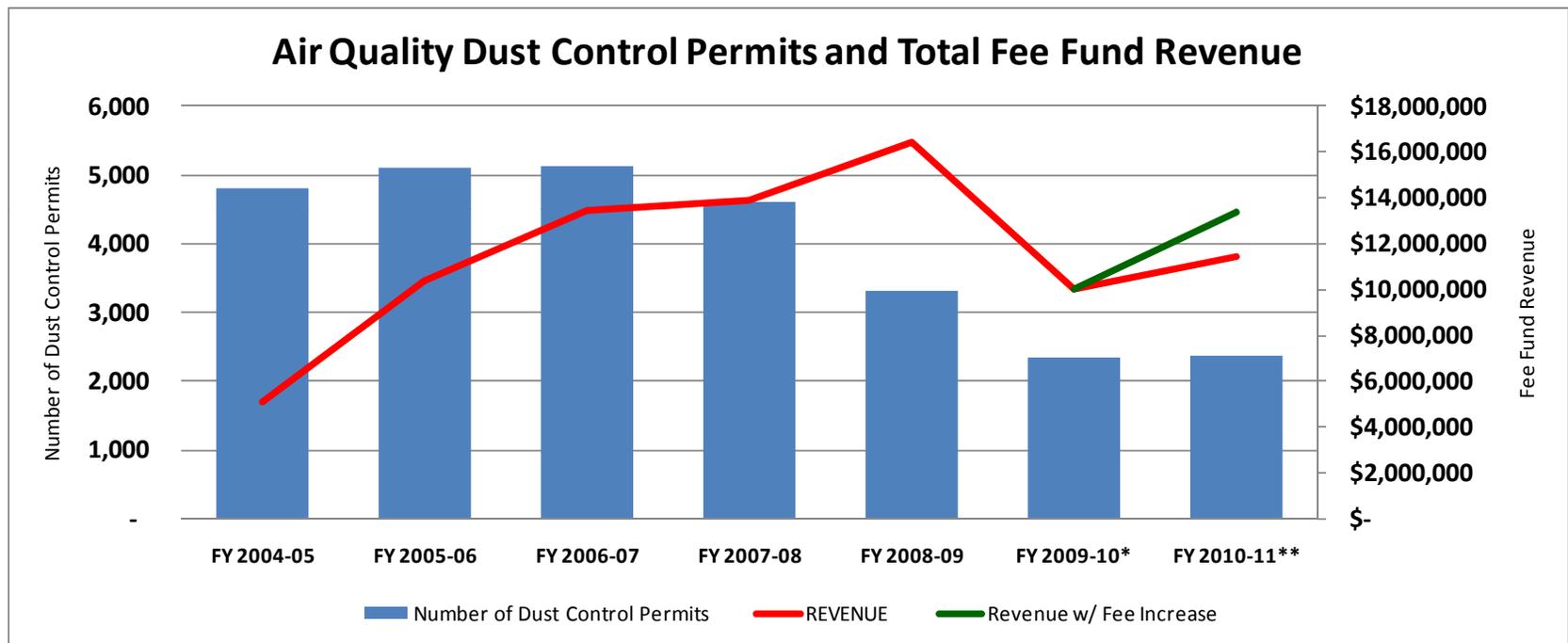
Restaurant/Food Permits



Water & Wastewater Permits



Air Quality Revenue (w/ & w/o Fee Increase)



Note: Still under review.

*Forecast **Recommended Budget





First Things First Funding for Public Health

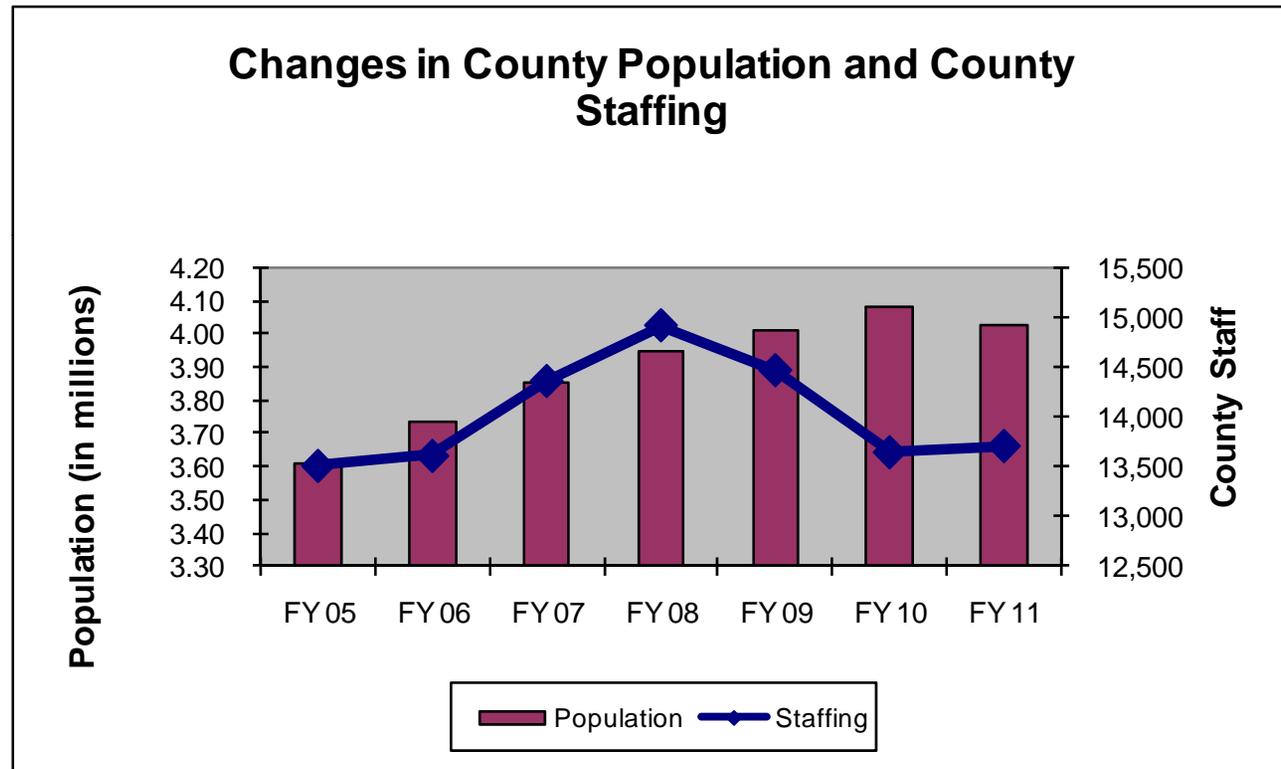
- Voter-approved program funded through the State tobacco tax
- FY 2010-11 Budget:
 - *Child Care Health Consultations: \$2,835,499*
 - *Healthy Start: \$485,868*
 - *Nurse-Family Partnerships: \$1,000,000*
 - *Injury Prevention: \$891,603*



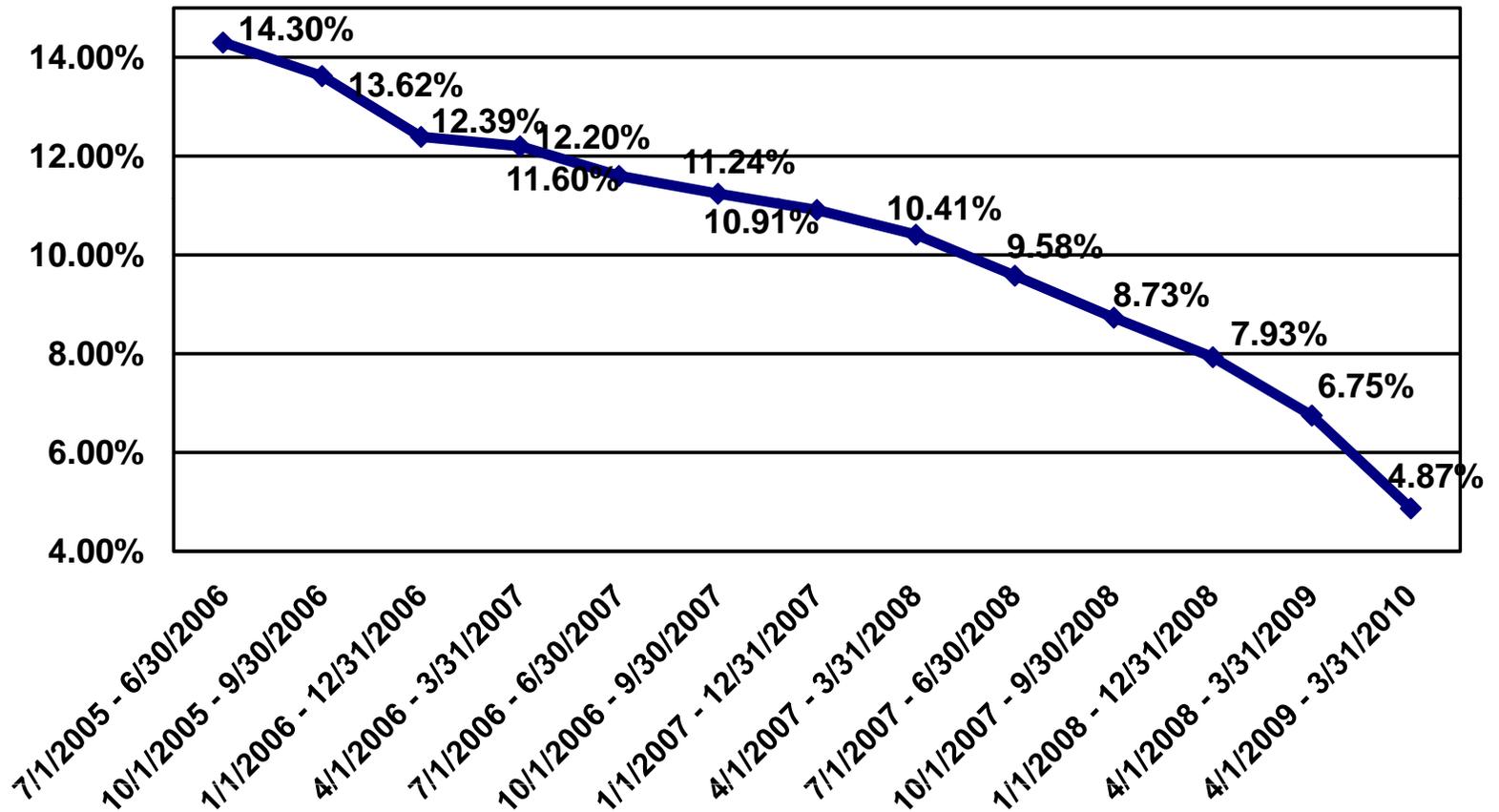
Employee Issues



Changes in County Population and County Staffing



Voluntary Turnover By 12-Month Period



Note: Voluntary turnover for FY 2009-10 3rd Quarter was 1%!





Compensation

- No funding for Pay for Performance
- Includes funding for continuation of Peak Performers Program
- Includes funding for Education Assistance Program
- Employee Benefits maintained without significant cost increase for employees





Employer Paid Benefits

- Medical and Dental Benefit Increases total \$14,881,609
 - *General Fund:* \$ 7,474,229
 - *Detention Fund:* \$ 3,948,691
 - *Other Funds:* \$ 3,458,689
- Retirement Increases total \$5,970,257
 - *General Fund :* \$ 4,881,491
 - *Detention Fund:* \$ 191,388
 - *Other Funds:* \$ 897,378



Employee Impact of Benefit Changes

FY 2010-11 Employee* Participation in Benefit Premiums Change in Contribution							
	Medical		Pharmacy		Dental		Total
	Change	%	Change	%	Change	%	
Minimum Annual Increase	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00
Maximum Annual Increase	\$59.04	7.40%	\$16.08	4.22%	\$131.76	15.01%	\$206.88

* Full Time Employee



Capital Improvements



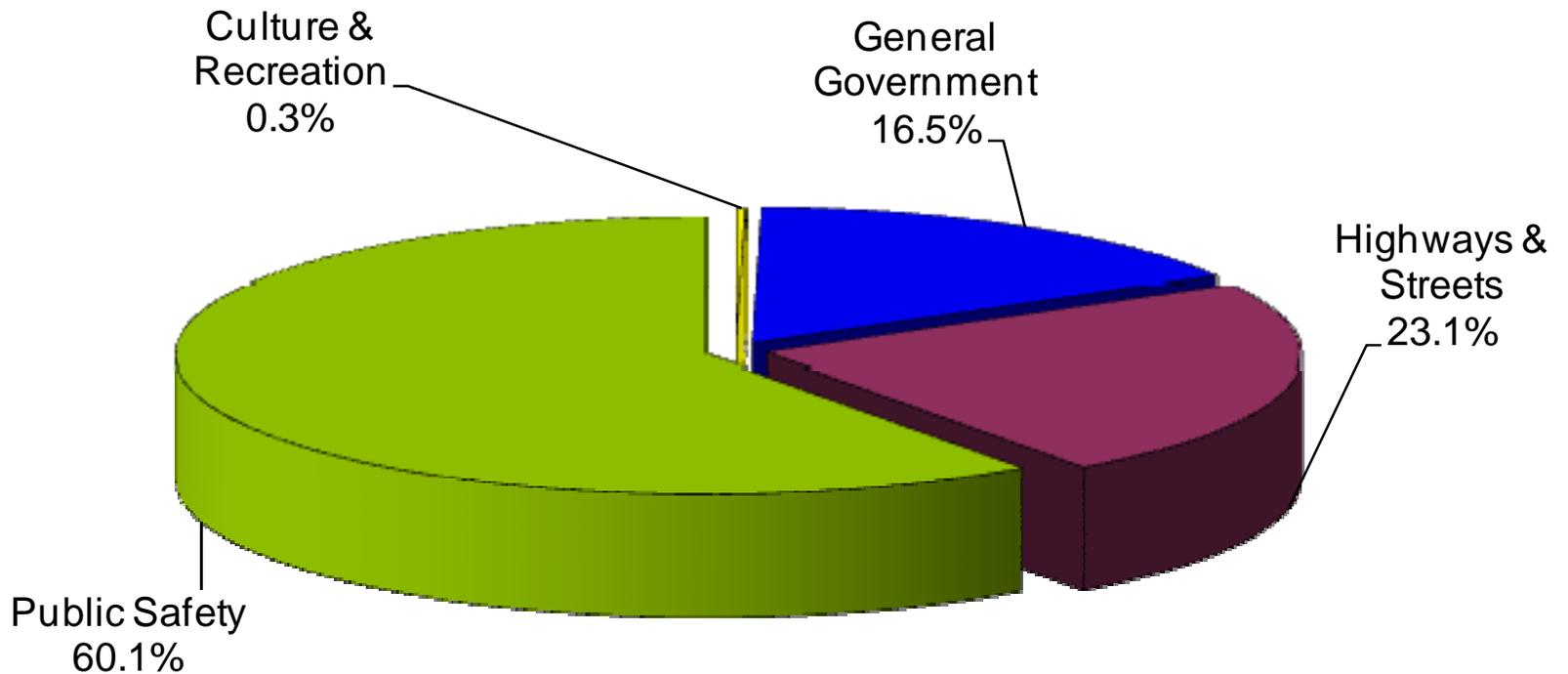


Capital Improvement Philosophy

- Modified “pay as you go” policy, which began in FY 1999-00
- Use of cash or a combination of identified operational savings and lease reversions to pay the debt service
- County’s 1986 General Obligation (GO) bond debt was paid off in 2004.
- Previously, the County issued debt because it was economically favorable and to deal with the expenditure limitation. The County is no longer using this approach.



Uses of Capital Funds FY 2010-11 - \$427,874,629



FY 2009 Long-term Debt per Person Comparison to National Benchmarks

Long Term Debt Per Person Is Low Compared to Benchmarks



SOURCE: Maricopa County LTD for Governmental Activities "Note 13— "Long Term Liabilities" and Benchmark CAFRs





Previously Approved CIP Projects

- Criminal Court Tower \$340,358,953
- Energy Conservation Projects 25,831,158
- Sheriff's Crime Lab Relocation 3,633,297
- West Court Remodel 4,055,204
- Maricopa Regional Trail 5,996,937
- White Tank Nature Center 165,000
- Vulture Mountain Study 150,000





Previously Approved CIP Projects (cont'd)

- Estrella Chilled Water Conversion \$3,250,000
- Towers Chilled Water Conversion 2,600,000
- LBJ Solar Thermal Water Sys 1,237,900
- 4th Ave Solar Thermal Water Sys 1,064,900





Recommended New CIP Projects

General Fund

- First Avenue Jail Demolition
and Plaza Expansion \$ 9,251,685
- Grace Court I Purchase 4,305,737
- Grace Court III Purchase 27,352,186
- Santa Fe Depot Remodel 3,972,106
- Security Building Improvements 2,669,424

Detention Fund

- MCSO Transportation Hub 52,139,825





Criminal Court Tower Update

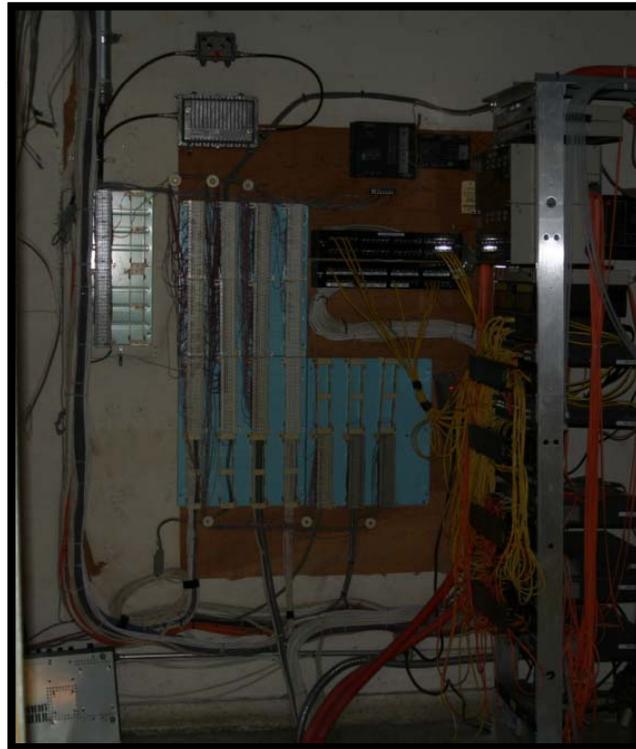
- Topping-off of steel was April 16, 2010
- Currently under budget \$12m
- Currently encasing the podium and tower in pre-cast
- Copper install to begin end of May
- Furniture selections are well underway
- Software development for kiosks and jury being developed
- Projected completion scheduled February 2012



Technology Projects

Infrastructure Refresh Project:

East
Court
Building –
Before &
After





Technology Infrastructure Projects

- Continued Downtown Network Infrastructure Upgrade
 - Core, distribution, user access, wireless networks, building physical infrastructure, and data centers.
 - The County has secured a Disaster Recovery (DR) location and begun deployment of the site. A major relocation of the West Court Building (WCB) back-up data center to the DR location takes place in May 2010.
 - Wi-Fi capabilities have been implemented at various downtown campus sites
- Durango Campus, Southeast Campus and remote sites





Computerized Assessor's Mass Appraisal System

- Appeals Application Phase 2 completed
 - Residential, Agricultural and Mobile Homes
 - E-signature
 - Reporting
 - Support for State Board of Equalization
- Appeals Application Phase 3 in FY 2011
 - Commercial
- CAMA requirements & make/buy decision in FY 2010-11.





Recommended Technology Projects

• County Switch/Phone System	\$29,086,200
• Contact Center System	4,953,900
• 911 Center Equipment	8,250,000
• P-25 Radio System	108,909,900
• Infrastructure Refresh Phase 2 Study	500,000
• CHS-Electronic Medical Records	10,000,000



Transportation Capital Improvement Projects

Department of Transportation Capital Projects	FY 2010-11 Recommended Budget	FY2011-12 to FY2014-15	Five-Year CIP Program Total
	\$ 98,872,518	\$ 311,304,618	\$ 410,177,136





Conclusion

- FY 2010-11 recommended budget is fiscally sound.
- Overall, this budget continues to do more with less.
- Caution is prudent with the current economic conditions.





Appreciation

Thanks to the Board of Supervisors, other Elected Officials, Judicial Branch, Presiding Judge and the Appointed Officials for their cooperation. This budget could not have been balanced without your continued leadership and participation.





Budget Calendar – Remaining Dates

May 24	Tentative Budget Adoption
June 17	ATRA Presentation
June 21	Final Budget Adoption
August 16	Property Tax Levy Adoption





Special Districts



Flood Control District Highlights

- The property tax levy declined by \$6,893,630
- Overall expenditures of \$97.95 Million, an increase of \$1,221,775
- FY 2010-11 CIP increased to \$60.5 Million
- Five-year CIP projected to be \$300.5 Million



Flood Control District CIP

Flood Control District Projects (31 Projects)	FY 2010-11 Recommended Budget	FY 2011-12 to FY 2014-15	Five-Year CIP Program Total
	\$ 60,548,481	\$ 240,000,000	\$ 300,548,481



Library District Highlights

- Property tax levy is flat.
- Overall expenditures of \$28.1M for FY 2010-11 is a \$4.8M decrease compared to \$32.9M in FY 2009-10.
- New Library Openings:
 - Fairway Branch (May 2010)
 - White Tank Branch (Fall 2010)
- Expansion of Polaris Integrated Automated Library System.
- Summer Reading program:
63,000 children in
FY 2009-10, from 45,000
in previous FY.



Stadium District Highlights

Overall expenditures of \$10.5 Million.

- Projects started in FY 2009-10 and continuing in FY 2010-11:
 - Chase Field Party Suite Renovations:
 - \$1,000,000
 - Chase Field Roof Coating:
 - \$1,200,000

Both projects are in the design phase and will begin after the end of the 2010 baseball season.

- Car Rental Surcharge revenue declining, requiring use of fund balance to meet debt obligations and Cactus League support.





