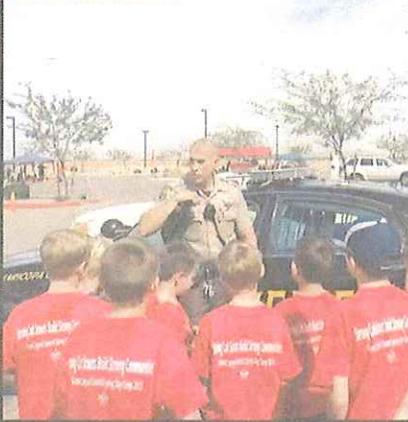


# Maricopa County FY 2016 Tentative Budget



Safe Communities



MARICOPA  
COUNTY

Regional Services



Growth and  
Economic Development



**FY 2016  
ANNUAL  
BUSINESS  
STRATEGIES  
Tentative Budget**

Government Operations



Fiscal Strength and Responsibility



MARICOPA COUNTY  
**OpenBooks**  
building trust through transparency

May 18, 2015

Sandi Wilson, Deputy County Manager  
Brian Hushek, Deputy Budget Director

Cynthia Goelz, Deputy Budget Director  
Tina Allen, Budget Administrator



# Executive Summary



Denny Barney  
District 1  
Supervisor



Steve Chucri  
District 2 Supervisor  
Board Chairman



Steve Gallardo  
District 5  
Supervisor



Andy Kunasek  
District 3  
Supervisor



Clint Hickman  
District 4  
Supervisor

# FY 2016 Tentative Budget Overview & Challenges



## 2015 vs. 2016

# FY 2015 Adopted to Revised Budget

(millions)

Adopted Budget	\$2,211.1
Grants and IGA's Countywide	<u>10.9</u>
<b>REVISED BUDGET</b>	<b>\$2,222.0</b>

Revised Budget includes adjustments approved by the Board throughout the fiscal year.



# FY 2016 Net Variance to the FY 2015 Revised Budget

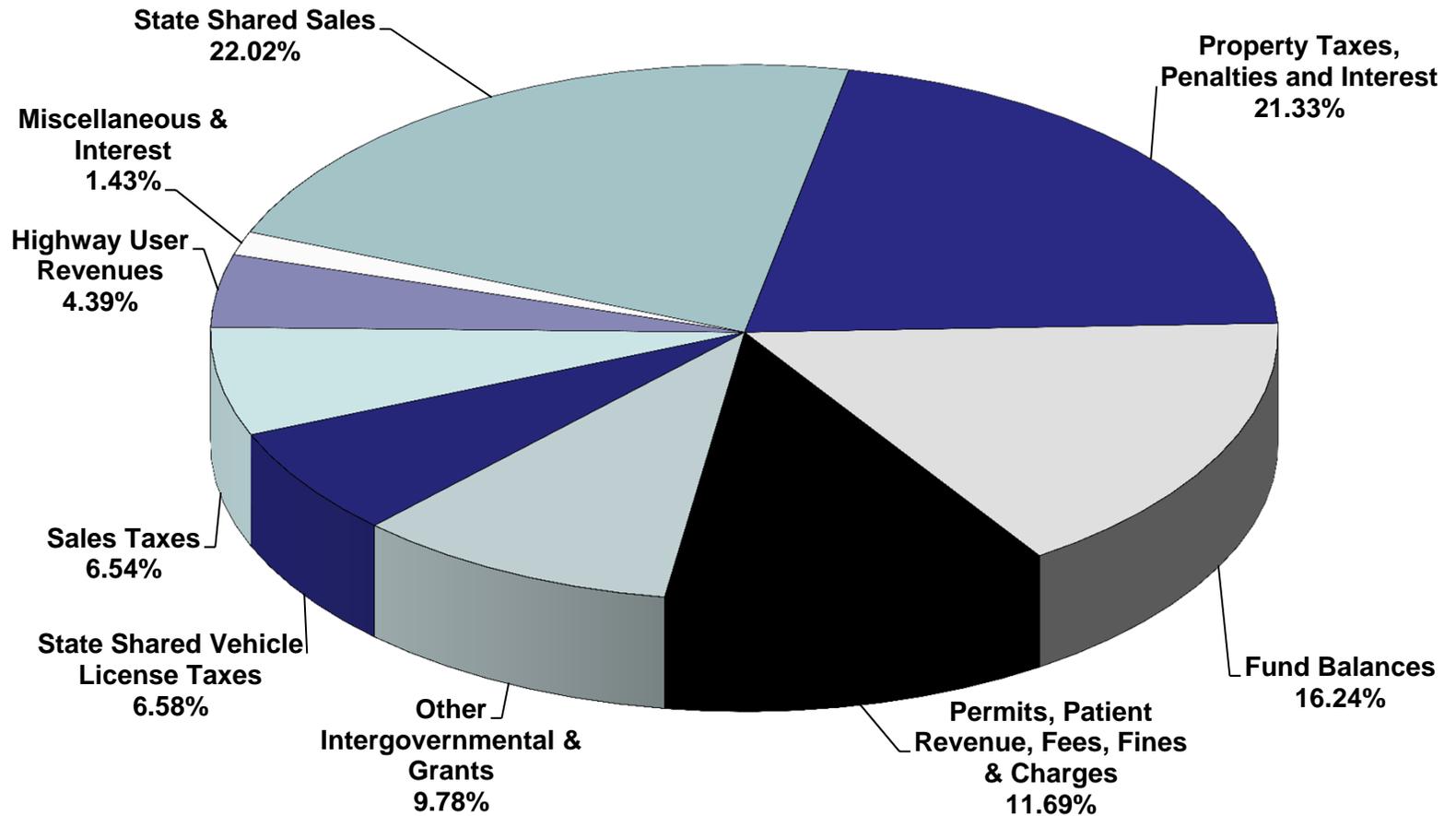
(millions)

	<b>FY 2015 Revised</b>	<b>FY 2016 Tentative</b>	<b>(Increase)/ Decrease</b>
Total County	\$2,222.0	\$2,234.4	\$(12.4)
Total Operating	1,719.3	1,771.8	(52.5)
Total Non Recurring	502.7	462.6	40.1
Total General Fund	1,255.0	1,274.4	(19.4)
General Fund Operating	1,123.8	1,182.9	(59.1)
General Fund Non Recurring	131.2	91.5	39.7

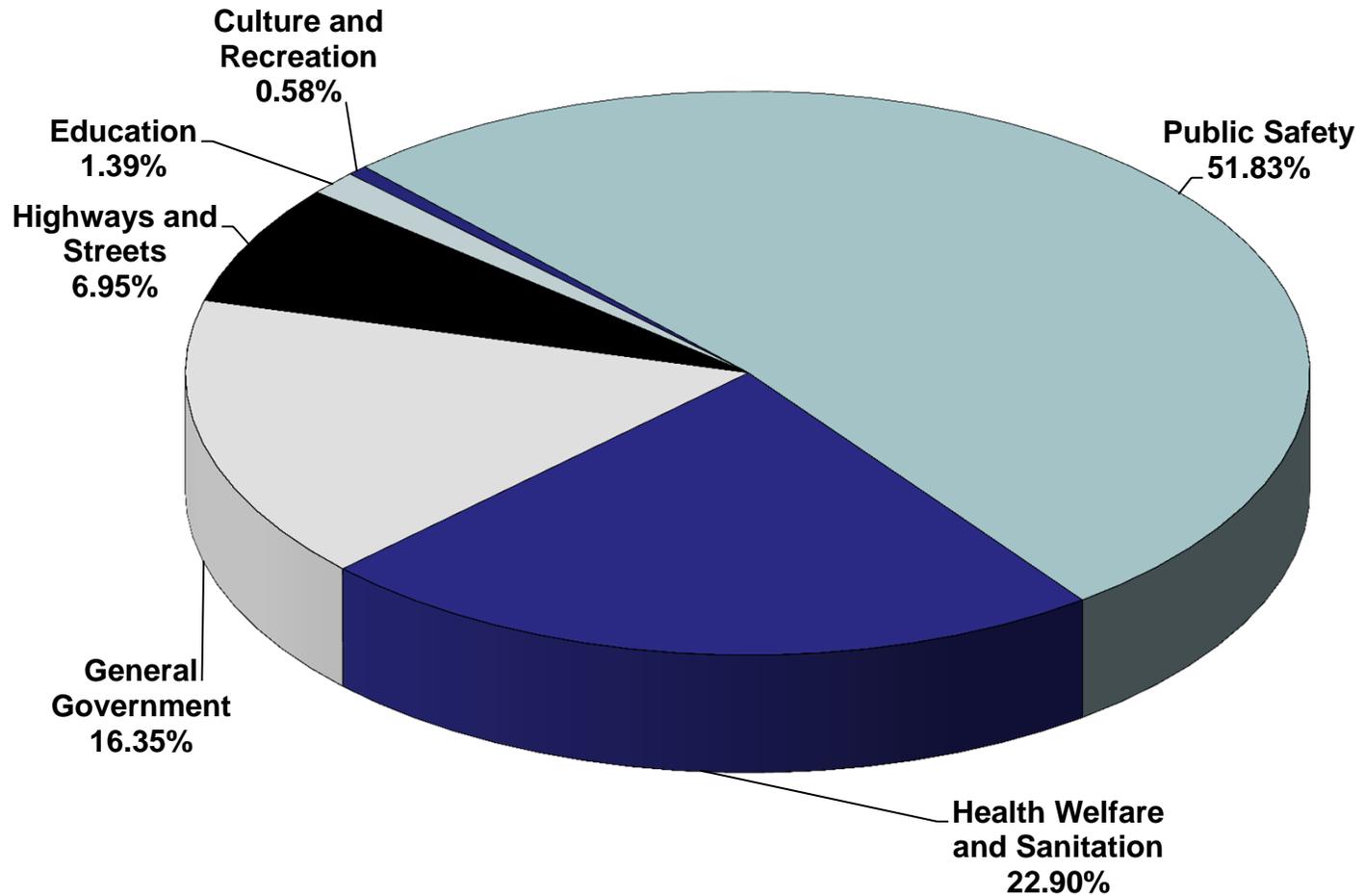


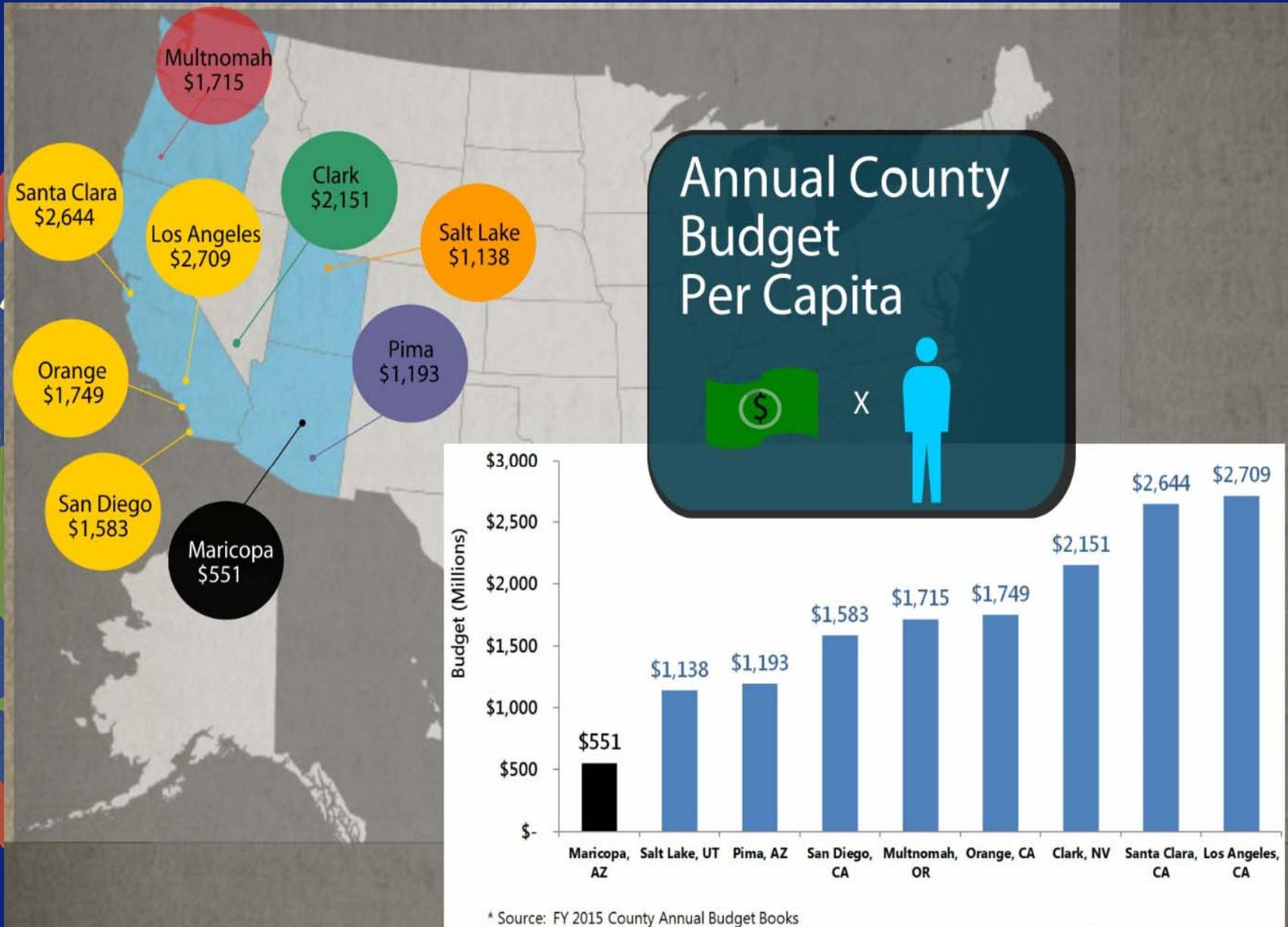
# FY 2016 Tentative Budget

## Sources of Funds: \$2,234,405,833



# FY 2016 Tentative Budget Uses of Funds: \$2,234,405,833





# Budget Guidelines and Priorities

- Adopted by the Board of Supervisors on January 7, 2015.
- Develop a sustainable, structurally-balanced budget.
- All departments must submit within their baseline.
- Requests for new funding must be approved by BOS.
- Zero-Based Budget departments will complete decision packages.
- The base budget will continue to restore operating contingency.
- No new capital or technology will be reviewed until reserves decisions are made.
- Increases will be evaluated for their impact on the County's Expenditure Limitation.

# Budget Guidelines and Priorities

- Ten Departments submitted a Zero-Based Budget:

## **Detention Fund**

- Sheriff's Office
- Correctional Health Services
- Adult Probation
- Juvenile Probation
- Justice System Planning and Information
- Integrated Criminal Justice Information System (ICJIS)
- Office of Enterprise Technology (OET)

## **All Funds**

- Facilities Management
- Maricopa County Education Service Agency (MCESA)
- Animal Care and Control

# Major Budget Challenges

- Maintaining structural balance in All Funds.
- Low Growth in Sales Taxes, Vehicle License Taxes, Jail Taxes, and Property Tax Assessment Growth.
- Continued reduction of Special Revenue and Grant Funds has placed added burden on the General Fund.
- Prop 117 resulted in suppressed assessed valuation on existing property eliminating the market-driven approach.
- Public Safety Personnel Retirement System (PSPRS) increases placed significant strain on the budget.
- Detention Fund structural imbalance.
- Melendres cost increases are difficult to fund or predict.
- Reestablishing Cash Reserves to adequate levels.



# Structurally Balanced Budget

*Definition:  
Reoccurring  
revenues meet  
or exceed  
reoccurring  
expenditures –  
over the  
economic cycle*



# Prop 117

- Effective for budget year FY 2016.
- Single valuation source for all taxes:
  - No longer will have secondary valuations for taxing purposes
- Appreciation limited to the lesser of actual growth or 5%.
- Economic growth will no longer influence net assessed values to the extent experienced in the past.

# Retirement and Benefits

- Retirement rates are straining the budget:
  - \$10.3 million increase in costs to the General and Detention Funds in FY 2016
  - Substantial unfunded liabilities in retirement plans
- Benefits Trust Fund reserves declining:
  - FY 2016 General and Detention Funds contributions to health benefits increasing by \$11.4 million

# Employer Retirement Rate Changes

Retirement Plan	% of Staff in Plan	FY 2015 Rate	FY 2016 Rate	Rate Change	% Change
ASRS and LTD	68%	11.60%	11.47%	-0.13%	-1.12%
PSPRS	5%	39.66%	48.83%	9.17%	23.12%
CORP	16%	13.45%	16.25%	2.80%	20.82%
PORP	10%	16.12%	19.95%	3.83%	23.76%
EORP	1%	23.50%	23.50%	0.00%	0.00%



# Estimated Unfunded Liabilities

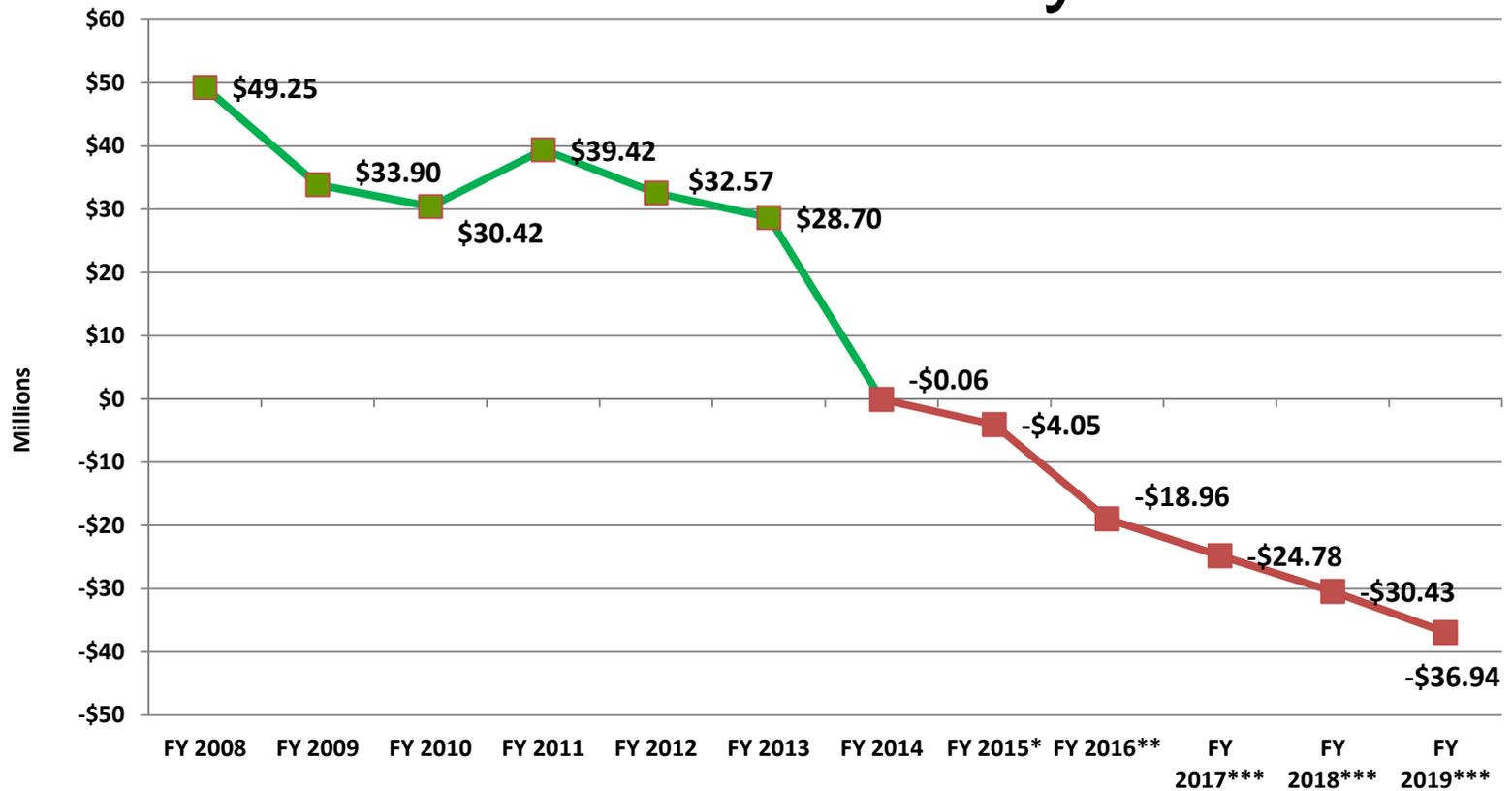
Plan	Unfunded Liability at 6/30/2014	Funding Ratio at 6/30/2014
Maricopa County Specific Plans		
PSPRS	\$235,074,082	44.5%
CORP	151,999,578	57.3%
County Attorney Investigators	6,858,325	38.7%
Park Rangers	775,504	68.6%
State-wide Plan		
PORP	\$221,431,155	59.1%

# Detention Fund

## Structural Balance

- Maricopa County asked for 1/3¢ and received approval from the legislature for 1/5¢ in sales taxes.
- Detention Fund has been out of structural balance since FY 2014.
- Revenue growth is not keeping pace with expenditure increases due to increase in services as well as increase in costs, especially retirement benefits.
- To achieve structural balance in FY 2016, a \$19 infusion from the General Fund is necessary.
- Long range forecast indicate this trend will continue.

# Detention Fund Structural Balance without General Fund Subsidy



\*Forecast \*\* Recommended \*\*\* Projection

# MCSO Judgment Order

- In October 2013, the United States District Court for the District of Arizona issued a Judgment Order in Melendres v. Arpaio.
- The Judgment Order stated requirements which MCSO must follow in order to comply with Courts ruling.
- In addition, it required a court appointed monitor.
- Costs incurred in FY 2014 associated with the order totaled \$3,754,272:
  - \$3,000,484 by MCSO
  - \$753,788 for the monitor and other related costs

# MCSO Judgment Order

- The FY 2015 budget contains over \$17 million for the order:
  - \$14.5 million at MCSO
  - \$2.8 million for the monitor and other related costs
- FY 2016 Tentative budget includes \$23.8 million associated with the order:
  - \$14.4 million for MCSO:
    - Includes the reallocation of 24 positions from the General Fund operating budget
    - Other changes include increases to overtime and annual maintenance for the body camera system
  - \$3 million for the monitor and related costs
  - \$6.4 million in contingency (operating and one-time)

Note: The above excludes legal costs for defense and plaintiff.

# State Budget Impacts

	Prior Years	FY 2015	FY 2016	TOTALS
Mandated Contribution	\$ 103,668,300	\$ -	\$ -	\$ 103,668,300
Sweep ALTCS Refunds	11,078,831	-	-	11,078,831
HURF Diversion to DPS	42,264,339	4,492,963	5,095,023	51,852,325
HURF Diversion to MVD	6,662,102	-	-	6,662,102
Reduce, Eliminate Lottery Revenue	1,248,860	249,772	249,772	1,748,404
SVP Payments	16,700,000	2,106,649	2,106,649	20,913,298
100% Superior Court Judges Salaries	36,050,316	9,155,758	9,354,345	54,560,419
Assessor - DOR	846,000	282,000	282,000	1,410,000
Capital PCR - ongoing	722,630	447,723	447,723	1,618,076
Capital PCR - start up	64,962	-	-	64,962
Reduction in State-Shared Sales Tax for Utilities used in Manufacturing	-	1,000,000	1,000,000	2,000,000
Reduction in Jail Excise Tax for Utilities used in Manufacturing	-	600,000	600,000	1,200,000
Juvenile Corrections Cost Shift	-	-	7,166,033	7,166,033
DOR Cost Shift	-	-	4,030,498	4,030,498
Presidential Preference Election	-	-	1,912,221	1,912,221
	<u>\$ 219,306,340</u>	<u>\$ 18,334,865</u>	<u>\$ 32,244,264</u>	<u>\$ 269,885,469</u>

# Economic Development



# Econometric Perspective

“Many things are impacting economic growth and people can still be optimistic about our longer term future. However, some of the current problems will take a while to be resolved and budgetary caution is still the recommended path.”

Elliott D. Pollack and Company

April 2015



# Economic Development

- Greater Phoenix Economic Council \$573,675
  - Regional Marketing and Promotion
  - Industry Prospecting
  - Promote Economic Development Cooperation
- Greater Phoenix Convention and Visitors Bureau \$222,431
  - Attract Conventions, Conferences and Meetings
  - Marketing and Communication
  - Leisure Travel Promotion
  - Visitor Service Center
- Greater Phoenix Chamber of Commerce \$146,805
  - Phoenix Forward
    - Industry Councils
    - Business Retention and Expansion
    - Industry Intelligence
    - Training and Collaboration

# Economic Development

## Greater Phoenix Economic Council

- **Regional Prospects and Locates** - *Identify and develop new prospects:*
  - 201 prospects YTD; 22 locates
- **Business Attraction & Competitiveness** - *Community Partnership Program:*
  - GPEC has met with nine different communities YTD and will meet with all 22 by end of year
- **Marketing & Communication** - *Ambassador Program*
  - 12 events FY2015 YTD:  
732 Ambassadors attended
- **Maricopa Competes Website**
  - Is operational



**Greater Phoenix**  
ECONOMIC COUNCIL



# Economic Development Greater Phoenix Convention and Visitors Bureau

- Super Bowl and Pro Bowl:
  - Occupancy rate average was over 91%
  - Average Daily Rate was up 144% from same time last year
- College Football Playoff Game in 2016.
- NCAA Final Four in 2017.
- *Visit Phoenix* publication.



# Super Bowl Impact

- Super Bowl visitors boosted spending in the Valley by double digits for restaurants, bars and hotels.
- Ninety-five percent of the Valley's hotel rooms were filled on the eve of the Super Bowl.



# Economic Development

## Greater Phoenix Chamber of Commerce

- Establish Industry Council Focus Groups:
  - Transportation and Logistics
  - Health Care
  - Bioscience
  - Advanced Business and Financial Services
- Develop Charter Documents.
- Establish Shared Intelligence System with Partners.
- Establish Reporting System.
- Develop and Maintain a Dedicated Website.



# Recovery Detail

- Consumer confidence improving.
- Unemployment rate declining.
- Housing prices rebounding.
- U.S. dollar is strong.
- Inflation remains low.
- People are spending.
- Businesses are investing.

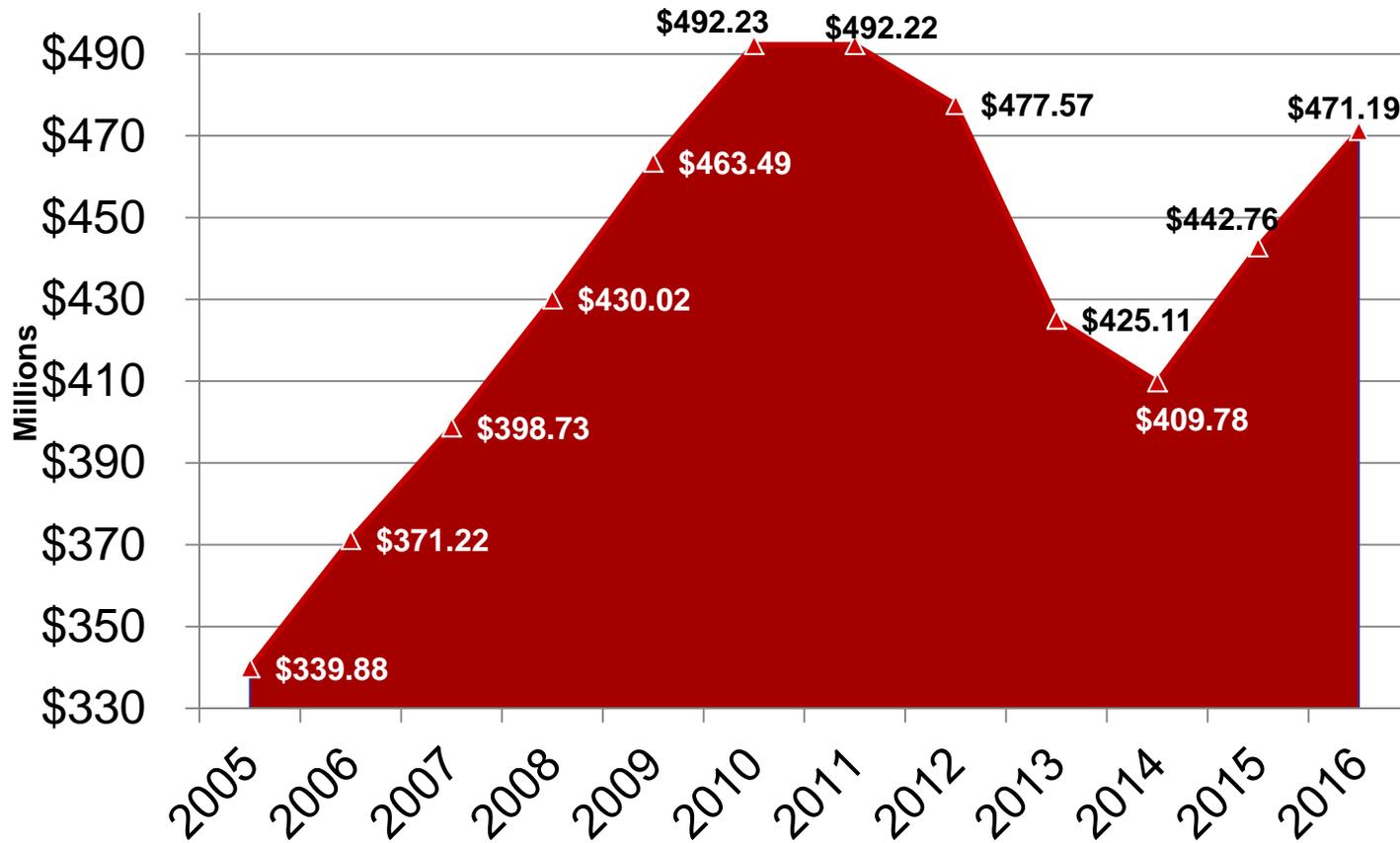
Source: *Elliott D. Pollack & Company, April 2015*



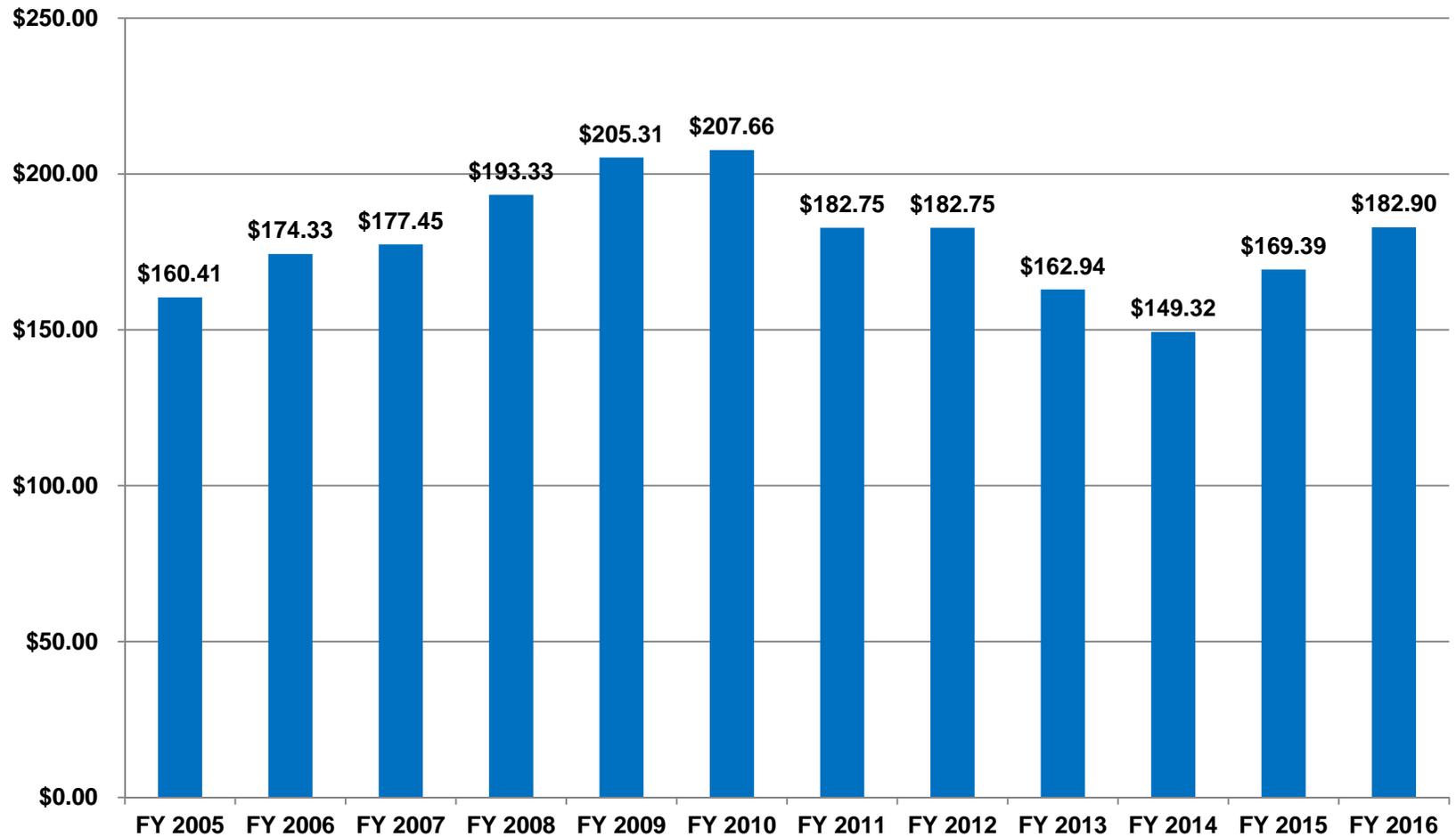
# Property Taxes



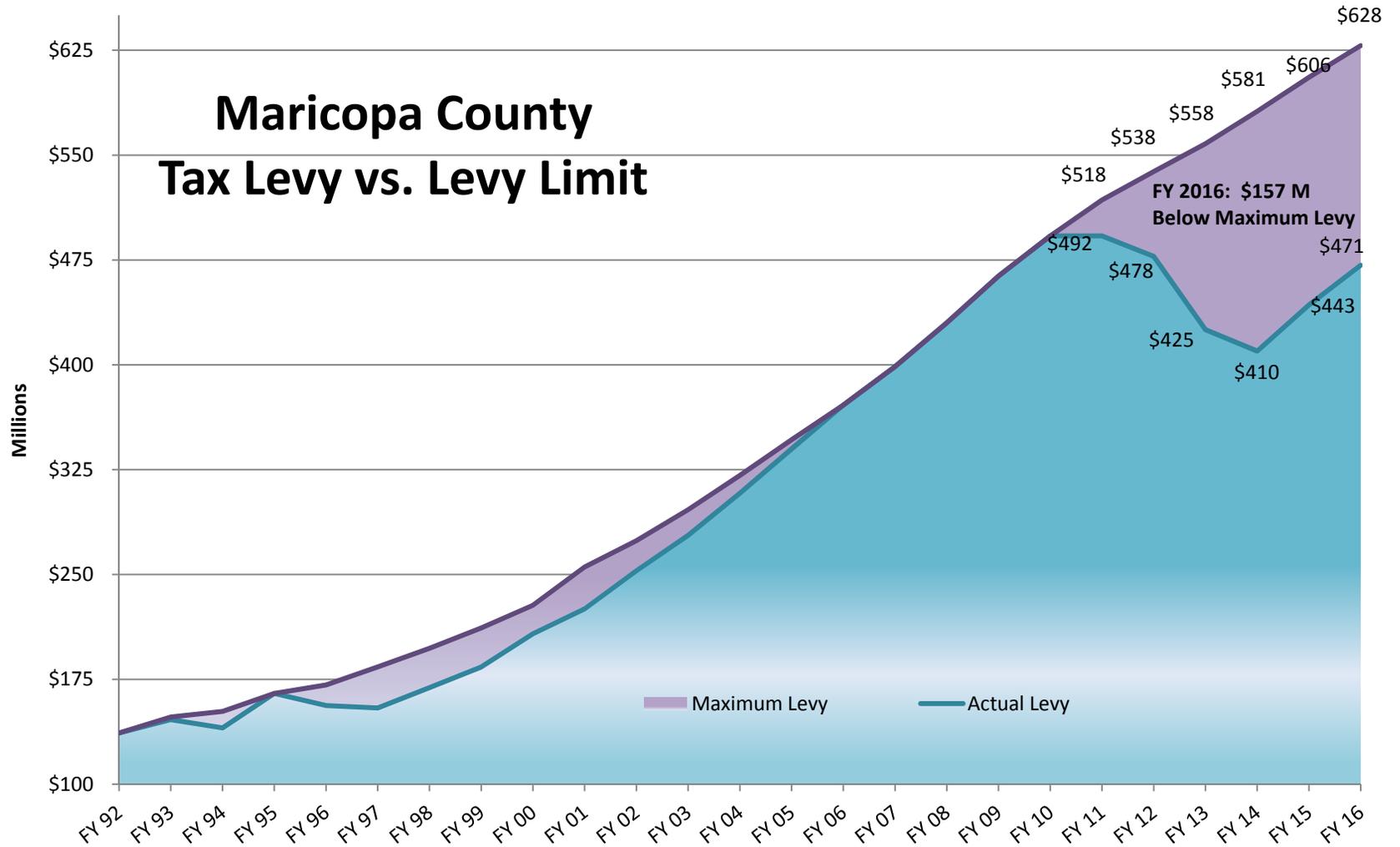
# Primary Levy



# Combined County Tax Bill History



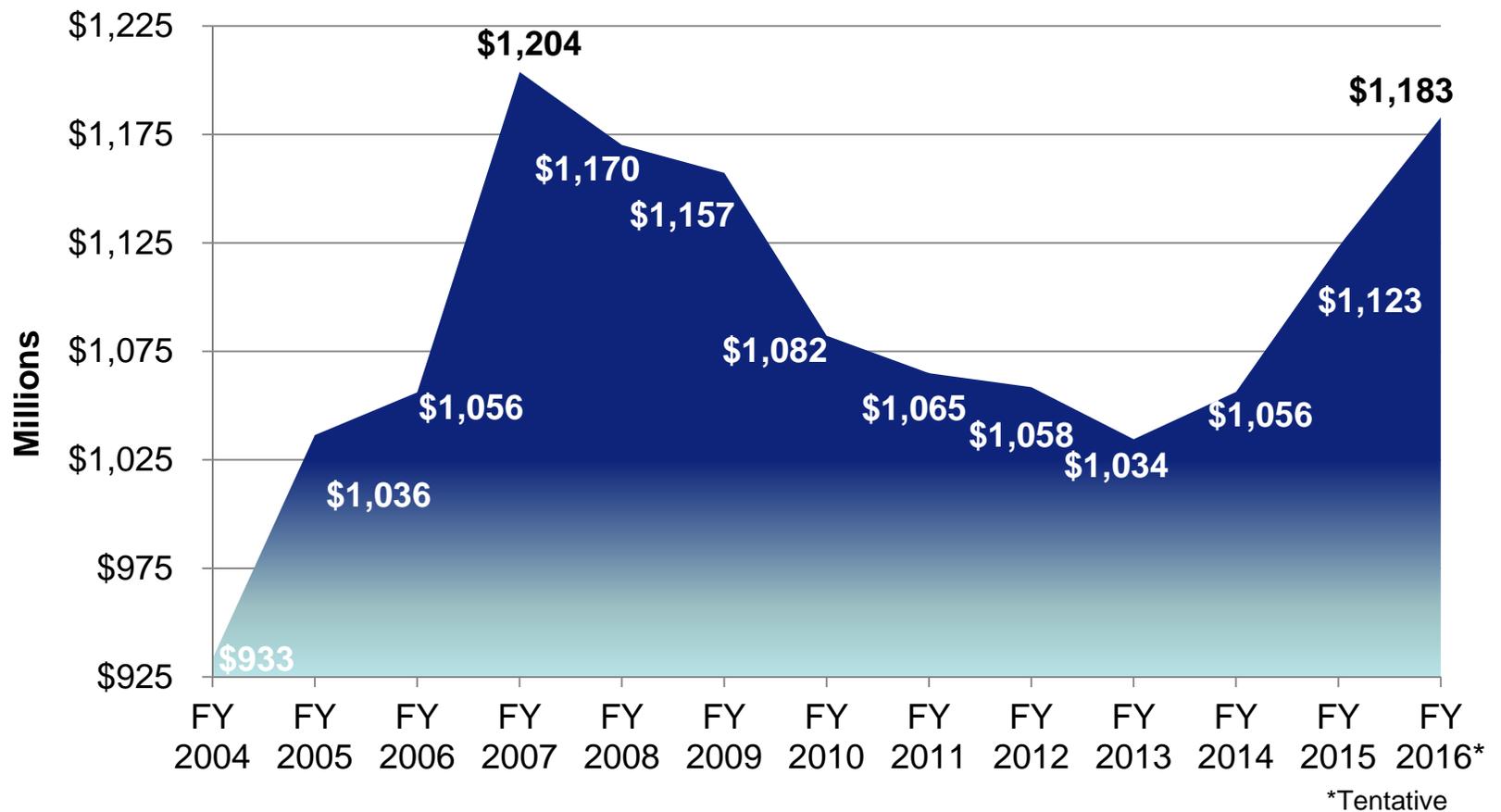
# Maximum Levy vs. Actual Levy



# Other Revenue Trends

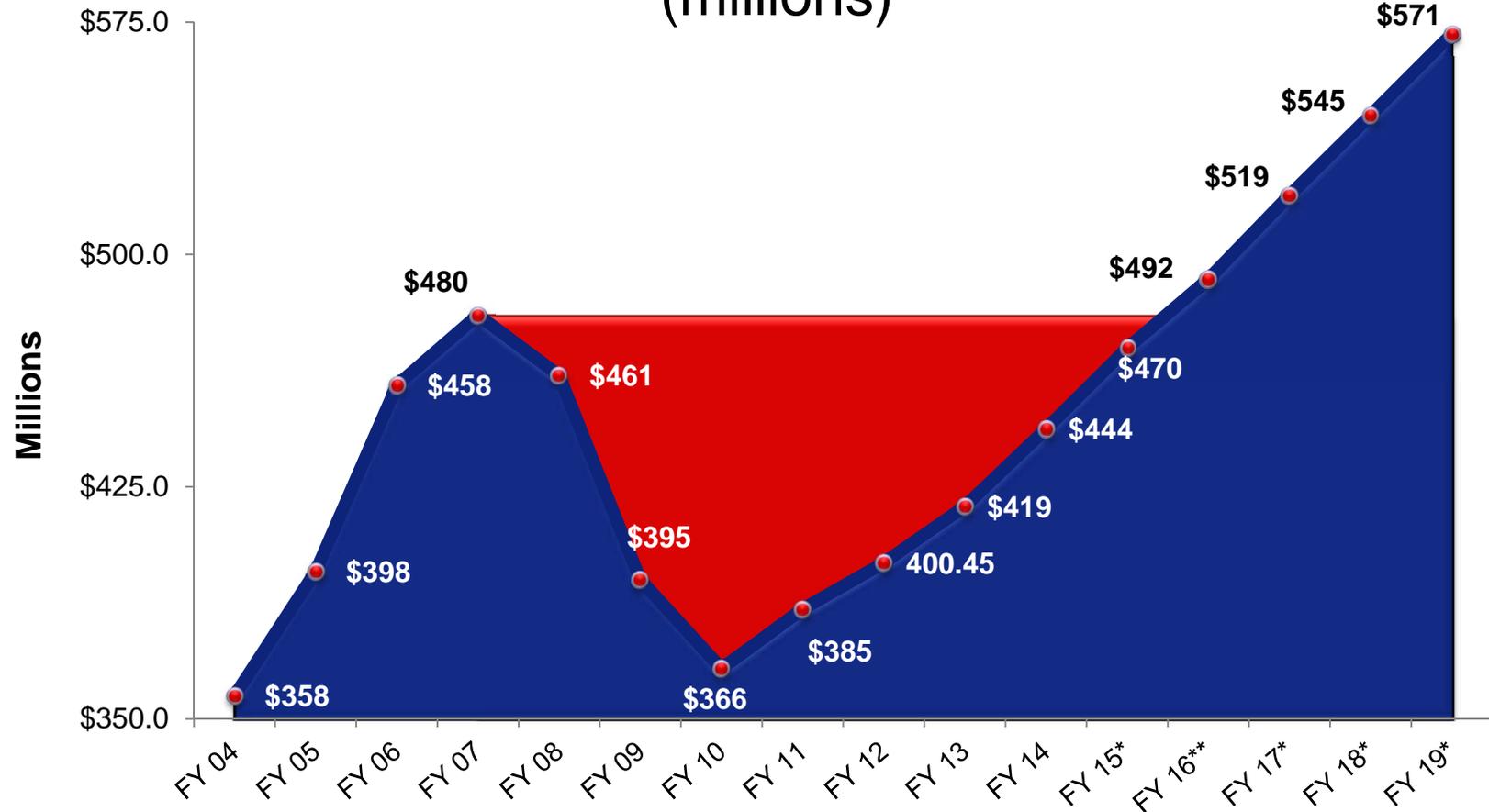


# Combined General Fund Operating Sources



# State Shared Sales Tax

(millions)



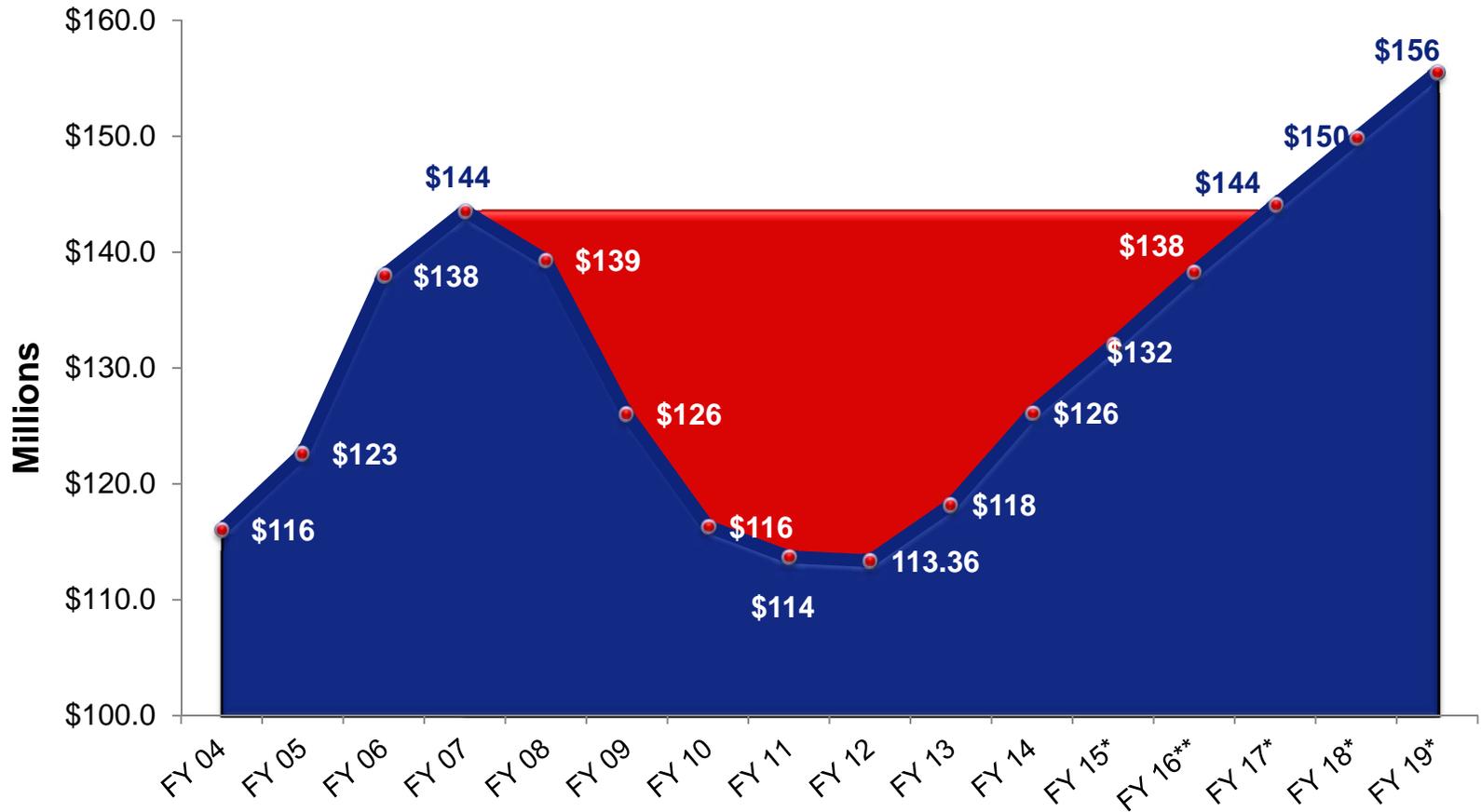
\*Forecast Values from Elliott D. Pollack and Co., April 2015

\*\* Tentative Budget



# Vehicle License Tax

(millions)



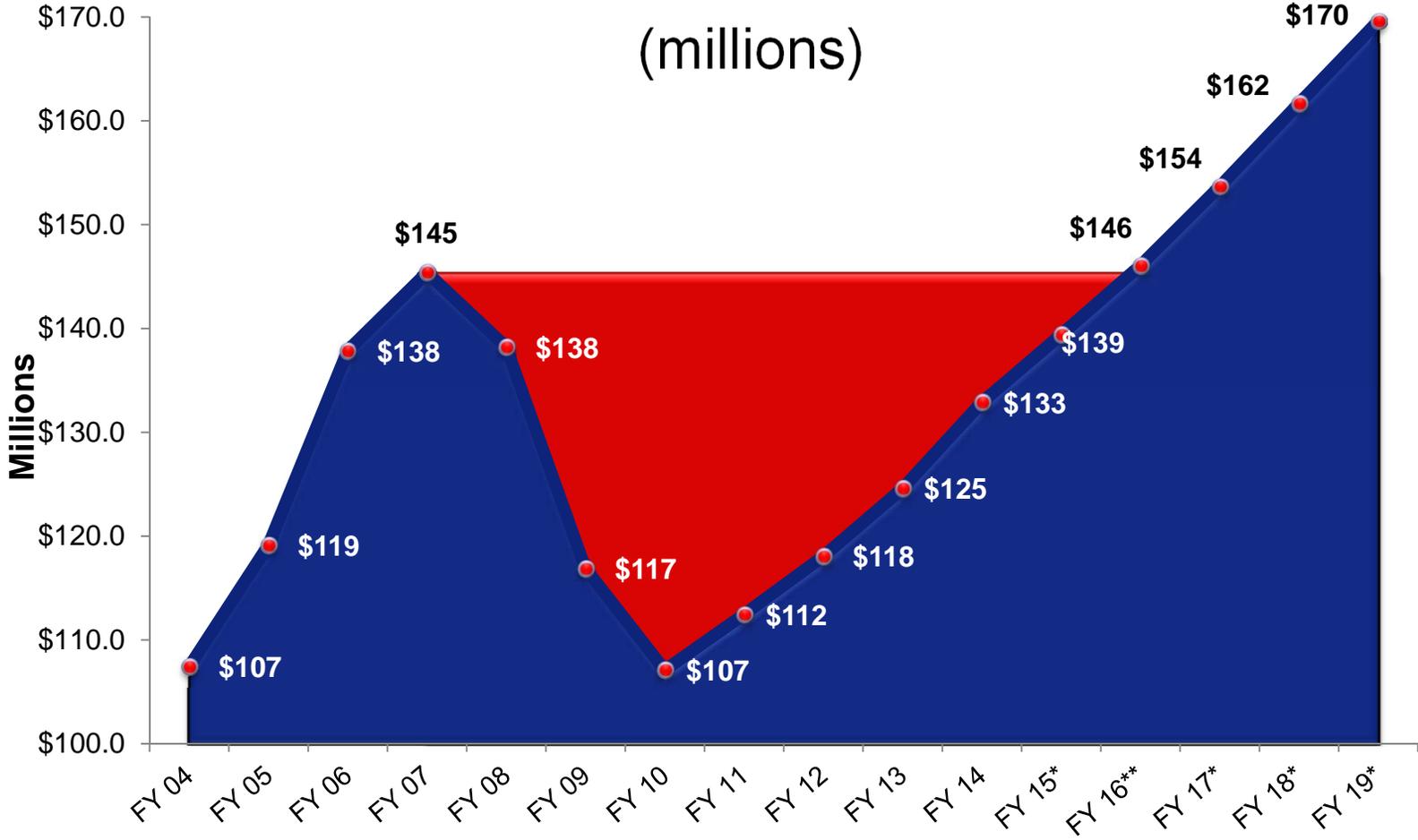
\*Forecast Values from Elliott D. Pollack and Co., April 2015

\*\* Tentative Budget



# Jail Excise Tax

(millions)



\*Forecast Values from Elliott D. Pollack and Co., April 2015

\*\* Tentative Budget



# Department Budgets

## Budget



# Justice System & Correctional Health Detention Fund

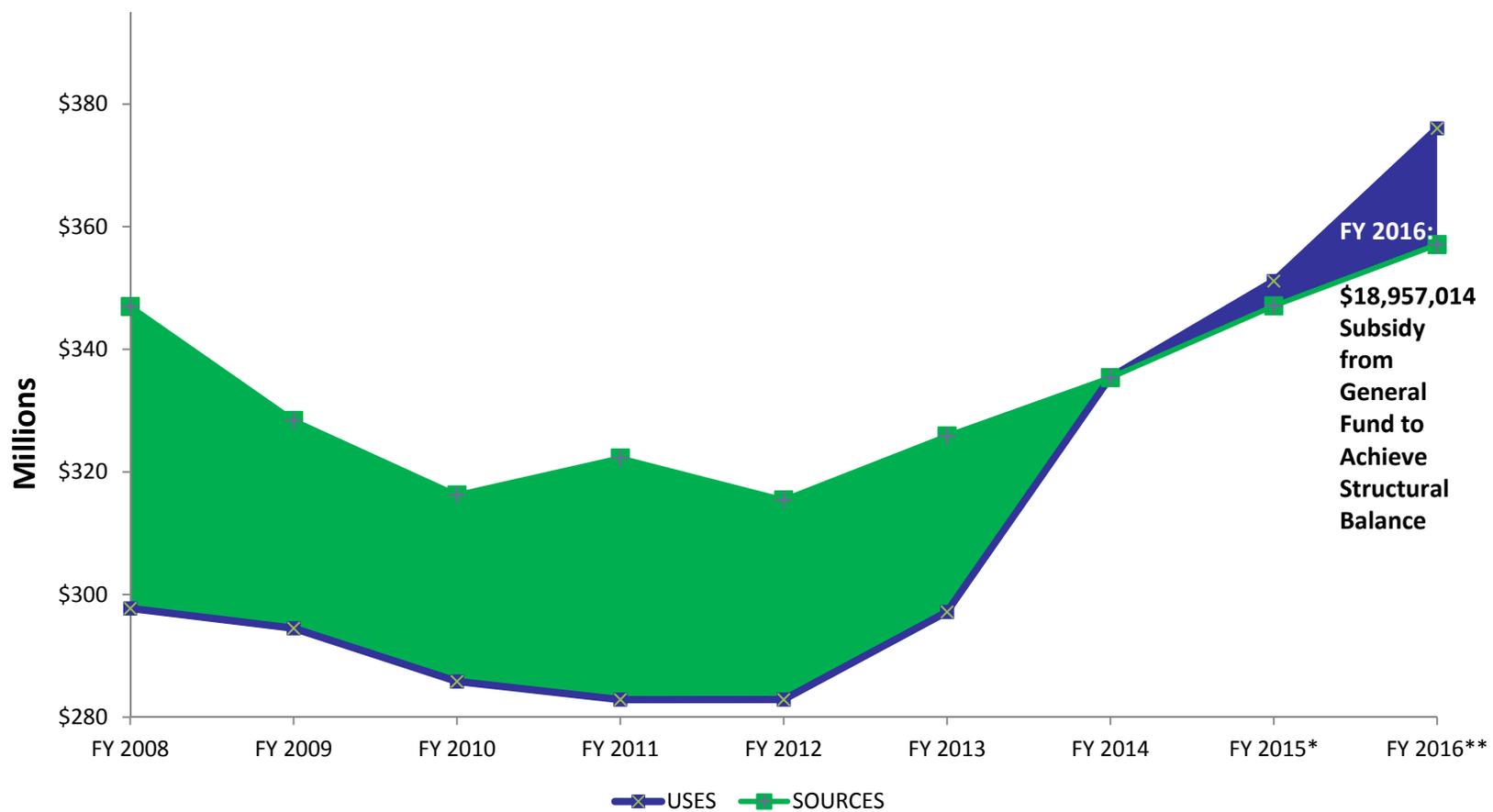


National Commission on  
Correctional Health Care



# Detention Fund

## Operating Revenue and Expenditures

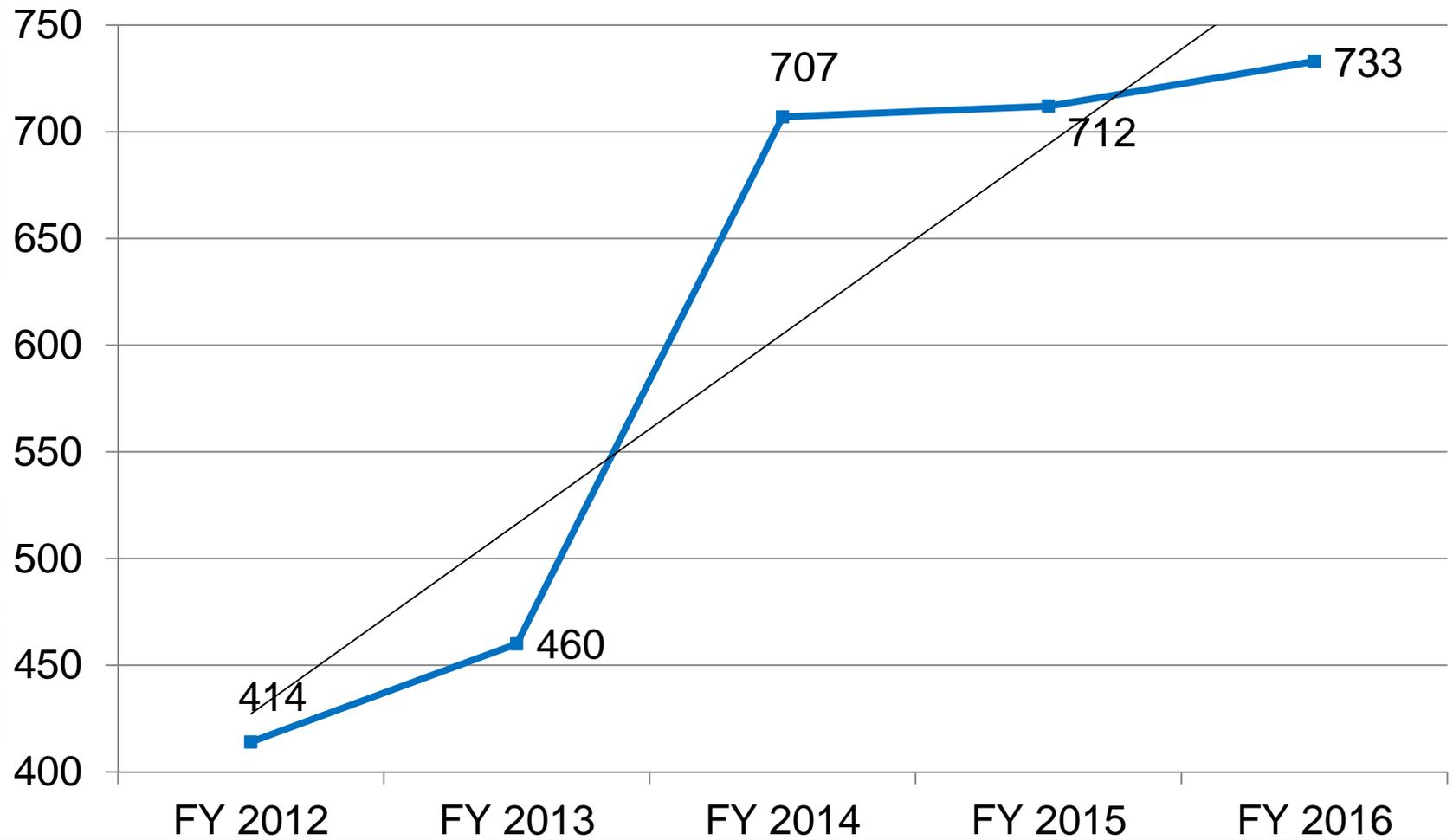


\*Forecast    \*\*Recommended Budget



# Adult Probation

## Year-end Pretrial Electronic Monitoring



# Adult Probation

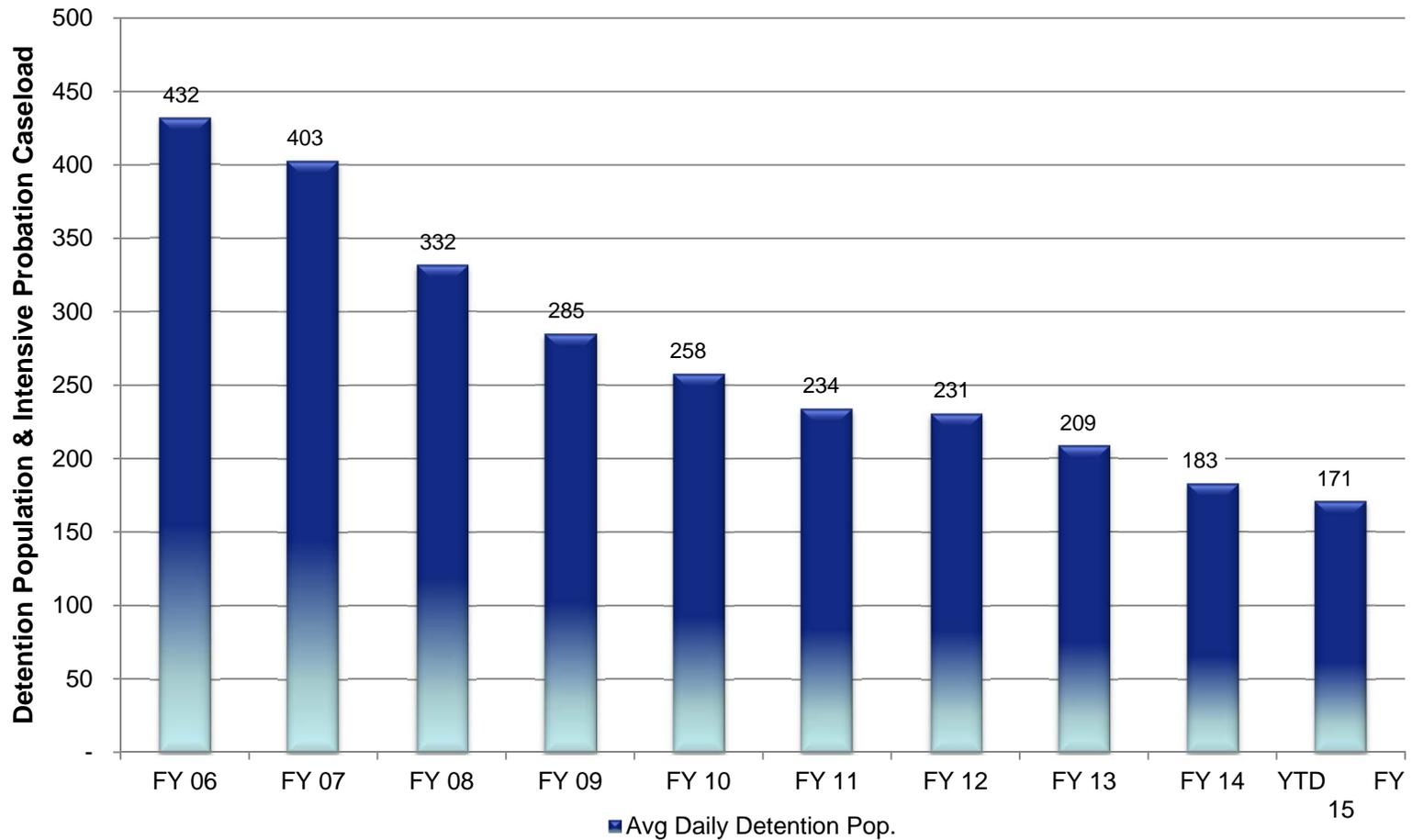
The Detention Fund budget increased as a result of:

- Allocation of administration costs from the General Fund.
- Staffing increases in the areas of:
  - Prison Re-entry (3)
  - Intensive Probation (7)
  - Drug Court (2)
- Electronic Monitoring Equipment.

Non recurring funding for equipment for new positions.



# Juvenile Detention



# Juvenile Probation

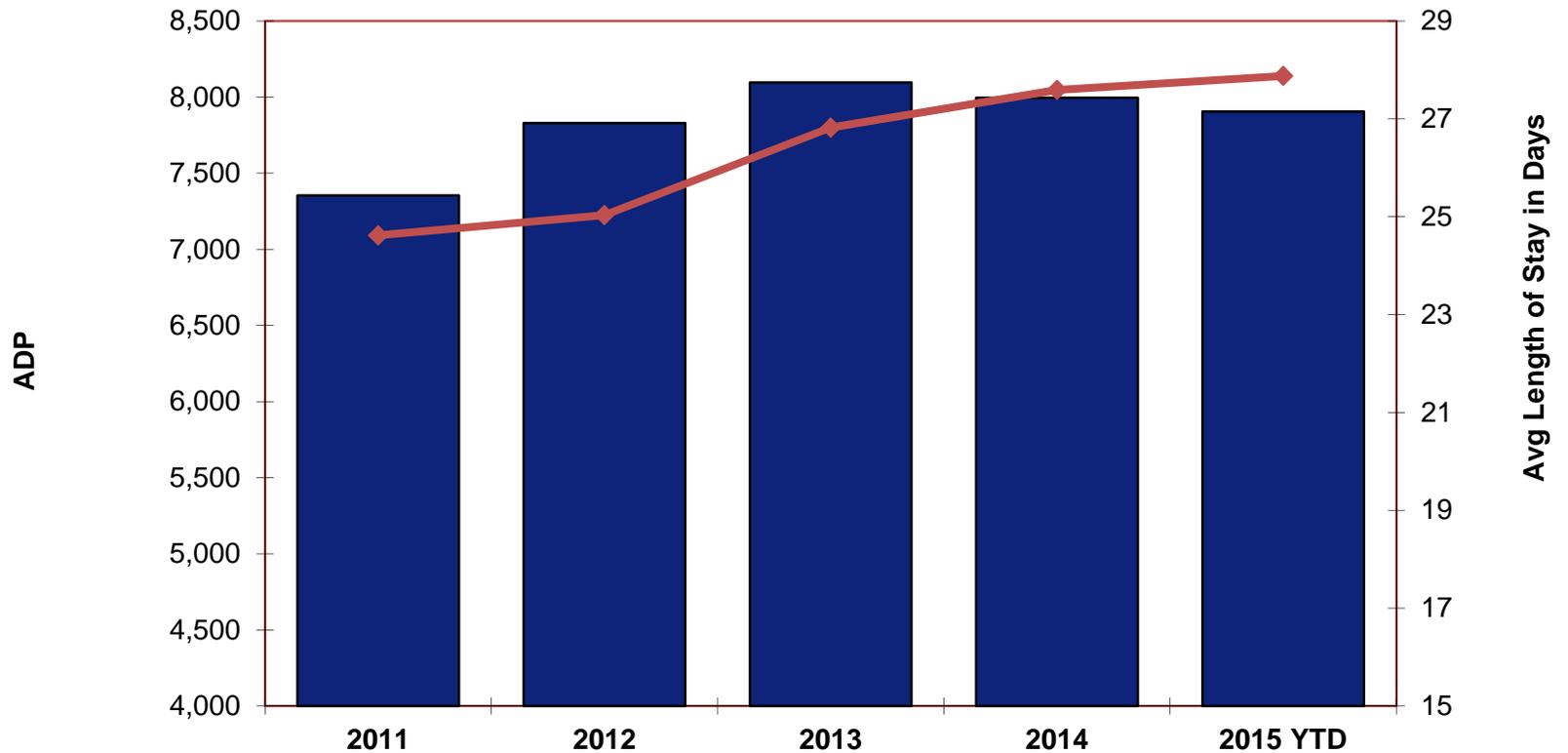
The overall Detention Fund budget is decreasing.

- A reduction from personnel savings and other personnel cost allowed the department to absorb:
  - Community Based Alternatives to Secure Placement
  - Electronic Health Record Maintenance
  - Retirement Increases



# Jail Population

■ Average Daily Population    ◆ Average Length of Stay (Rel)\*



# Sheriff's Office

- The baseline budget increased due to the change in retirement rates.
- Decreases in the budget from personnel savings were in excess of the following other increased areas:
  - Overtime
  - Laundry, janitorial and food service supplies
  - Jail intelligence lease
  - Staffing for:
    - Information Management System Unit (3)
    - Victim Notification Unit (3)
    - Sexually Violent Persons Unit (2)
    - Criminal Intelligence Analysts (4)

# Sheriff's Office

- Non recurring funding was provided in the Detention Fund for:
  - Interactive Voice Response System
  - Kitchen Equipment
  - Laundry Equipment



# Correctional Health Services

## Detention Fund

- Base operating budget increased largely due to increased pharmaceutical costs.
- Graves v. Arpaio:
  - Annualization of 9 new positions and increased inmate medical transport for compliance with Amended Judgment



# Justice System General Fund



# Sheriff's Office

Baseline budget increased for change to retirement rates and risk management charges.

The FY 2016 General Fund budget includes:

- Decreases from:
  - Personnel Savings
  - Shift of 24 positions to the Melendres Operating Budget
- Offset by increases for:
  - Overtime and Payroll Changes
  - IT Repairs and Maintenance and Broadband Access
  - Grant Shortfalls



# Sheriff's Office

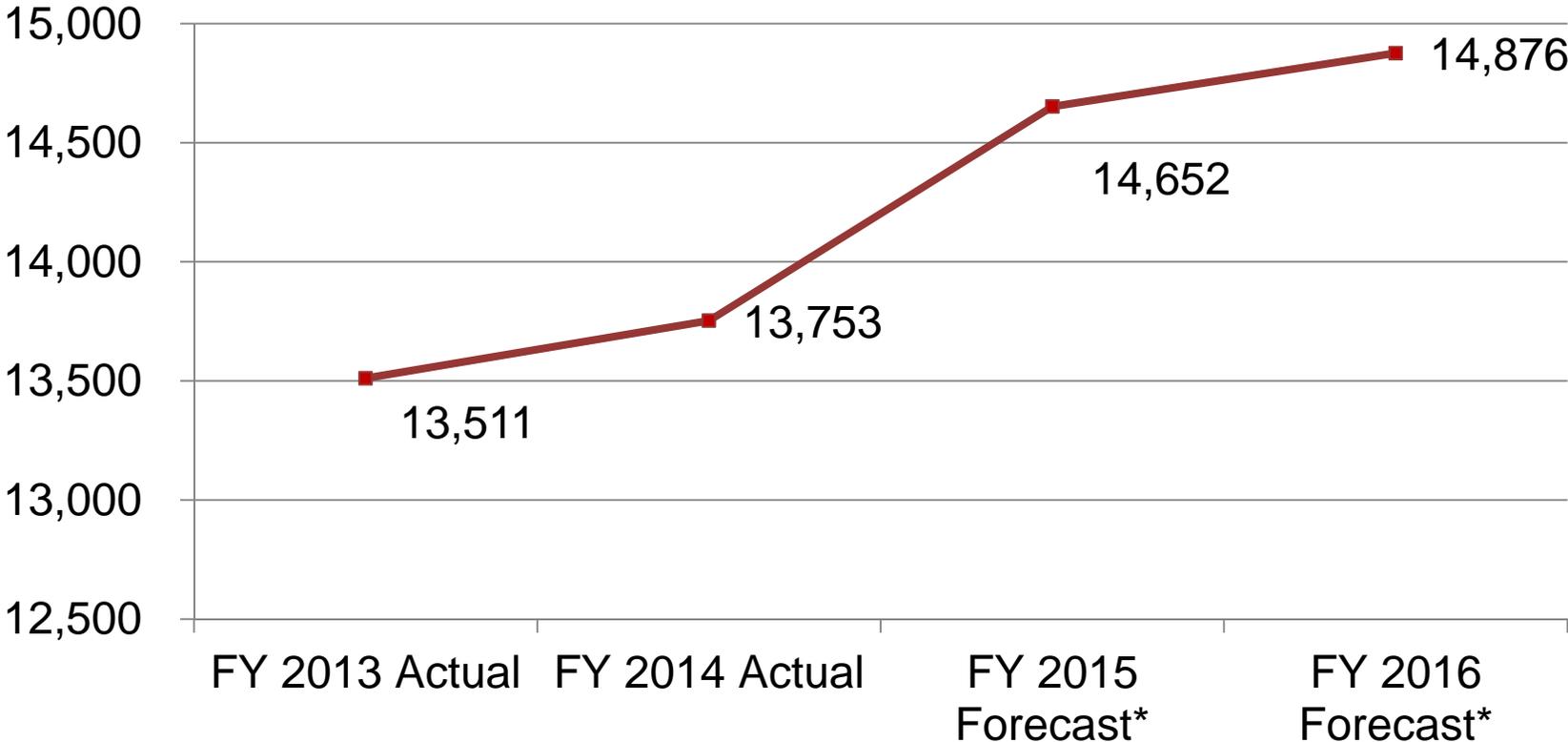
FY 2016 Budget includes:

- General Fund Non Recurring Expenditures:
  - Camera Security System
  - Records Management System

Both are carryforward from FY 2015.

# Adult Probation Standard Probation

## End of Year Caseload



\*OMB Forecast



# Adult Probation

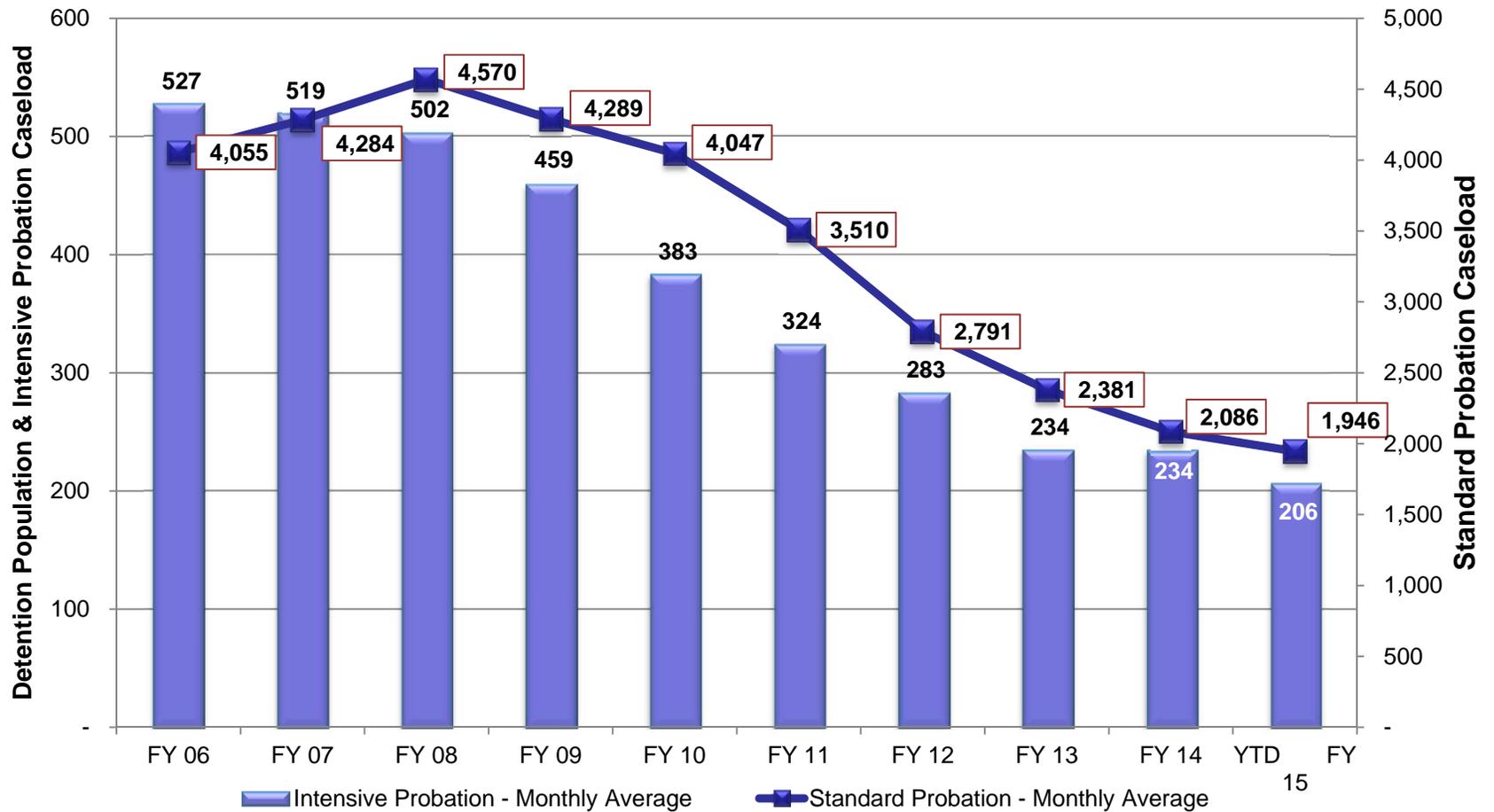
The General Fund operating budget decreasing overall due to:

- Decreases from:
  - Allocation of administrative cost to the Detention Fund
- Offset by an Increase for:
  - Additional staff in the following areas:
    - Sex Offender (4)
    - Domestic Violence (2)
    - Standard Probation (12)
  - Retirement rate increase

Non Recurring funds provided for equipment for new positions.



# Juvenile Probation Caseloads



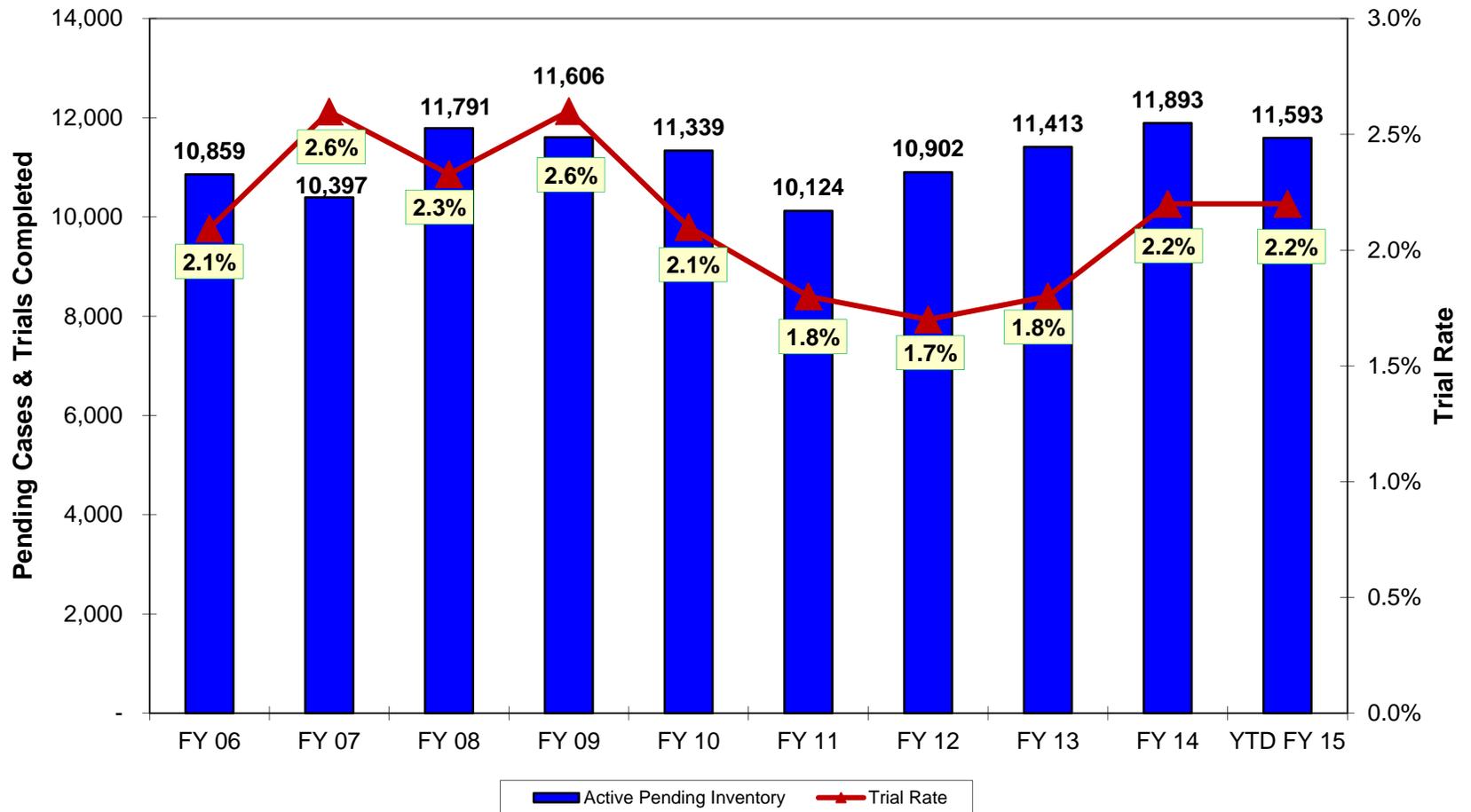
# Juvenile Probation

The General Fund Budget decreased by 2.2%.

- Increases for:
  - Pre-placement Services
  - Special Revenue Fund Shortfalls
  - Retirement Rate Increases
- Offset by Decreases in:
  - Personnel Savings



# Superior Court Average Monthly Case Processing



# Superior Court

FY 2016 General Fund budget is a net decrease from:

- Increases for:
  - Two additional Initial Appearance Commissioners and staff
  - Parent Conference Reports, Interpreter Contract and Court Security Equipment Maintenance
- Offset by Decreases in:
  - Retirement Contribution Rate
  - Personnel Savings



# Superior Court

FY 2016 General Fund Non Recurring Funding for:

- Disaster Recovery Equipment
- “For the Record” Equipment
- Case Management System Continuation
- Start-up for Initial Appearance Courts

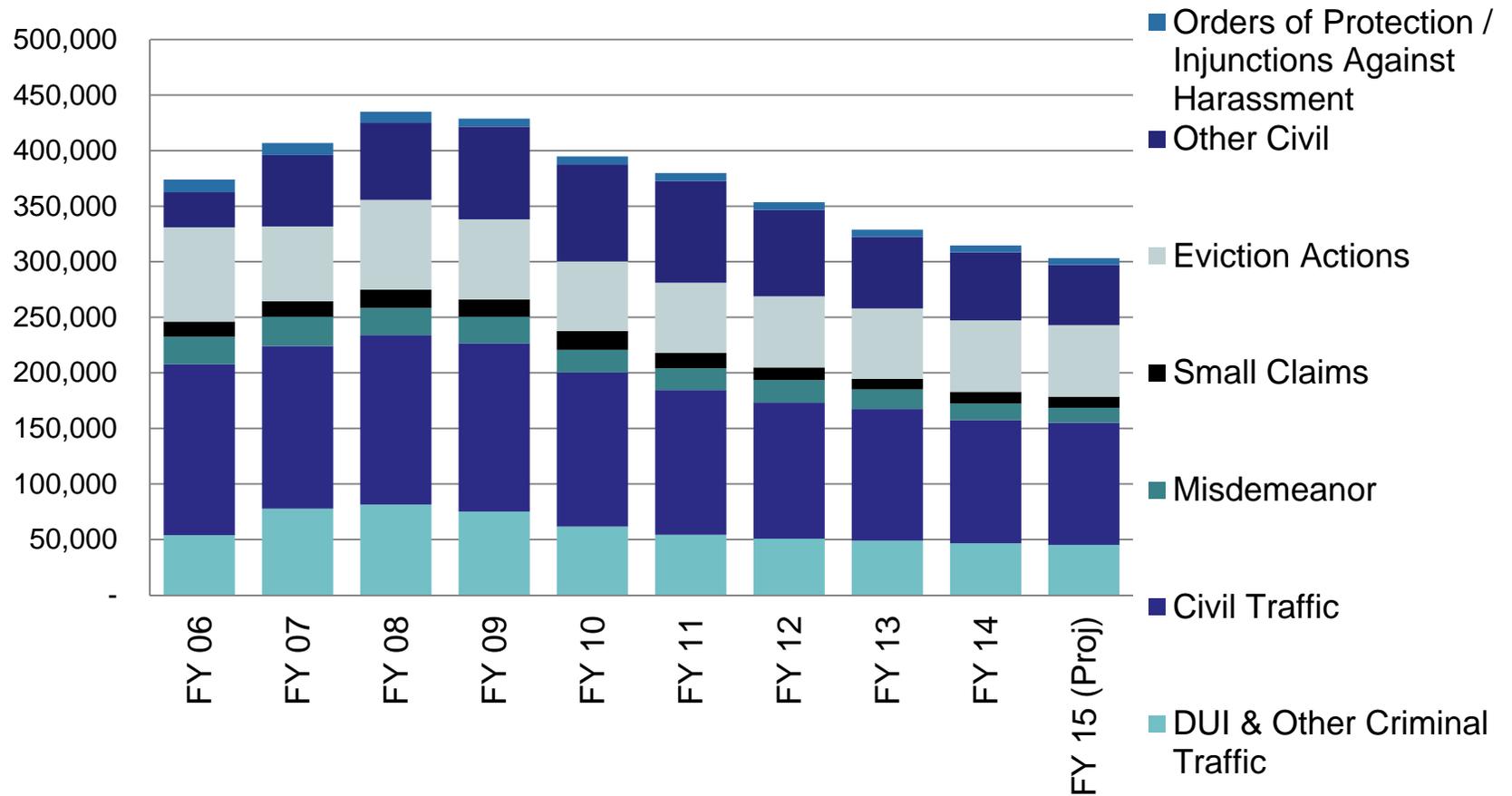


# Clerk of Superior Court

- FY 2016 General Fund Budget includes increases for:
  - Fill The Gap Fund Allocation
  - 4.0 FTE for Initial Appearance Courts
  - General Fund fee revenue declining
- General Fund Non Recurring Non Project:
  - Restitution, Fines and Reimbursement (RFR) Project Carry Forward
  - Additional Contingency in Non Departmental for RFR
  - Start up for Initial Appearance Court staff
- Special Revenue Fund receipts are expected to decline in FY 2016.



# Justice Court Filings

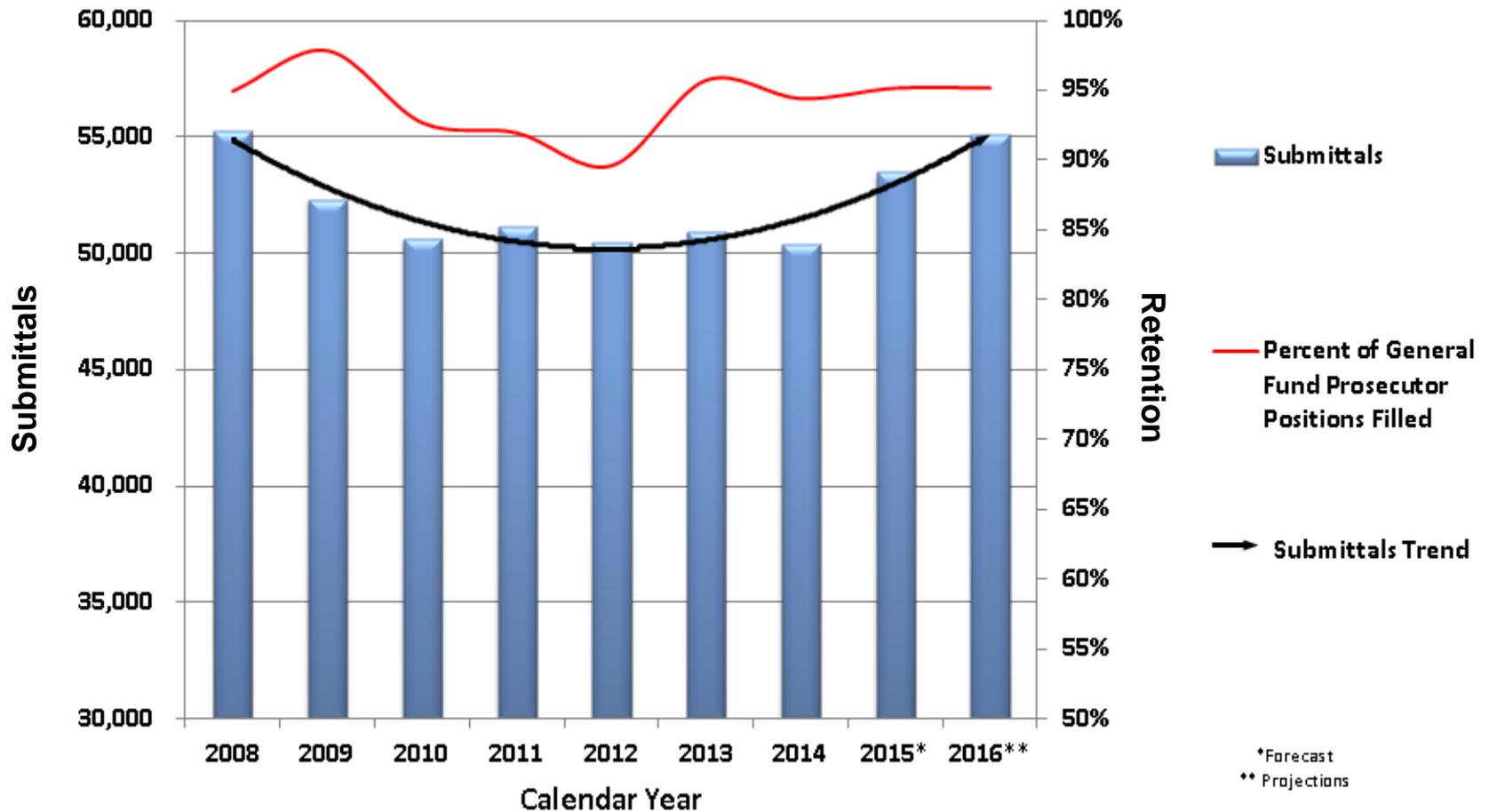


# Justice Courts

- General Fund Operating Budget relatively unchanged. Includes:
  - Decrease in Risk Management and Retirement Charges
  - Decrease in General Fund Revenue
- General Fund Non Recurring:
  - Electronic Document Management System



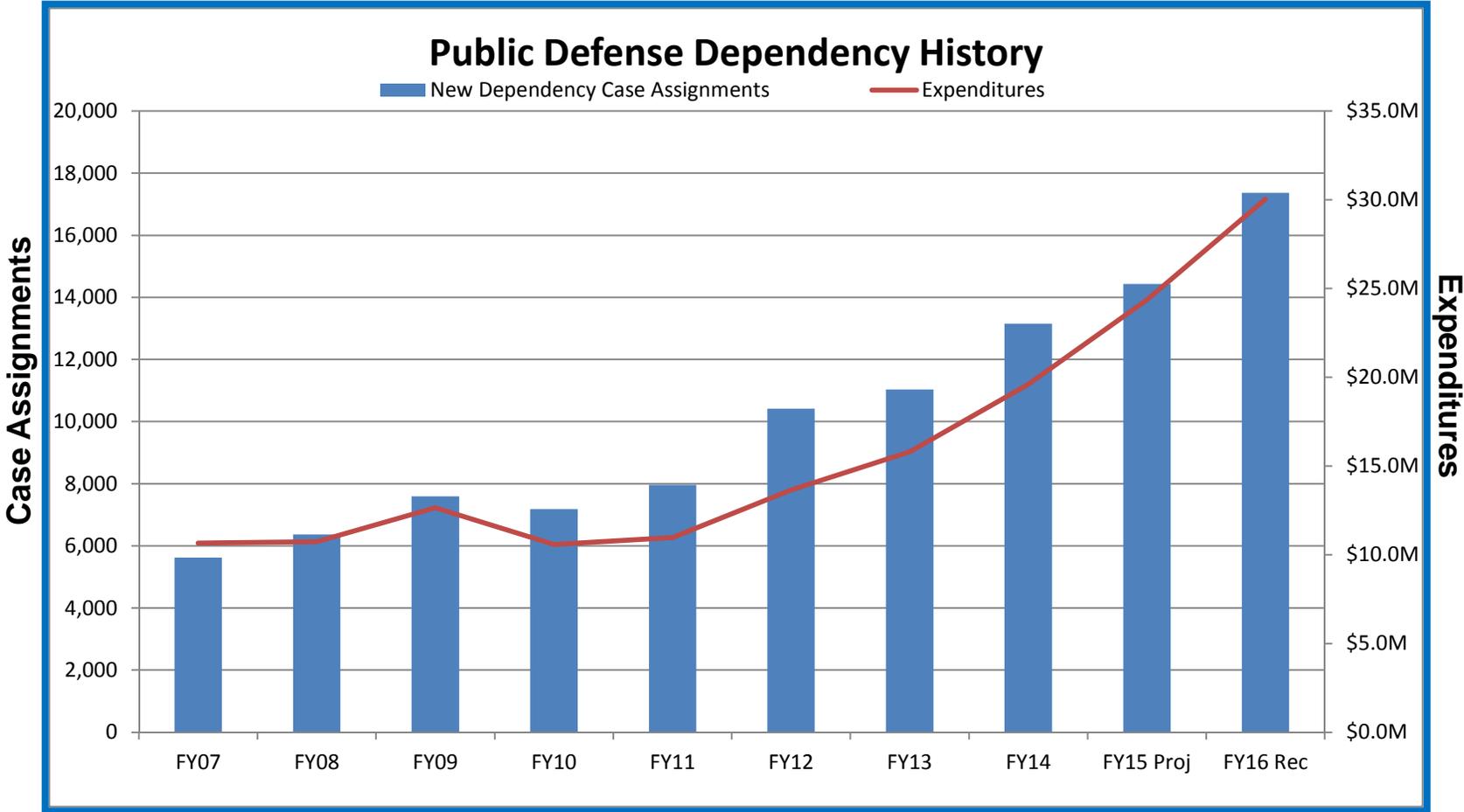
# MCAO Criminal Caseload / Prosecutor Retention



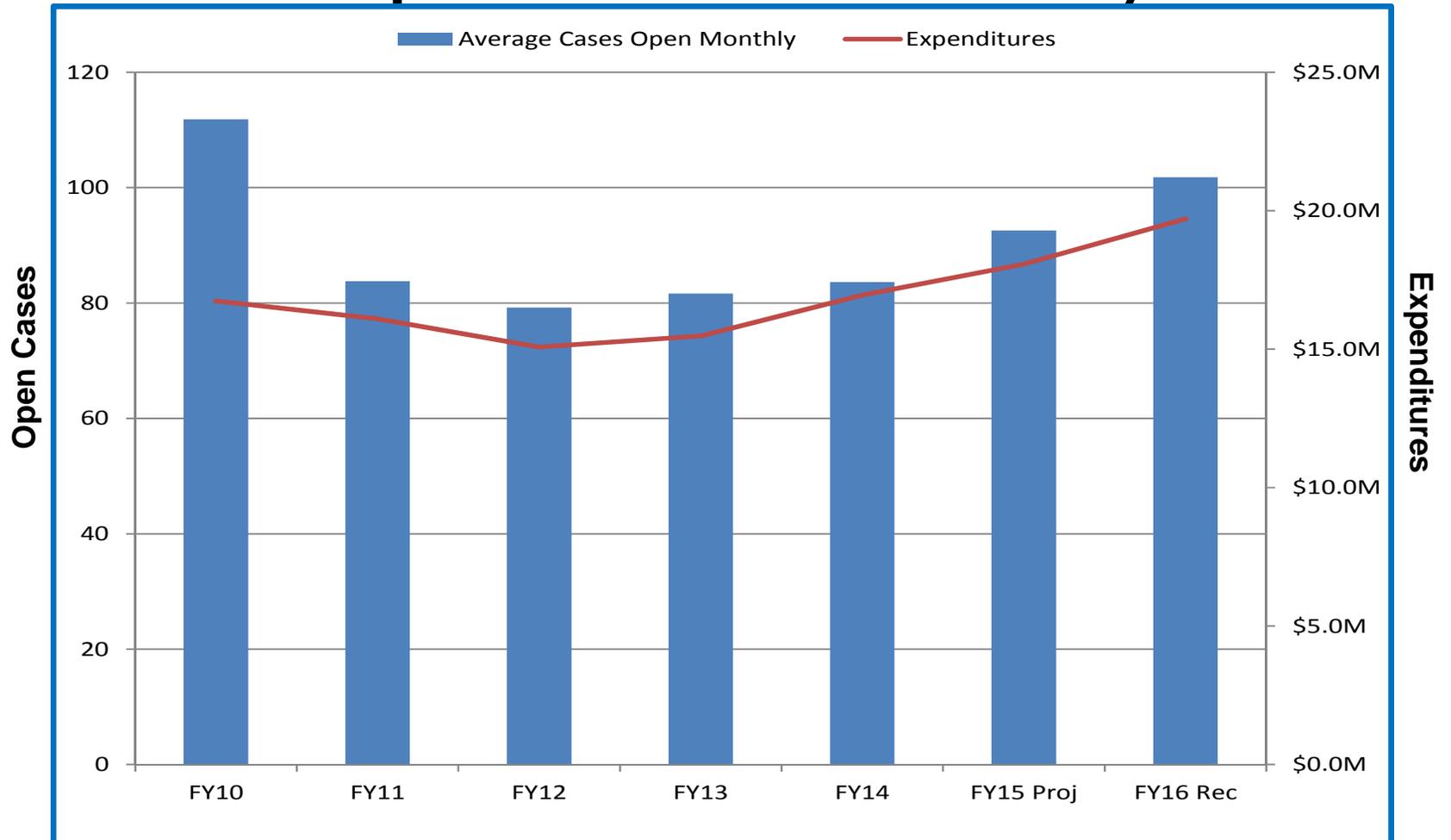
# County Attorney

- Department Request submitted over Baseline.
- Request included funding for 26 additional positions:
  - Few prosecutors and mainly support staff
- Funded through increase in Personnel Savings and Special Revenue operating funds and fund balance.

# Public Defense Dependency History



# Public Defense Capital Trial Open Case History

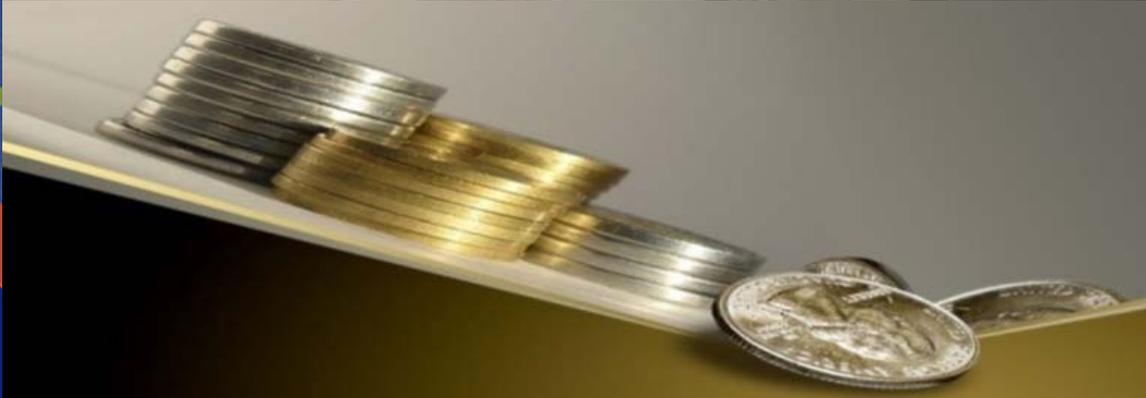


# Public Defense System

- Significant caseload growth in nearly all areas of representation.
- Operating budget increase primarily due to:
  - Dependency Representation:
    - Parental Dependency
    - Juvenile Guardian ad Litem
    - Child Dependency
  - Adult Criminal Representation:
    - Capital Representation
    - Capital Post-Conviction Relief
    - Non Capital Felony Representation



# General Government & Health Care Programs



# Health Care Programs

- \$2.4M increase in Arnold v Sarn mental health contribution.
- \$3.1M increase in base Arizona Long Term Care System (ALTCS) contribution.
- \$320K reduction in Arizona Health Care Cost Containment system (AHCCCS) contribution.
- \$1.1M decrease in the cost share for mandated payment to Arizona State Hospitals for Sexually Violent Persons.



# Education Service Agency

- Participated in ZBB for all funds.
- General Fund Operating Budget remained flat from their adjusted baseline.
- Maximized Special Revenue Funds.
- Juvenile Transition Program:
  - 3 month continuation of pilot while developing Interdepartmental Agreement on program goals and outcomes
  - Contingency set aside for remaining 9 months if agreement is reached

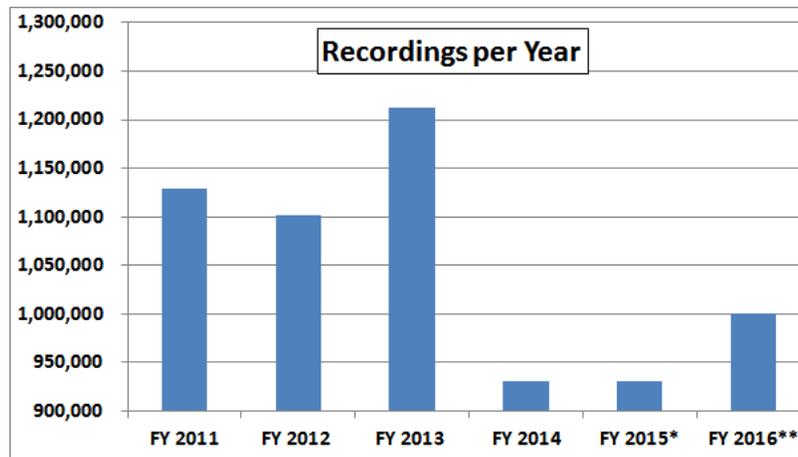


# Assessor

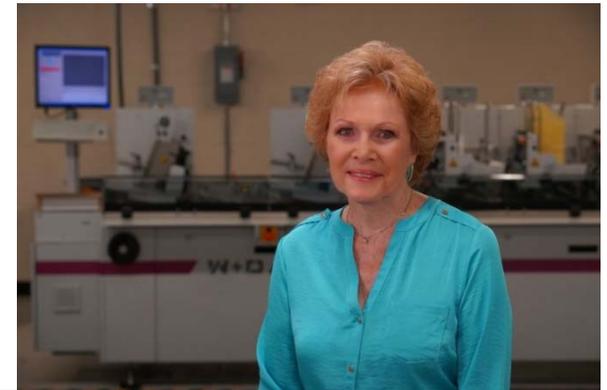
- Funding for Expansion of Assessment Analyst (ESRI) to review 50,000 more parcels per year.
  - Eliminated 15 positions to absorb expansion of the ESRI Pilot Project in Operating Budget
- The Assessor's Office will continue the CAMA Project with an FY 2019 completion goal.

# Recorder

- The eighth Recorder's Kiosk is being implemented at Paradise Valley Library.
- Partnership with Environmental Services and Air Quality.
- Three more Kiosks planned for FY 2016.
- Goal of 15 kiosks by the end of FY 2017.



\* Forecast \*\* Tentative Budget



# Elections

- Continued funding for the Elections Cycle.
- State impact of \$1.9M for loss of revenue from the State for Presidential Preference Primary Election.



# Treasurer

- \$9.8 Billion in receipts; \$10.0 Billion in disbursements.
- \$13.6 Million Earned by Portfolio Investments.
- \$2.3 Million in Elderly Assistance Funds Distributed.
- Continued funding for replacement of the Treasurer's IT System.
- Elderly Assistance Fund being used to fund nearly \$7.2 Million in State cost shifts.



# Animal Care and Control

- Funding has been set aside in General Fund Contingency for Shelter Operations.
- County Administration will work with Animal Care and Control to review the recommendations presented by the Ad Hoc Task Force.

# Enterprise Technology

## **Fund 100 – Operating**

- Additional Cyber Security Staff (3)

## **Fund 100 – Major Maintenance – Operating**

- Major Maintenance – Phoenix IO Maintenance
- Major Maintenance – CGI 3x Maintenance
- Major Maintenance – CGI 3x Connectivity

# Enterprise Technology

## **Fund 100 – Non Recurring**

- Advantage 2x Hosting
- VMWare
- Content Management System – Web
- Implement Additional Cyber Security
- Major Maintenance – Enterprise Data Center
- Major Maintenance – Cyber Security
- Major Maintenance – Telephony

## **Fund 255 – Non Recurring**

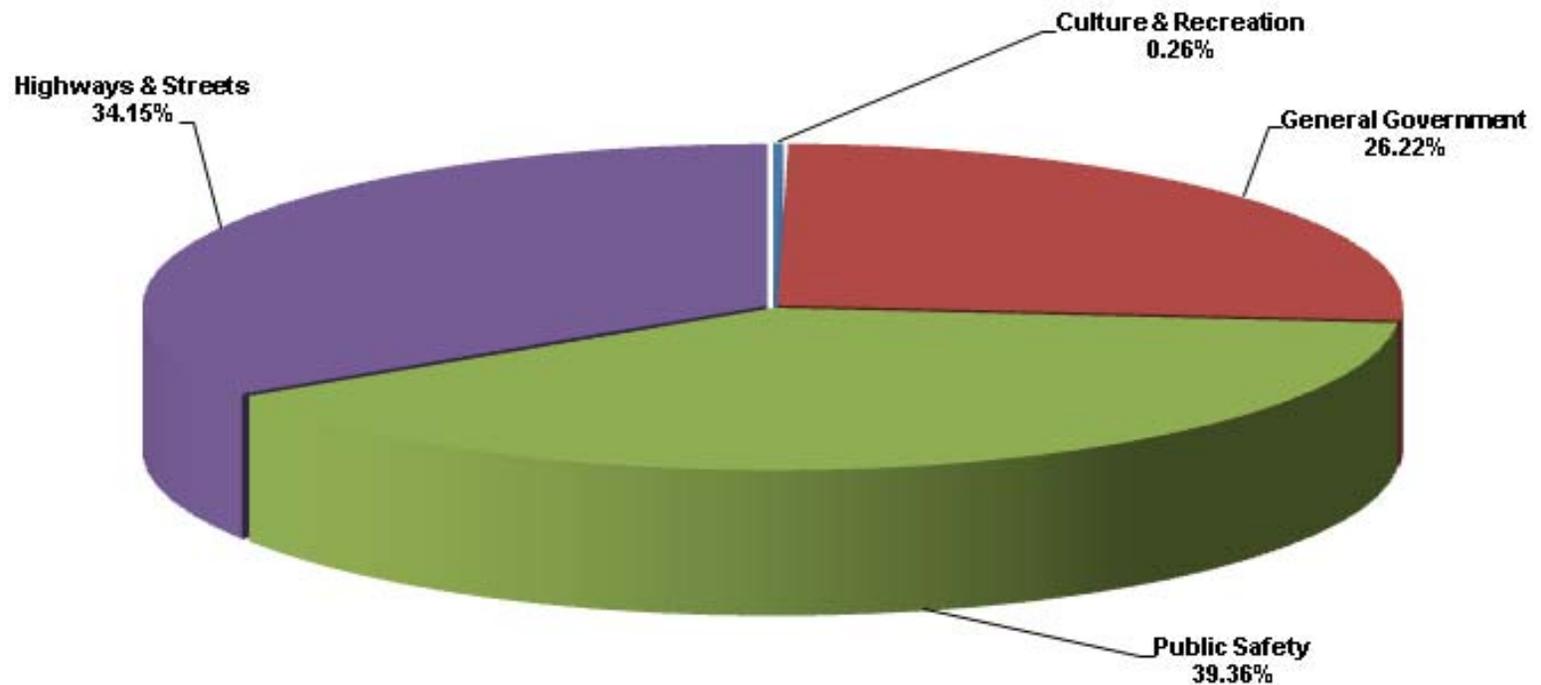
- CHS Zone H Access Controls

# Capital Improvements

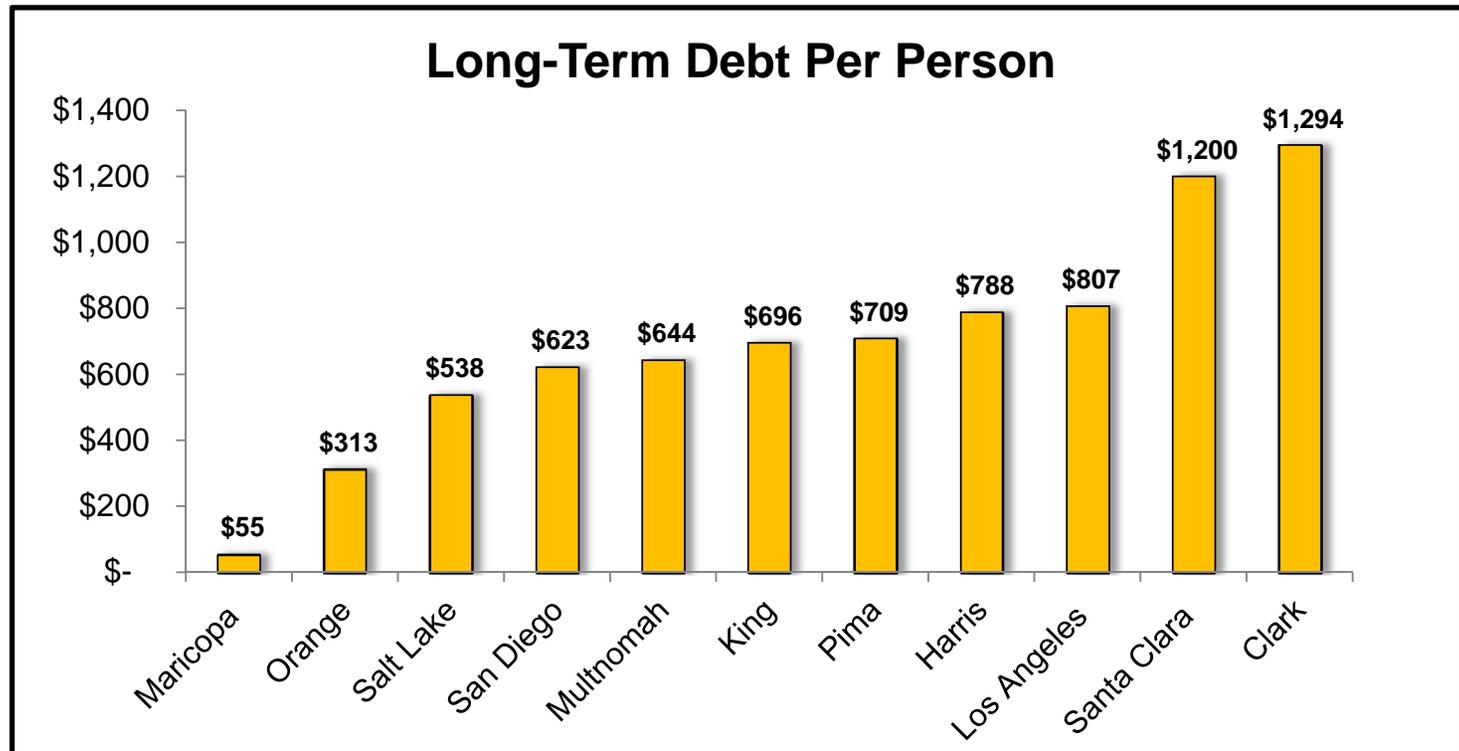


# FY 2016 Use of Capital Funds

## \$277,339,748



# FY 2014 Long-Term Debt Per Person Comparison To National Benchmarks



Source: Maricopa County LTD for Governmental Activities "Note 14 – Long Term Liabilities",  
(Benchmark CAFRs & Internal Audit Analysis)

# Courts Master Plan Update

- Courts Master Plan:
  - Study was completed in the summer of 2014
- Phase I:
  - Build out of 4 courtrooms on the East Court Building 8<sup>th</sup> floor
  - Southwest Justice Courts Project will start in FY 2016 (4 existing JP Courts + 1 expansion)

# Jails Master Plan Update

- Jails Master Plan:
  - Study was completed in the summer of 2014
- Phase I:
  - Design and construction of a new jail funded in FY 2016 to replace the old Durango Jail
    - Will provide flexible open plan for intake without additional transfers and relocations that add time and cost to processing, and serves the needs of pre-sentencing

# CIP Projects Awaiting Funding

- Animal Care & Control – Southeast & West
- Adult Probation – Black Canyon, Northport, Southport & Buckeye
- Emergency Operations Center
- Additional Downtown Land Acquisitions
- New Building to Replace Leased Facilities
- Parking Garage for New Building
- Durango Campus Drainage Solution
- Durango Campus FCI Corrections
- Extended Cooling Loop at Durango
- Plaza Demolition/Remodel/Redesign/FAJD
- APS Power to Buckeye Hills Range and Shoot House
- MASH Unit Relocation
- Security at Buckeye Hills
- K9 Kennels
- Remote Site Network Refresh
- Procurement Build-out
- Vulture Mountain
- Juvenile Court Building Demolition
- Courts Master Plan
- Jails Master Plan
- Constituent Relationship Mgmt System
- OET 10-Yr Equipment Refresh
- MCSO Avondale Substation
- MCSO SWAT Major Crimes Building
- MCSO Crime Lab upgrades

**Over \$1.2 Billion of Unfunded Projects**

# Conclusion & Achievements



# FY 2016 Accomplishments

- Reach the reserves goal of 2 months of operating
- Continue the ZBB process
- Provided necessary funding for criminal justice issues
- Increased funding for Melendres court order
- Four New Courtrooms
- Funding for many significant technology projects
- Detention Fund Structural Balance
- Jail – Phase I
- Partial funding for Benefits increases
- Fully-funded Vehicle Replacement
- Expenditure Limitation Relief
- Special Revenue fund operational deficits
- Permanent funding for State shifts
- Funding for Pay for Performance and Market Issues

# FY 2016 Long-Term Accomplishments

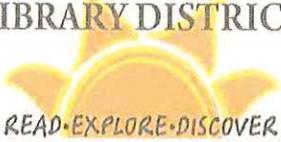
- Jail - Phase 1
- Detention Fund Structural Balance
- Strategic Reserve Levels Met
- Flood Control Long-term CIP Funding (partial)
- Capital Funding Strategy
- Large Technology Projects Continued
- Additional Court Orders – Melendres/DOJ/Graves
- Expenditure Limitation Permanent Adjustment
- Jail and Court Master Plans Completion

# Budget Calendar – Remaining Dates

May 18	Tentative Budget Adoption
May 28	ATRA Presentation
June 22	Final Budget Adoption
August 17	Property Tax Levy Adoption



Maricopa County  
LIBRARY DISTRICT



# Maricopa County FY 2016 Special Districts Tentative Budget



May 18, 2015

Sandi Wilson, Deputy County Manager  
Brian Hushek, Deputy Budget Director





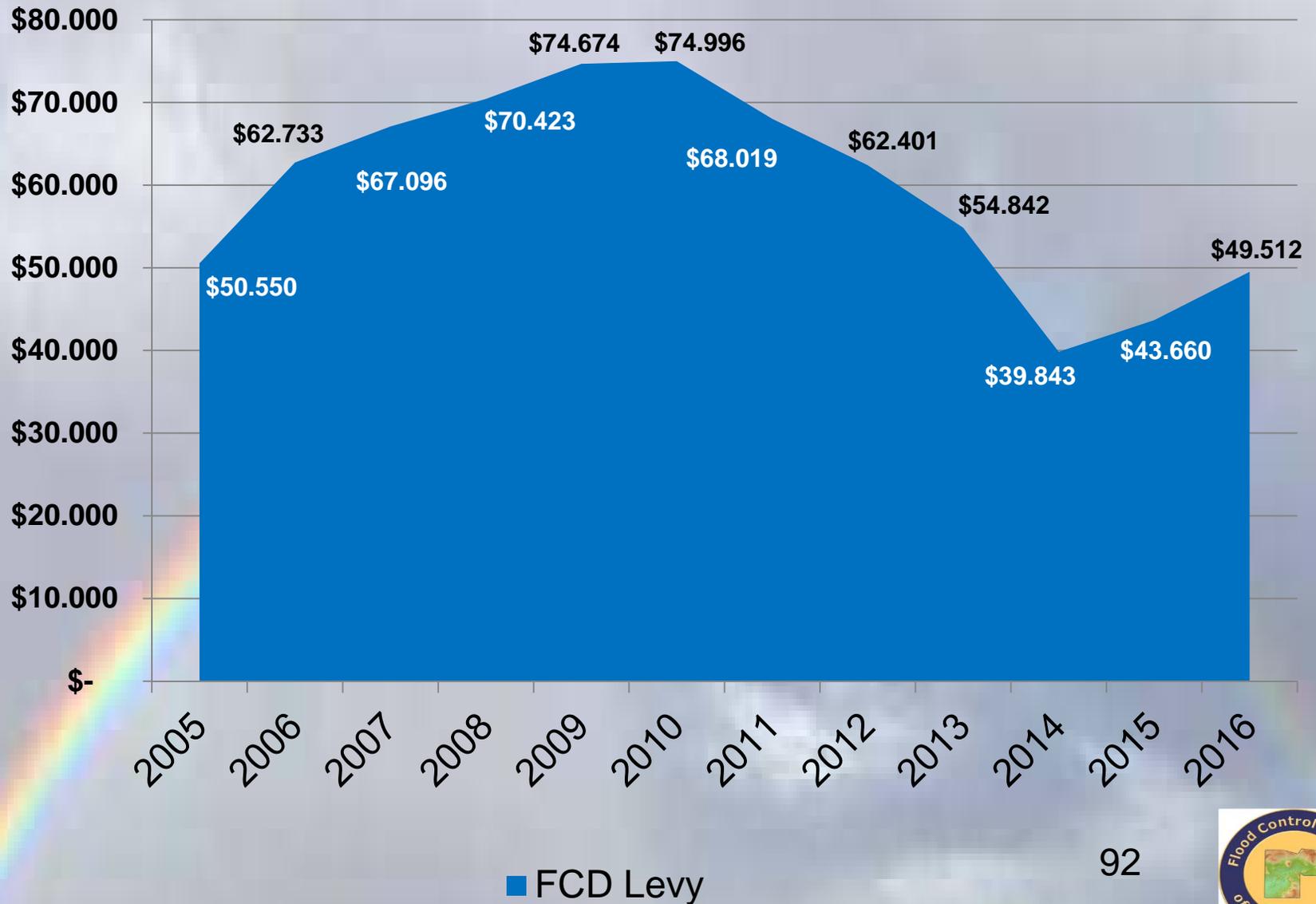
# Flood Control District Highlights

- Overall expenditures of \$98,840,393.
- Levy increased by \$5,851,804.
- FY 2016 CIP \$66.0 Million.
- Five-year CIP projected to be \$210 Million.



# Flood Control District Levy History

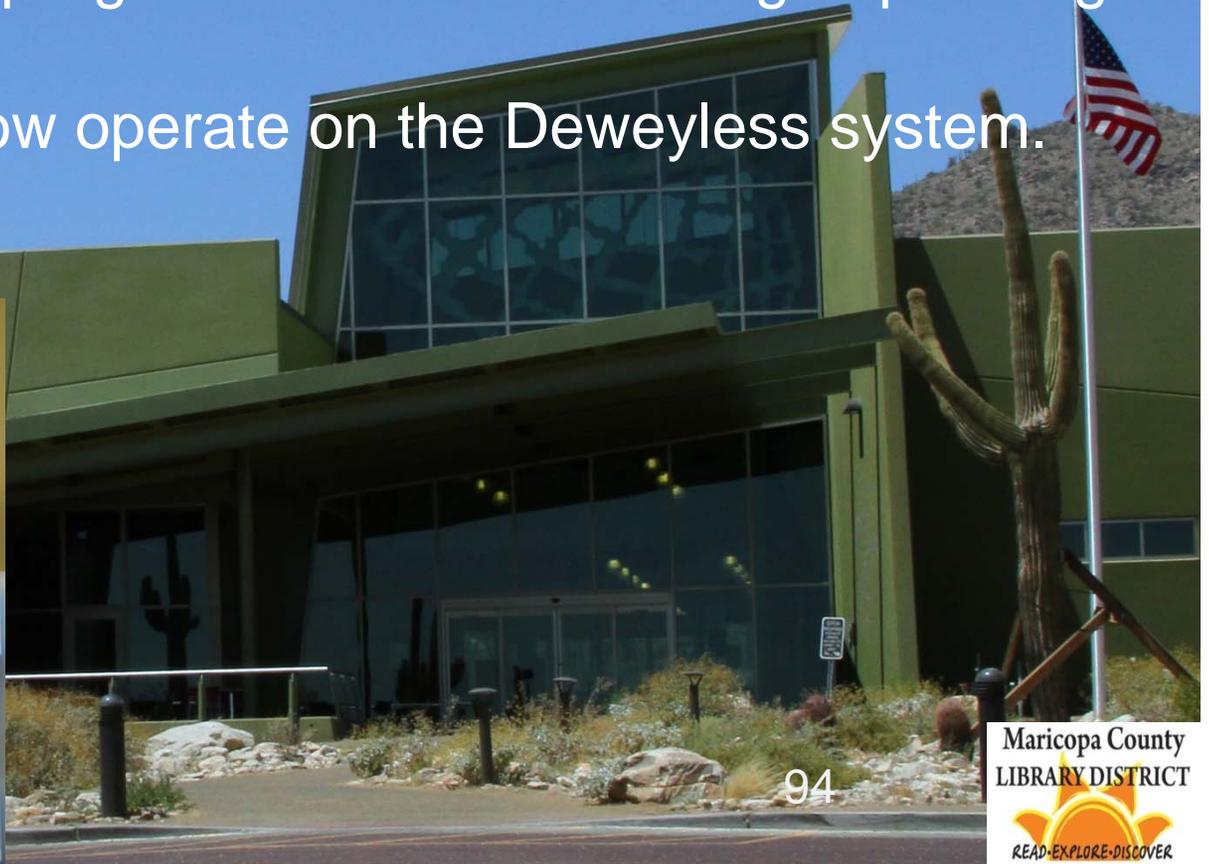
(millions)





# Library District Highlights

- Overall expenditures of \$29,489,719.
- Levy decreased by \$253,523.
- Materials assistance programs are funded through operating revenues.
- All county libraries now operate on the Deweyless system.





# Stadium District Highlights

- Overall expenditures of \$10,712,934:
  - Includes \$4 Million for Phase V concrete repairs
- Car Rental Surcharge increasing slightly (0.5%).



Photos by Jennifer Stewart/Arizona Diamondbacks

