

**MARICOPA COUNTY  
FY 2018  
RECOMMENDED/  
TENTATIVE BUDGET**



**May 22, 2017**

**Cynthia Goelz,  
Budget Director**

**Brian Hushek,  
Deputy Budget Director**

**Tina Allen,  
Budget Administrator**



# Executive Summary



Maricopa County Board of Supervisors



Maricopa County  
Board of Supervisors



# Budget Guidelines and Priorities

*Adopted by the Board of Supervisors on January 4, 2017*

- Develop a sustainable budget that advances the County's mission and strategic goals
- Property tax rate will remain flat
- Human Resources to develop a targeted employee compensation strategy
- All departments must submit within their baseline
- Selected departments will complete a zero-based budget
- New capital or technology requests will be reviewed after reserve decisions are made
- Increases will be evaluated for their impact on the County's Expenditure Limitation

# Assumptions

- Structural balance in operating funds
  - Recurring revenues meet or exceed recurring expenditures over the economic cycle
- *Most Likely* scenario for major revenue streams
- Contingency based on historical utilization and revenue risks
- General and Detention Fund reserve levels based on two-months of prior year operating budget

# Zero-Based Budget

- Seven Departments submitted a Zero-Based Budget:
  - Air Quality
  - Assistant County Manager (940)
  - Assistant County Manager (950)
  - Deputy County Manager (930)
  - Equipment Services
  - Planning & Development
  - Transportation

# Major Budget Challenges/Risks

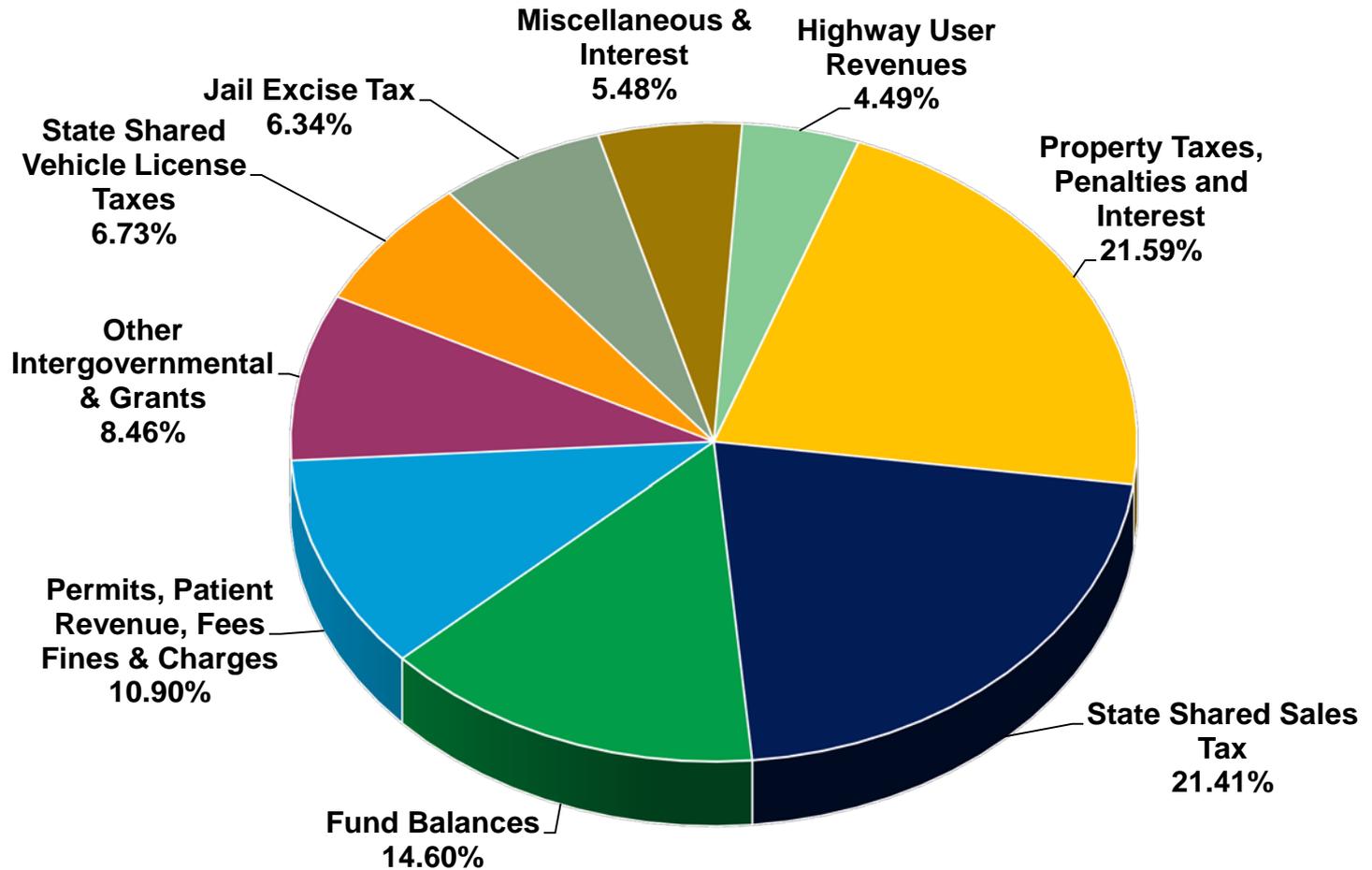
- Develop a budget that supports exceptional customer service with a lean and efficient government based on service demands in the country's fastest growing County
- Slow Growth in Sales Taxes, Vehicle License Taxes, Jail Taxes, and Limited Growth in Property Tax Assessment
- Criminal Justice operating and CIP needs continue to increase
- Detention Fund increasing dependency on the General Fund
- Pension rates and unfunded liabilities
- Expenditure Limitation

# Major Budget Challenges/Risks

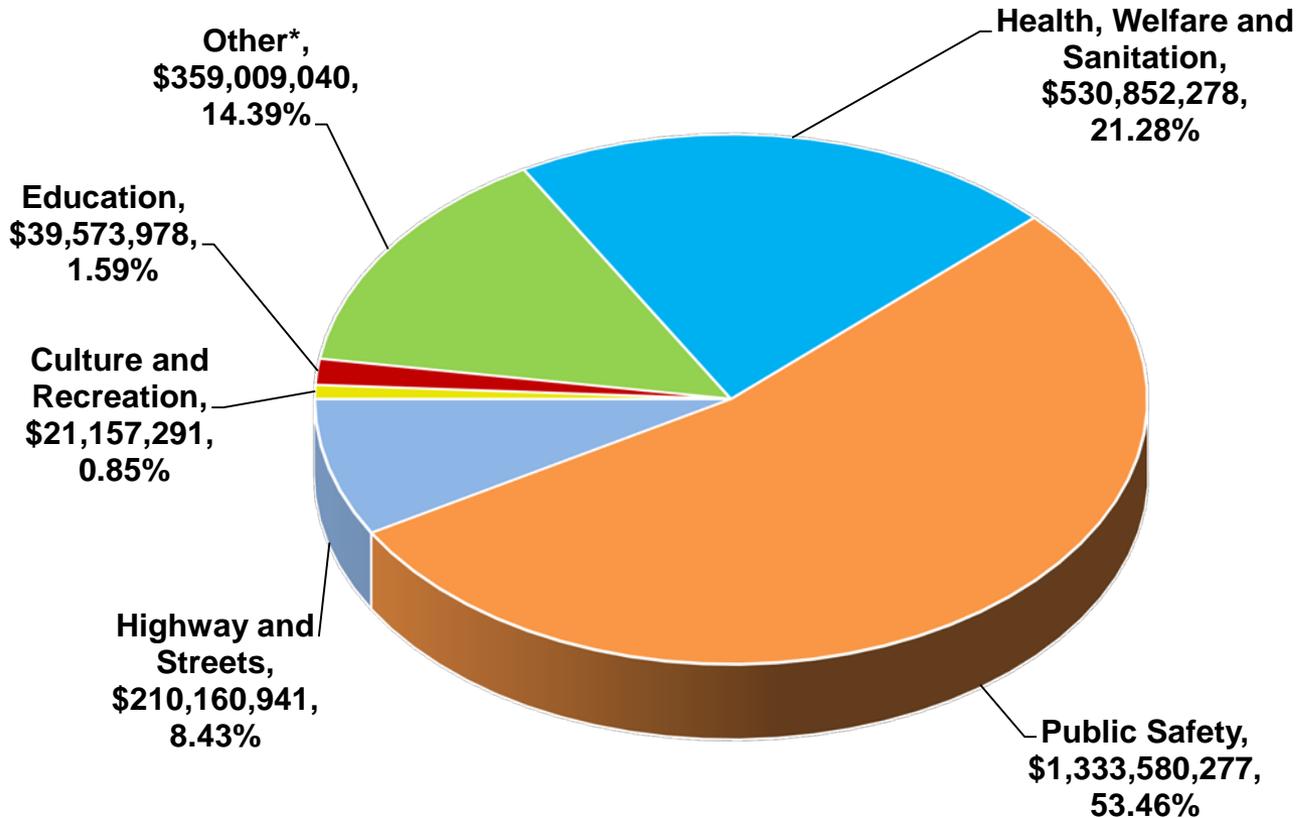
- State shifts of over \$22M represent 1.1% of the operating budget:
    - Juvenile Corrections Payment
    - Department of Revenue Payment
    - Diverted HURF Funds
    - Judges salaries
    - Other shifts
  - An additional 12.8% (\$245M) in other mandated payments to the State:
    - ALTCS
    - AHCCCS
    - Arnold v. Sarn and behavioral health services
- for a combined total of almost 14%

# FY 2018 Recommended Budget

## Sources of Funds: \$2,494,333,805



# FY 2018 Recommended Budget Uses of Funds: \$2,494,333,805



\*Other = Assessor, Recorder, Elections, Treasurer, Internal Audit, County Manager, Assistant County Managers, Board of Supervisors, Clerk of the Board, Finance, Budget, Procurement, Human Resources, Risk Management, Real Estate, Equipment Services, Facilities Management, Benefits, Enterprise Technology, Non Departmental

# FY 2018 Net Variance to the FY 2017 Revised Budget (Millions)

	FY 2017 Revised	FY 2018 Recomm	Increase/ (Decrease)	% Change
<b>Total Operating</b>	\$1,828.1	\$1,907.2	\$79.1	4.3%
<b>Total Non Recurring</b>	533.4	587.1	53.7	10.1%
<b>Total County</b>	\$2,361.5	\$2,494.3	\$132.8	5.6%
<b>GF Operating</b>	\$1,253.0	\$1,308.9	\$55.9	4.5%
<b>GF Non Recurring</b>	153.3	149.7	-3.6	-2.3%
<b>Total General Fund</b>	\$1,406.3	\$1,458.6	\$52.3	3.7%

# State Budget Impacts

## Estimated State Budget Impacts on Maricopa County, FY 2008 to FY 2018

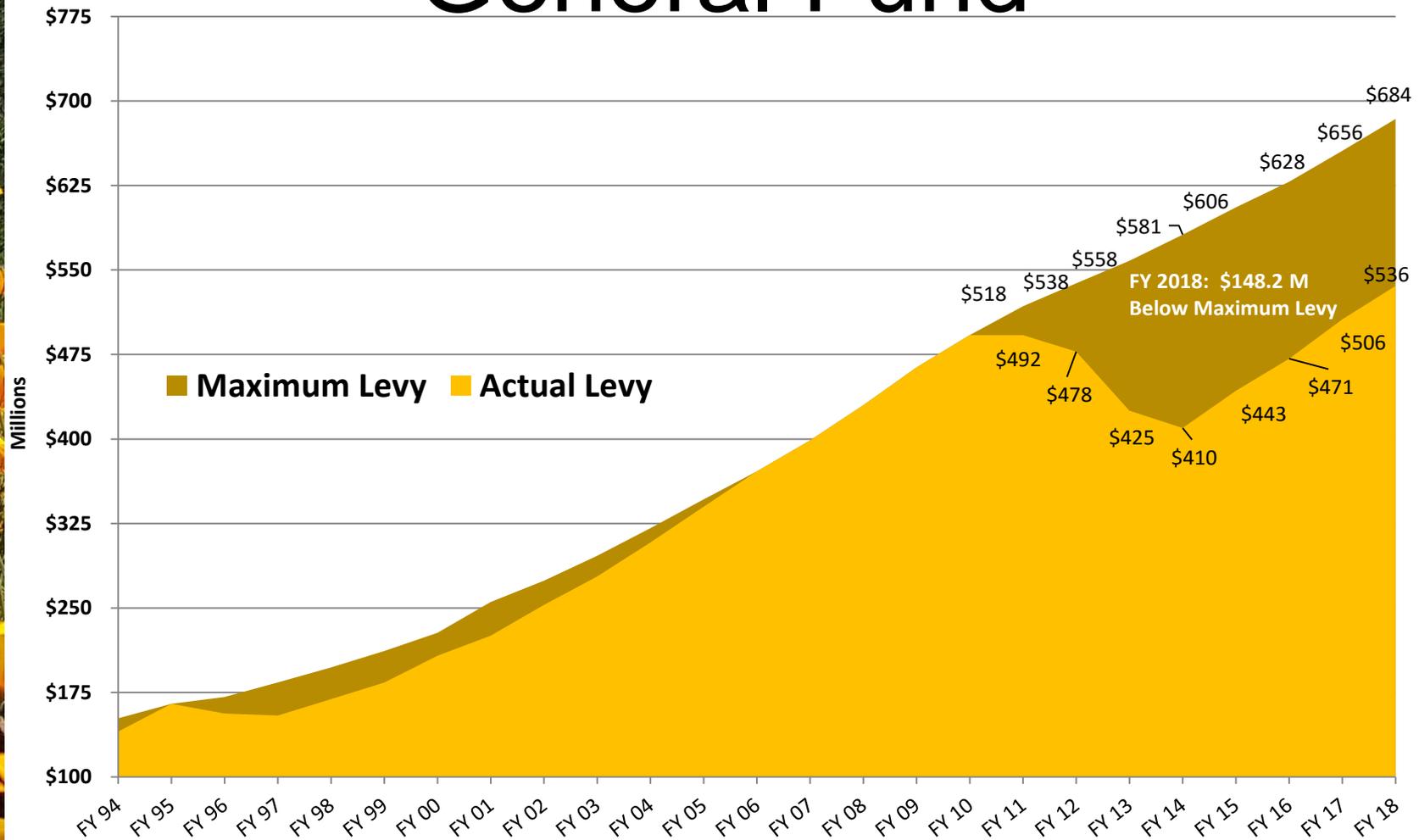
	FY 2008-FY 2015	FY 2016	FY 2017	FY 2018	TOTALS
Mandated Contribution	\$ 103,668,300	\$ -	\$ -	\$ -	\$ 103,668,300
Sweep ALTCS Refunds	11,078,831	-	-	-	11,078,831
HURF Diversion to DPS*	46,757,302	5,095,023	5,095,023	5,095,023	62,042,371
HURF Diversion to DPS - One-time Relief*	-	-	(4,182,806)	(4,182,806)	(8,365,612)
HURF Diversion to MVD	6,662,102	-	-	-	6,662,102
Reduce, Eliminate Lottery Revenue**	1,498,632	249,772	249,772	249,772	2,247,948
SVP Payments	18,806,649	2,106,649	2,345,000	2,345,000	25,603,298
100% Superior Court Judges Salaries	45,206,074	9,354,345	9,470,246	9,470,246	73,500,911
Assessor - DOR**	1,128,000	282,000	282,000	282,000	1,974,000
Capital PCR - ongoing**	1,170,353	447,723	447,723	447,723	2,513,522
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	1,000,000	1,000,000	4,000,000
Reduction in Jail Excise Tax for Utilities used in Manufacturing**	600,000	600,000	600,000	600,000	2,400,000
Juvenile Corrections Cost Shift*	-	7,166,033	6,724,128	6,724,128	20,614,289
Juvenile Corrections - One-time Relief *	-	-	(4,777,300)	(4,777,300)	(9,554,600)
DOR Cost Shift	-	4,030,498	3,982,970	3,982,970	11,996,437
Superior Court Judges and Justice of the Peace Salary Increase***	-	-	938,951	938,951	1,877,902
<b>Total</b>	<b>\$ 237,641,205</b>	<b>\$ 30,332,043</b>	<b>\$ 22,175,707</b>	<b>\$ 22,175,707</b>	<b>\$ 312,324,661</b>

\*Received relief in FY 2017 and FY 2018 of \$4,777,300 for Juvenile Corrections and \$4,182,806 for HURF Diversion to DPS, but full year impact has been built into operating budget.

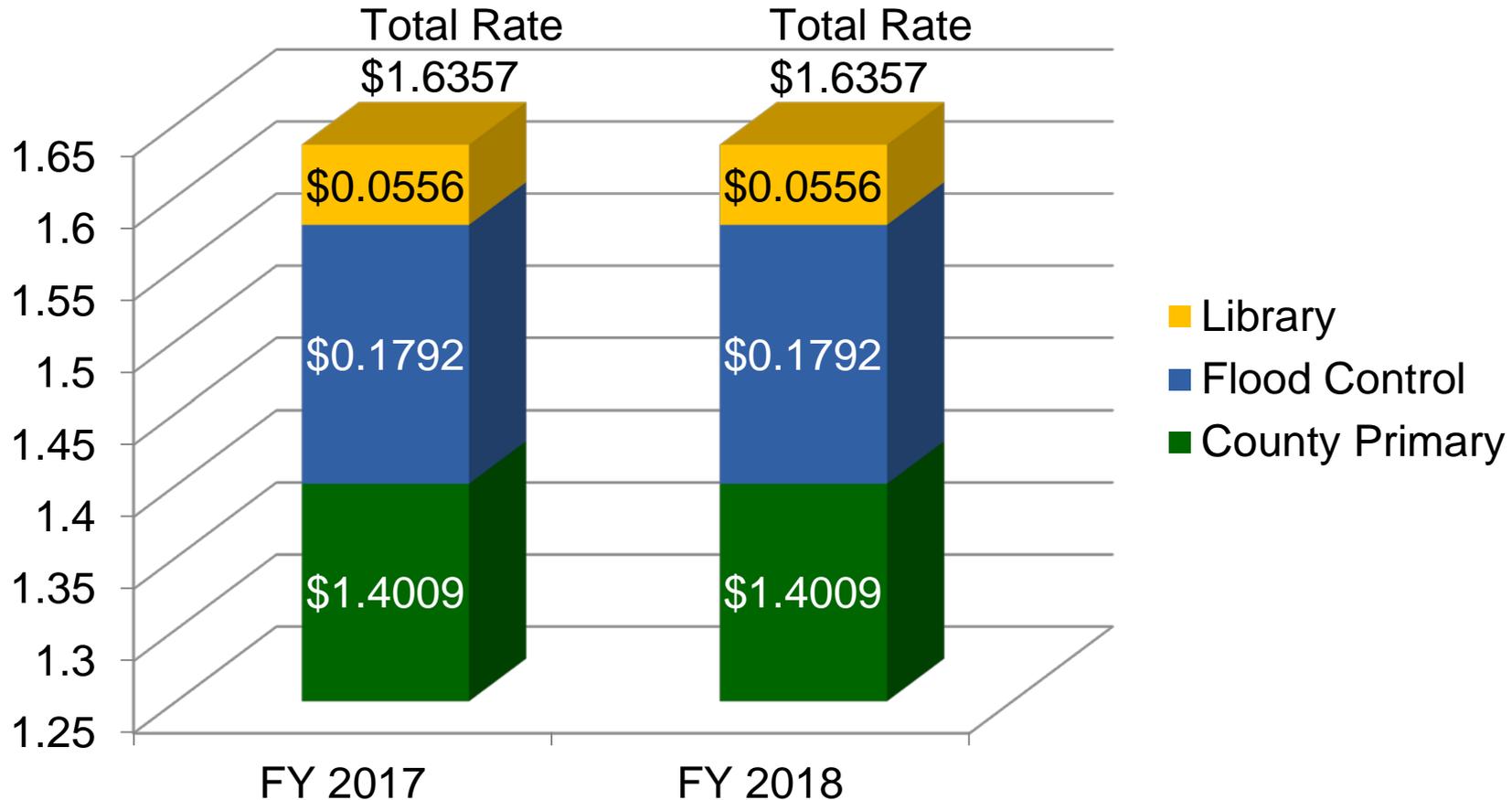
\*\*Estimates based on initial year of shift without consideration of inflation.

\*\*\*Annualized cost of full salary increase for Superior Court Judges, Commissioners and Justices of the Peace in FY 2017 State Budget.

# Maximum Levy vs. Actual Levy General Fund



# No Change to Combined Tax Rate

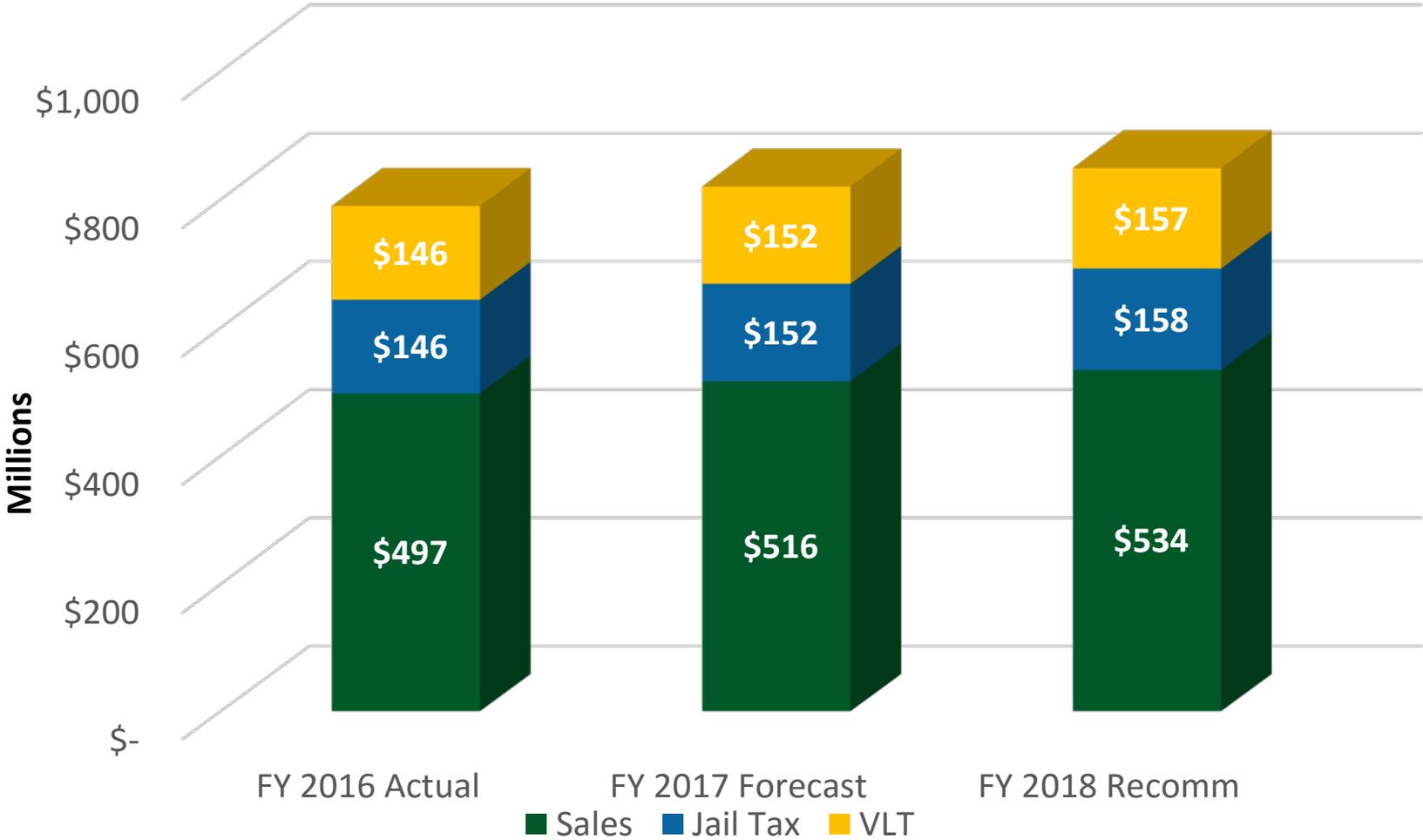


# In FY 2017, County Primary Property Taxes were only 10.9% of Total Property Taxes

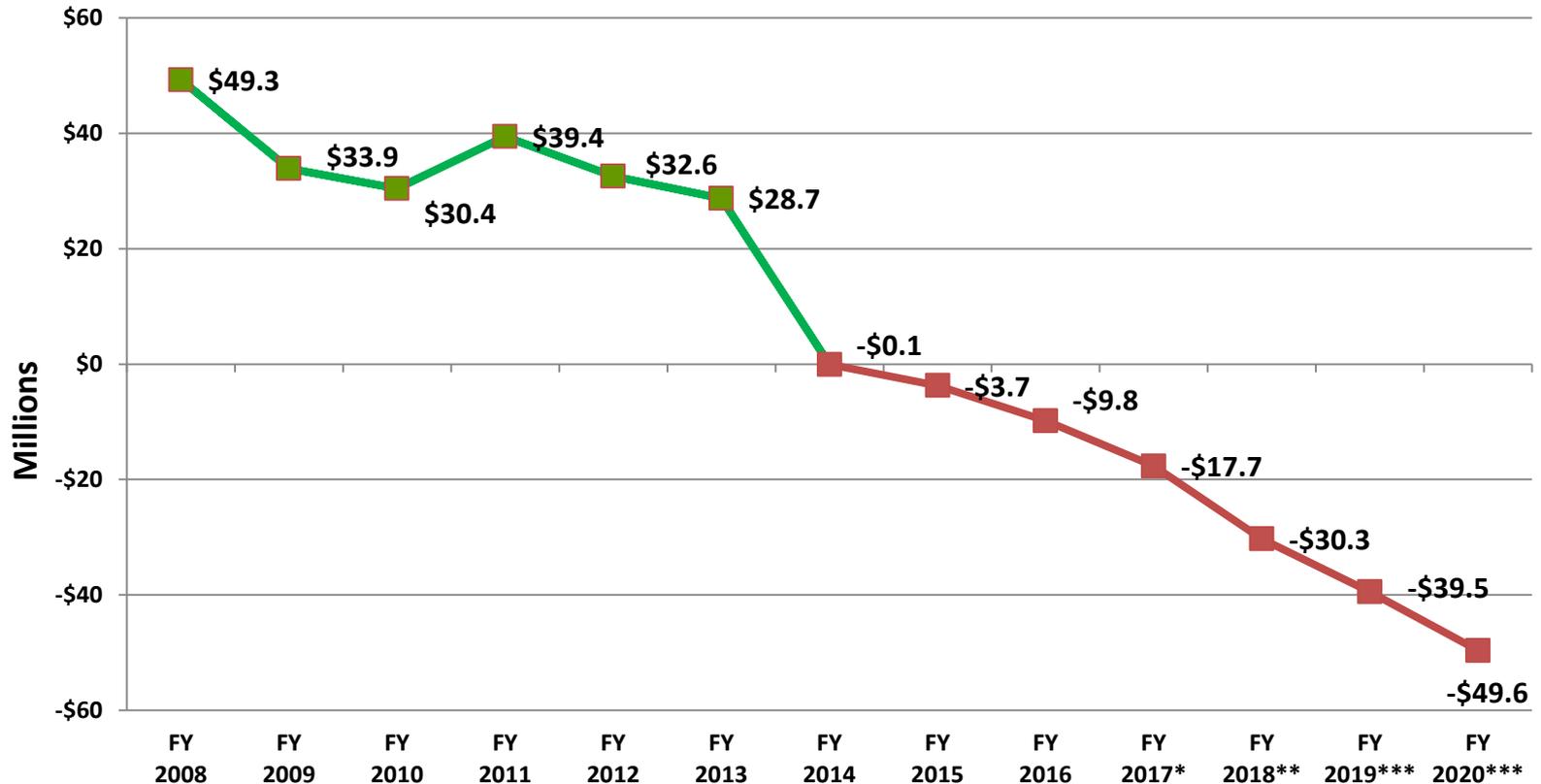
SHARE OF FY 2016 PROPERTY TAXES



# Major Operating Revenues



# Detention Fund Structural Balance without General Fund Subsidy



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

# Sheriff's Office

- The Detention Fund operating budget is recommended at \$221.6M and includes increases for:
  - Retirement contributions of \$2M
  - Overtime and related costs of \$2.5M
  - Net changes to telecommunication, radio, risk management, supplies and services of \$400k
- One-time funding is recommended for:
  - Tasers in the amount of \$607,200

# Sheriff's Office

- The General Fund operating budget is recommended at \$103.5M and includes increases for:
  - Retirement contributions of \$3.3M
  - Overtime and related costs of \$1.3M
  - Net changes to telecommunication, radio, risk management, supplies and services of \$400k
- One-time funding is recommended for:
  - Tasers in the amount of \$312,800
  - Servers in the amount of \$750,000
  - Mobile Data Computers in the amount of \$1,200,000
  - Replacement Radios in the amount of \$445,000
  - IT Storage in the amount of \$800,000

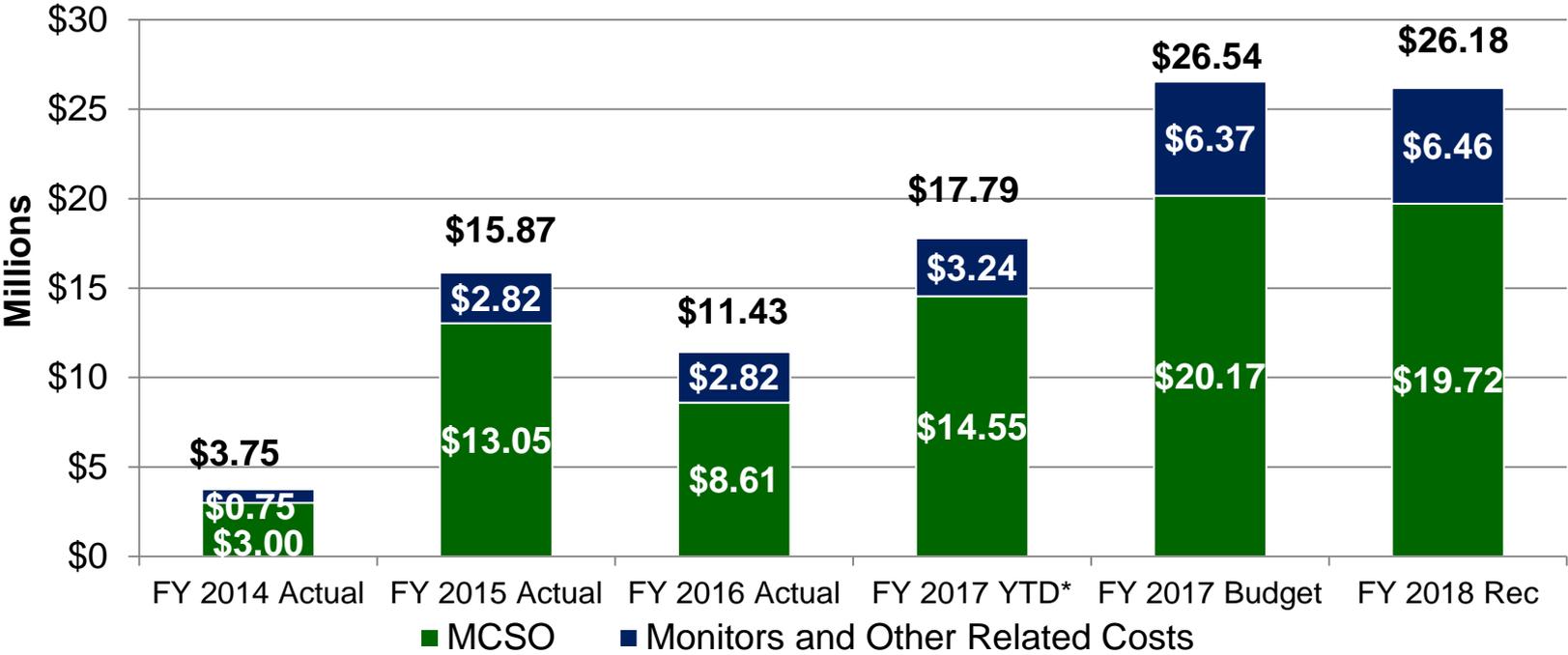


# Judgment Order

- October 2013: Original Order stating requirements including Court Appointed Monitor
- July 2016: Second Amended Judgment appointed an independent investigator and independent disciplinary authority
- The MCSO General Fund Compliance operating budget is recommended at \$19.7M and includes:
  - Increases for retirement contributions of \$515K
  - Increases for overtime and related costs of \$174K
  - Net changes to telecommunication, radio, risk management, supplies, services and other changes of \$602K

# Judgment Order

**Estimated Total for Compliance  
\$83.77M  
(excluding legal costs)**



\* Through April



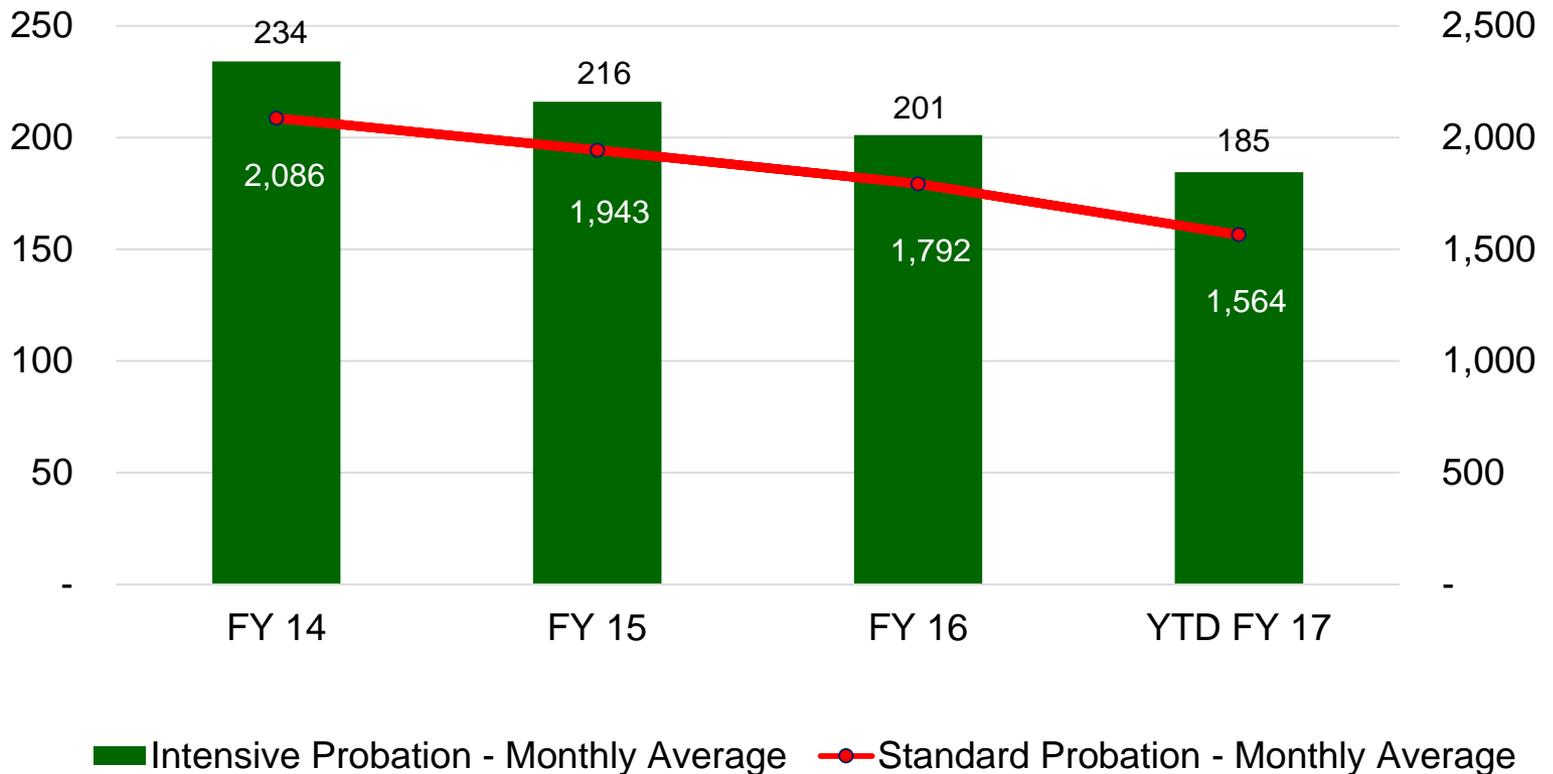
# Adult Probation

- The General Fund operating budget is recommended at \$52.6 and includes:
  - Increases for retirement contributions of \$775K
  - Addition of 13 staff at a cost of \$645K in the areas of Domestic Violence, Sex Offender, Standard Probation and support staff
  - Shift of administration costs to the Detention Fund of \$830K
  - Decrease in telecommunication, radio and risk management charges of \$590K

# Adult Probation

- The Detention Fund budget increased to \$37.1M and includes:
  - Increases for retirement contributions of \$427K
  - Addition of 11 staff at a cost of \$650K in the areas of Prison Reentry, Intensive Probation, and support staff
  - Shift of administration costs from the General Fund of \$830K
  - Decrease in telecommunication, radio and risk management charges of \$230K

# Juvenile Probation Average Caseload



# Juvenile Probation

- The General Fund operating budget is recommended at \$17.6M and includes:
  - Increases in retirement contributions of \$295K
  - Increases for telecommunications and risk management charges of \$77K
  - Decreases in personnel of \$328K from the deletion of 10 positions and adjustments to personnel savings

# Juvenile Probation

- The Detention Fund budget increased to \$35.4M due to:
  - Increases in retirement contributions of \$317K
  - Increases in overtime of \$491K needs
  - Increases in telecommunication and risk management charges of \$96K
  - Changes in personnel savings of (\$162)K

# Superior Court

- The General Fund operating budget increased to \$83.9M and includes increases for:
  - Equipment and software maintenance of \$248K
  - Telecommunication, risk management and other changes netting to \$209K
- One-time funding is recommended for:
  - 2 Business Systems Analysts totaling \$178K
  - Continued development of Superior Court Case Management System (ICISng) in the amount of \$1.7M

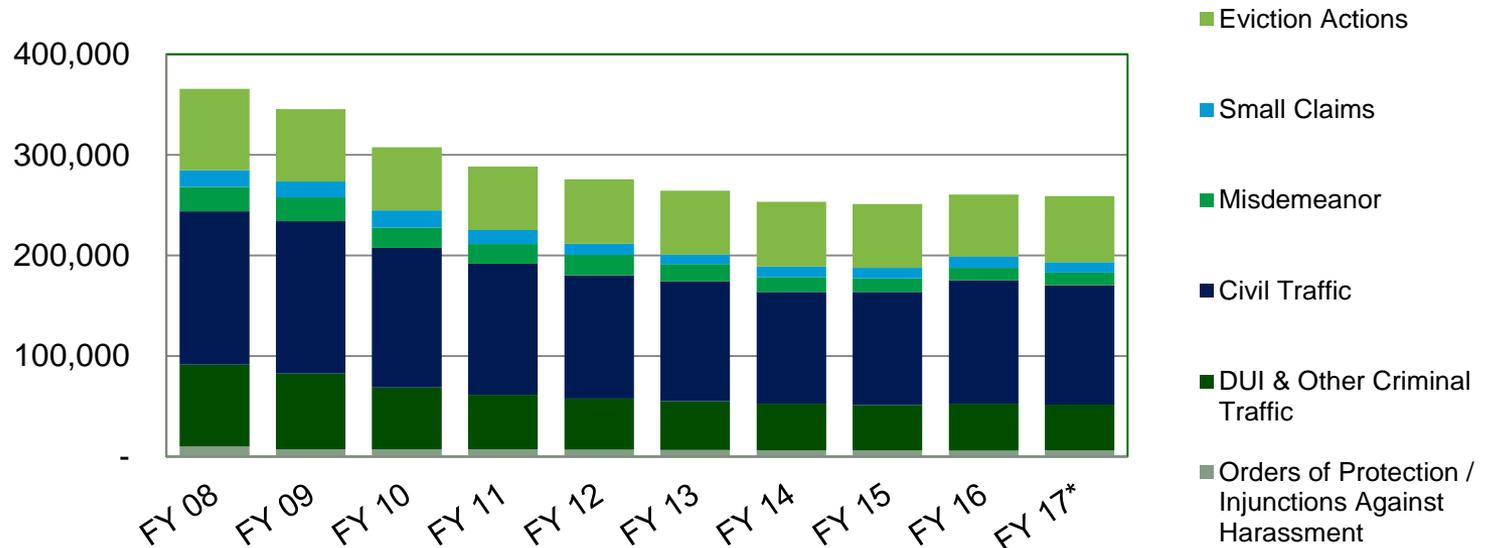
# Clerk of Superior Court

- The General Fund operating budget is recommended at \$34.27M and includes increases for:
  - Telecommunications and risk management charges of \$150K
- One-time funding is recommended for:
  - Restitution, Fines and Reimbursements (RFR) project at \$1.6M



# Justice Courts

- The General Fund operating budget is recommended at \$18.25M and includes increases for:
  - Telecommunications and risk management charges of \$78K
- Southwest Regional Court Center opened in February 2017



\* Forecast

# County Attorney

- The General Fund operating budget is recommended at \$88.6M and includes:
  - Budget requested \$367,388 under baseline
  - Telecommunication and risk management charges increase of \$78K
  - Retirement contributions increase of \$11K



# Assessor

- The General Fund operating budget is recommended at baseline of \$24.4M and includes:
  - Elimination of 10 positions in order to streamline operations and position department for the future with a leaner, more efficient operation
- One-time funding is recommended for:
  - Legal Class Verification (LCV) Program at \$191,000



# Recorder

- The General Fund operating budget is recommended at \$4.75M and includes:
  - Recorder's request to shift Voter Registration, Community Outreach, GIS, and Administration Support positions from Elections to the Recorder's Office totaling \$2.47M
  - Telecommunication and risk management charges net increase of \$11.7K
  - Personnel savings increase of \$81.5K
- One-time funding is recommended for:
  - Compliance auditor position of \$88.5K

# Elections

- The General Fund operating budget decreased to \$6.7M due to:
  - Recorder's request to shift Voter Registration, Community Outreach, GIS, and Administration Support positions from Elections to the Recorder's Office totaling \$2.47M
  - Telecommunication and risk management reduction of \$28K
  - Personnel savings increase of \$41.7K
  - Addition of 5 staff for 4 months at a cost of \$88.8K, partially offset by savings of \$35.3K from the elimination of 1 position and reduction in overtime

# Treasurer

- The General Fund operating budget is recommended at \$5.1M and includes:
  - Telecommunication and risk management charges increase of \$27K
- The Treasurer's Information System Upgrade Project will be budgeted at \$16.1M in FY 2018

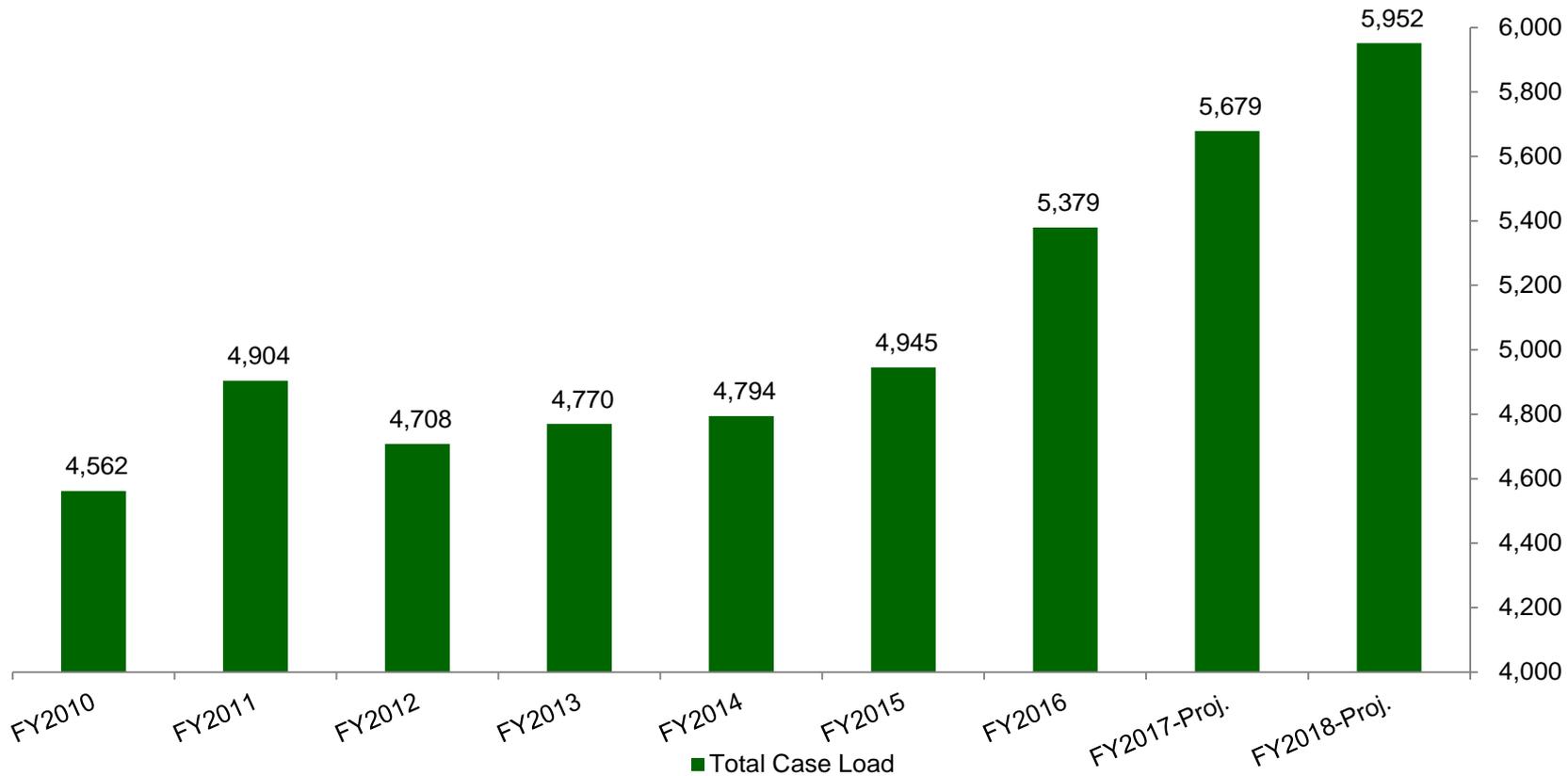


# Education Service Agency

- The General Fund operating budget is recommended at baseline of \$2.7M
- One-time funding in the amount of \$253K is recommend for the continuation of the YEES pilot program



# Medical Examiner's Office Caseload



# Office of the Medical Examiner

- The General Fund operating budget increased to \$11.4M due to:
  - 2 additional ME's which will bring average caseload below 325 at a cost of \$298K
  - Deputy Chief Toxicologist at \$114K
  - Increase to Lab Services \$46K
  - Increase for the Transport Contract \$60K
  - Increase in telecommunication and risk management charges of \$52K
- One-time funding is recommended for:
  - Case Management System in the amount of \$140K
  - Lab Services in the amount of \$100K

# Mandated Health Care Programs

- \$2.6M increase in the Arnold v. Sarn and mental health services taking the contribution to \$60.7M
- \$10.3M increase in base Arizona Long Term Care System (ALTCS) contribution to \$165.5M
- \$228K reduction in Arizona Health Care Cost Containment System (AHCCCS) contribution to \$18.8M
- Flat budget in the amount of \$2.3M for the mandated cost share to Arizona State Hospital for Sexually Violent Persons

# Retirement Issues

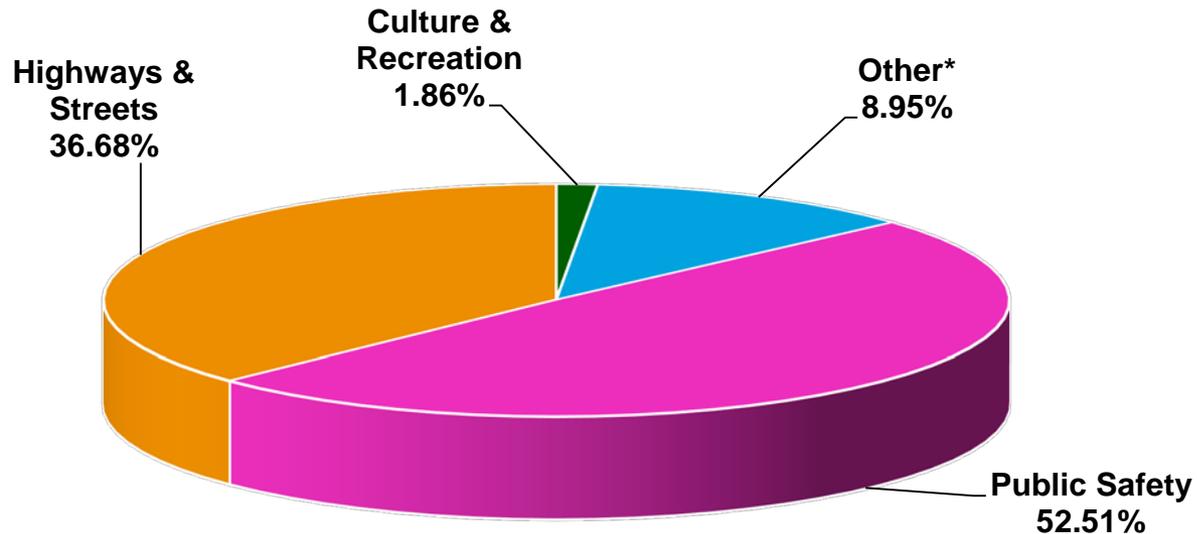
- Public Safety related retirement rates increased
  - Retirement contributions from the General and Detention funds are increasing \$8.2 million
  - Rates will likely continue to increase to address funded status and outcome of litigation

# Enterprise Technology

- The General Fund operating budget increased to \$28.3M due to:
  - Content Management System Web of \$10K
  - Cyber Security Tools of \$704K
  - Phoenix IO Data Center Site Lease of \$146K
  - Microsoft Enterprise License Agreement of \$1.5M
  - Telecommunication and risk management decrease of net \$13.6K
  - Data center colocation savings of \$483.6K
- One-time funding for:
  - Cyber Security Tools of \$159K
  - Enterprise Data Networking of \$6.5M
  - Security Incident and Event Management of \$1.4M
  - Microsoft Active Directory of \$3M

# FY 2018 Use of Capital Funds

## \$359,162,297



\*Other = Computer Aided Mass Appraisal System, Enterprise Data Center, Enterprise Resource Planning System, Remote Sites Infrastructure Refresh, and Treasurer Technology System Upgrade

# Capital Projects

## New:

- Adult Probation – Mesa Office \$1.5M
- East Court Building – 6th floor \$5.3M
- Animal Care – Durango Campus Expansion \$2.5M
- Parks – Various Projects (14) \$5.4M

## Continuing:

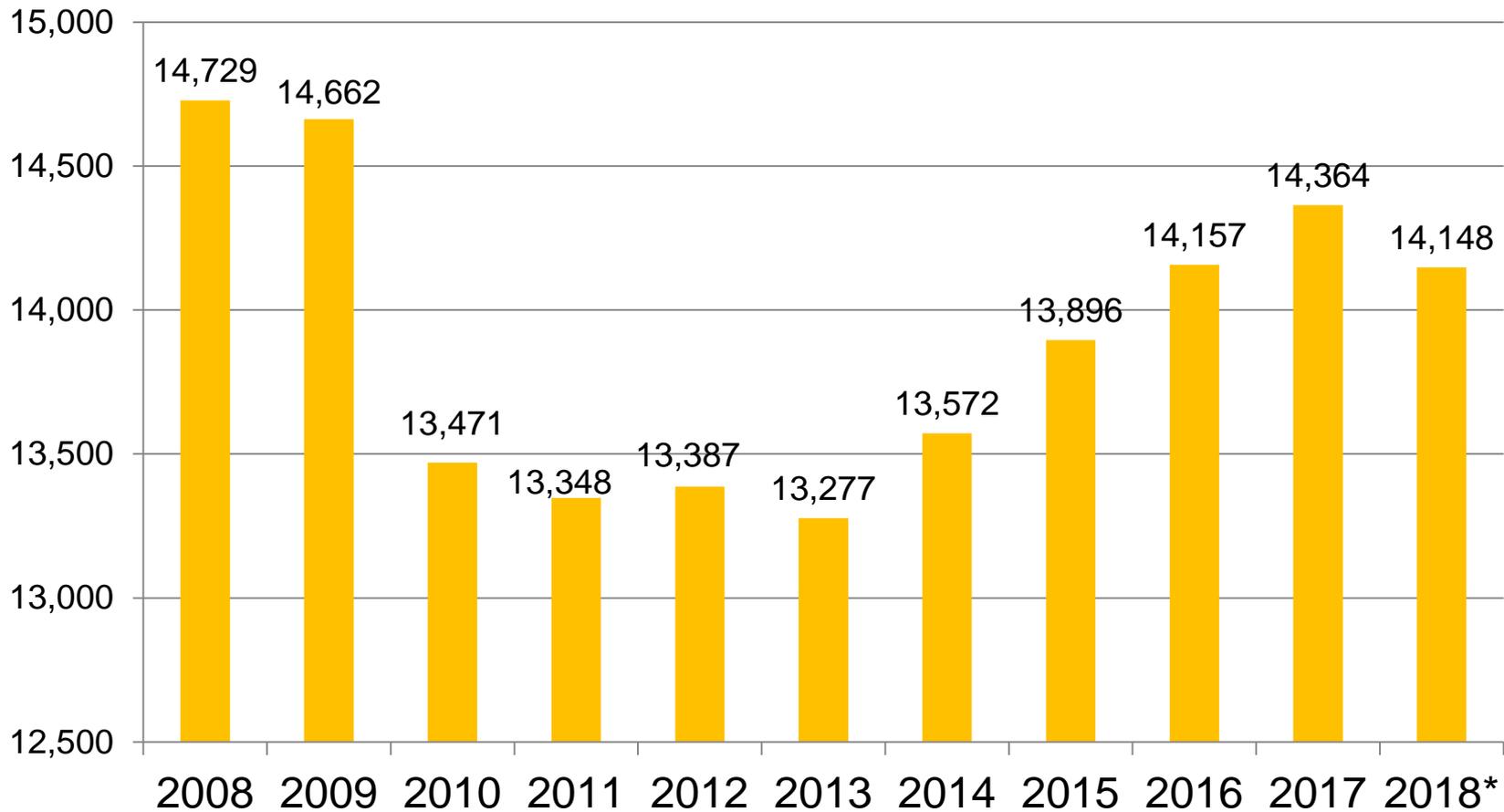
- Intake-Transfer-Release Jail (Durango Jail) \$82.3M
- Madison Street Jail Adaptive Reuse \$37.5M

# CIP Projects Awaiting Funding

- Adult Probation – Northport
- Emergency Operations Center
- Court Plaza Demolition/Remodel/Redesign
- MASH Unit Relocation
- K9 Kennels
- Courts Master Plan
- Jails Master Plan
- OET 10-Yr Equipment Refresh
- MCSO Avondale Substation
- MCSO Blue Point Substation
- MCSO 1920 Building
- MCSO SWAT Major Crimes Building
- Parks Master Plan

**Over \$986 Million of Unfunded Projects**

# Budgeted FTE's



\* Recommended Budget

# FY 2018 Highlights

- ✓ Maintained General Fund and Detention reserves at 2 months of operating expenses
- ✓ Provide necessary funding for criminal justice issues
- ✓ New Probation Service Center
- ✓ Animal Care Expansion
- ✓ IT Infrastructure
- ✓ Park Enhancements
- ✓ Funding set aside in the General and Detention funds for Pay-for-Performance and Market Adjustments

# Budget Calendar – Remaining Dates

May 22	Tentative Budget Adoption
June 19	Final Budget Adoption
August 21	Property Tax Levy Adoption

# Flood Control District Highlights

- Overall expenditures of \$88,510,942
- A flat tax rate results in a levy of \$62,198,813
- FY 2018 CIP of \$55M
- Five-year CIP projected to be \$256M



# Library District Highlights

- Overall expenditures of \$28,620,825
- A flat tax rate results in a levy of \$21,268,052



# Stadium District Highlights

- Overall expenditures of \$10,289,411
  - Includes \$4M for Phase VII concrete repairs
- Car Rental Surcharge decreasing (5.2%)
- Revenue Refunding Bonds, Series 2012
  - \$3,480,000 payment, leaving balance of \$5,800,000 at the end of FY 2018

