

2016



# CITIZENS'

- Budget Brief -

# INTRODUCTION

## Welcome!

Welcome to the third annual Citizens' Budget Brief! This document is one of the ways to continue the conversation on the Maricopa County budget and how to best spend **our** tax dollars in fiscal year (FY) 2016. The word "OUR" indicates the collective responsibility and opportunity we all have in improving *our* community, Maricopa County. We believe that increased transparency fosters informed and engaged citizens. This budget brief provides an overview of the organization of the County, the budget process and the revenues and expenditures for FY 2016. Thank you for engaging in this partnership of shared governance!

## 2016 Budget

For the FY 2016 Budget, Chairman Chucuri and his fellow supervisors placed an emphasis on addressing public safety concerns and focusing on mandated services, while maximizing operational efficiency and allocating resources to continue to deliver "Best in Class" service.



*"Our citizens can believe in this conservative budget that reflects our needs, not our wants."*

**Steve Chucuri**  
Chairman of the Board of Supervisors

## Annual Budget Process

The annual budget provides a roadmap for how the County will address policy, financial and operational decisions in delivering services to citizens. The budget serves as an internal and external communications device outlining organizational priorities and the resources allocated to deliver County services.



**Population:** 4,087,191  
**Land Area:** 9,224 Sq Miles  
**Per Capita Income:** \$53,596  
**% of AZ Population:** 61%  
**Median Assessed Value of Single Family Homes:** \$116,078

**OUR**  
**Maricopa**  
**County**



## Highlights

- FY 2016 Budget -



Expenditure budget of \$2.234 billion, an increase of \$12 million as compared to Fiscal Year 2015.



Primary property tax levy budgeted at \$471 million or \$157 million below the maximum levy.



Reserve fund set aside with two months of operating expenditures.



Continue the capital fund budget of \$284 million and begin the design phase for the new intake, transfer and release jail facility.



Over 51% or \$1.1 billion of total County expenditures allocated to public safety services.

# ORGANIZATIONAL STRUCTURE

## Board of Supervisors

Maricopa County is a subdivision of the Arizona State government. The Board of Supervisors is the governing body for the County. Each member represents one of the five districts, which are divided geographically and by population to include a mix of urban and rural constituencies. Supervisors are elected to four-year terms and are not term-limited. The Board of Supervisors is also the Board of Directors for the Flood Control, Library, and Stadium Districts, and serves as the Board of Equalization, Board of Deposit and the Planning and Zoning Commission.



(from left) Denny Barney, Clint Hickman, Chairman - Steve Chucru, Steve Gallardo, Andrew Kunasek

## Constitutional Officials

Maricopa County's mandated functions are defined by both the Arizona State Constitution and the Arizona Revised Statutes. Nine County offices are independently overseen by elected officials: Assessor, County Attorney, Clerk of the Superior Court, Constables, Justices of the Peace, Recorder, Sheriff, Superintendent of Schools, and Treasurer. The Judicial Branch, headed by a Presiding Judge, includes the Superior Court, and the departments of Adult and Juvenile Probation.



(From upper left to right)  
**County Assessor:** Paul D. Peterson  
**County Attorney:** Bill Montgomery  
**Clerk of the Superior Court:** Michael K. Jeanes  
**Presiding Judge of the Superior Court:** Janet Barton  
**Presiding Justice of the Peace:** C. Steven McMurry  
**Recorder:** Helen Purcell  
**Sheriff:** Joseph M. Arpaio  
**Superintendent of Schools:** Dr. Don Covey  
**Treasurer:** Charles "Hos" Hoskins

## County Staff

In FY 2016, there are 14,172 full-time positions delivering services to Maricopa County residents. We believe County employees are *Citizens Serving Citizens*. This describes the shared commitment and responsibility in public service of staff and residents.



**VISION**

Citizens serving citizens by working collaboratively, innovatively, efficiently and effectively.

We will be responsive to our customers while being fiscally prudent.

**MISSION**

To provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

# STRATEGIC DIRECTION

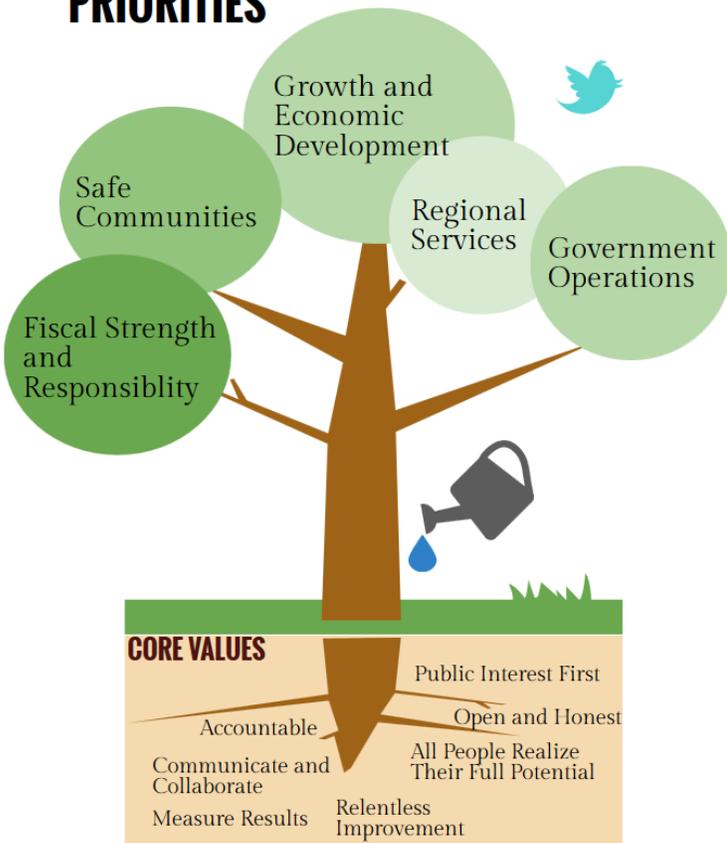
## A Budget is a Plan

The budget is a policy document which establishes the operational plan for delivering on-going services to County residents. It directs the funding priorities and strategic direction in levying taxes, setting fees and appropriating expenditures for service delivery.

## Strategic Planning

The Countywide Strategic Plan guides County government actions in addressing current and future needs in Maricopa County. It sets direction for County government and defines roles and responsibilities. Maricopa County government officials use it to help guide decision-making. The Strategic Plan contains the County's mission and vision statements and a set of strategic priorities and goals that establish a roadmap of what the County aspires to achieve over the four-year period. Each priority area has several goals to achieve the Board of Supervisors' vision for the community.

### STRATEGIC PRIORITIES



## Budget Guidelines

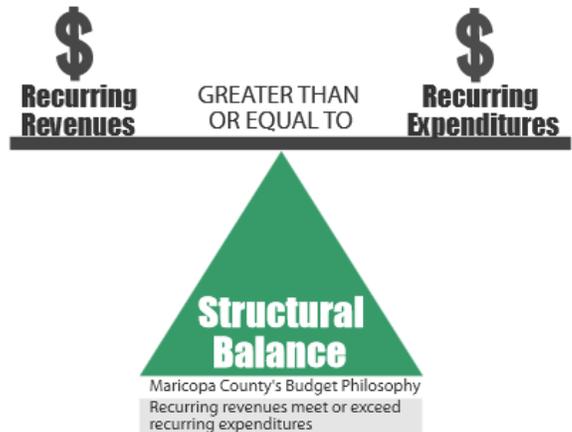
Each year the Board of Supervisors establishes budget guidelines to provide direction to the County Manager, Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources, the County's mission and strategic goals as set forth in the Maricopa County Strategic Plan.

### 2016 Budget Guidelines

- 1 Develop a sustainable, structurally-balanced budget over the entire economic cycle.
- 2 No funding will be available for new or expanded programs. Requests above the base budget must be approved by the Board for consideration.
- 3 The base budget will include a plan to incrementally restore operating contingency and increase reserves to optimum levels.
- 4 Fund balances should be limited to either building reserves or one-time, non-recurring expenditures and should not be used to offset an operating deficit.
- 5 No funding will be available for new capital improvement projects until after reserve decisions have been made by the Board of Supervisors.
- 6 Due to the constitutional Expenditure Limit, all budgets will be reviewed for possible alternative financing options.
- 7 Zero-based budget departments will complete decision packages.

## County Budget Philosophy

Maricopa County develops and maintains a structurally balanced budget, which means that recurring revenues meet or exceed recurring expenses. Therefore, the County does not use one-time resources, such as fund balance, as a funding source for on-going operations. This serves to protect against unforeseen declines in revenues and promotes sustainable service expansion.



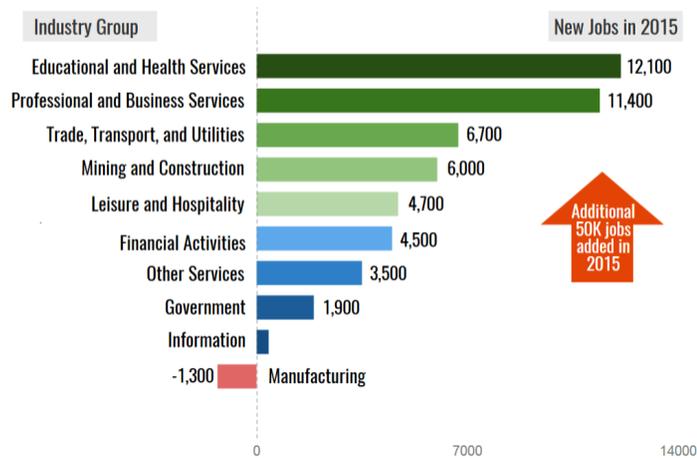
# ECONOMY

## Maricopa County Recovery

Maricopa County continues to recover from the Great Recession—it was one of the hardest hit counties in the nation in terms of the number of foreclosures and housing value depreciation. Local economist, Elliott Pollack, estimates 240,600 jobs were lost in the Phoenix Metropolitan area at the low-point of the recession and 88% have been replaced as of June 2015, translating to nearly eight years of lost jobs. Estimates from the Arizona Department of Administration show Maricopa County added an additional 50,000 jobs in FY 2015, with the service industries posting the majority of the gains. Also, the unemployment rate in Maricopa County for 2014 improved to 5.9%, however it is still far from the 3.3% experienced in 2007.

### Employment Change by Industry Group - Maricopa County

(June 2014 to June 2015)

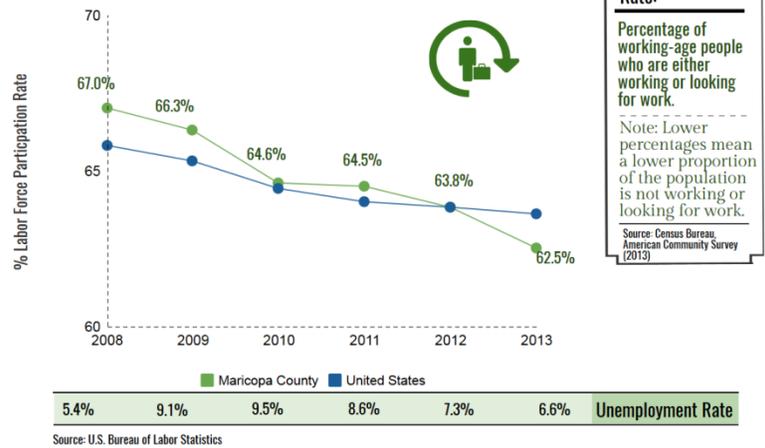


## Labor Force Participation

The Labor Force Participation Rate is the total number of work-age people (ages 16+) working and looking for work, divided by the total population of work-age individuals. This statistic is important since it demonstrates that a large proportion of the population is no longer in the labor force. The continual decrease in this rate could result in reduced economic activity and consequently, a deceleration in government revenue collections.

### Labor Force Participation Rate

- Maricopa County and US



## Housing Market

According to Case-Shiller Metropolitan Home Price Index data, the Phoenix real estate market has experienced one of the fastest recoveries in housing prices of Metro areas. The majority of these increases were realized in 2012 and 2013 when Maricopa County single-family homes appreciated 28% and 25% annually. However, appreciation slowed to 8.5% in 2014. While there has been strong growth in multi-family permits for new construction, single family permit activity actually decreased in 2014. The number of permits for new construction is an indicator of housing demand; accordingly the housing recovery is expected to be tempered in the coming years.

### Revenue Note

Appreciation trends for County property tax revenue significantly lag housing value increases since Proposition 117 capped annual home valuation increases at 5%.

## Slow & Steady Growth Projected

Overall, Maricopa County Economic Indicators are expected to gradually improve between FY 2015 and FY 2016. Notably, the rate of the housing recovery and subsequent population growth are expected to be driving factors affecting the County's economy.

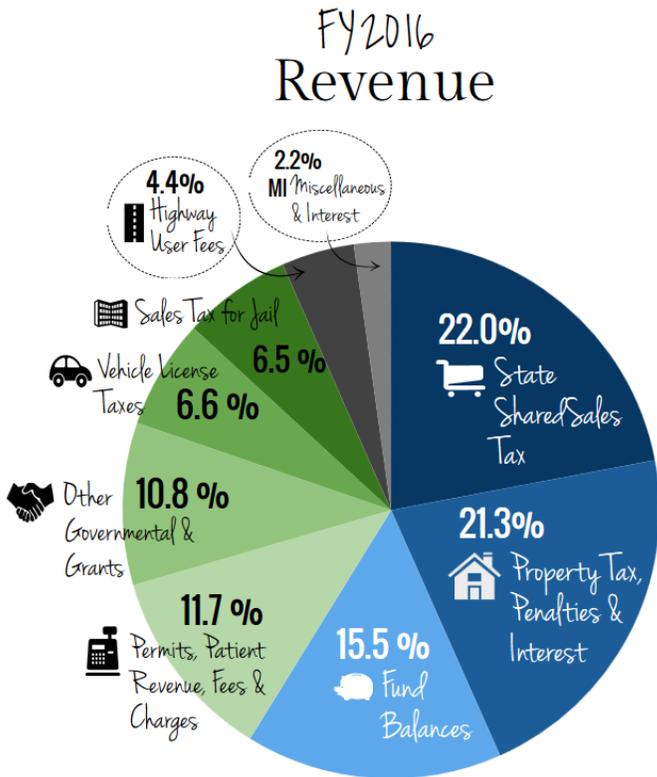
MARICOPA COUNTY ECONOMIC INDICATORS			
Indicator by Fiscal Year	2015	2016	% Change
Population	4,072,789	4,146,100	↑ 1.8%
Net Migration (000's)	35.7	44.1	↑ 23.5%
Non-Agriculture Employment	1,824,440	1,875,524	↑ 2.8%
Retail Sales	\$48.8 Billion	\$51.1 Billion	↑ 4.7%
Building Permits	18,472	22,166	↑ 20.0%

Source: Elliot D. Pollack and Company

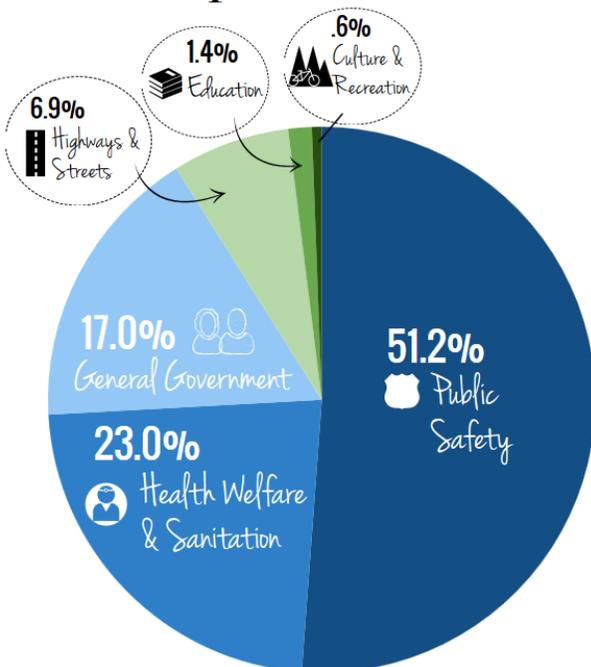
# BUDGET OVERVIEW

## Budget Appropriation

The FY 2016 County Adopted budget is \$2,234,405,833, an increase of \$12 million from 2016.

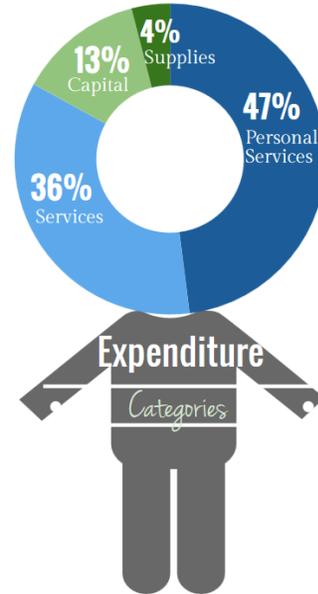


## FY 2016 Expenditures



## Expenditures Categories

The four major expenditure categories are Personal Services, Supplies, Services and Capital. These categories are used to account for the spending decisions of the County. The majority of expenses fall into the Personal Services or Services category.

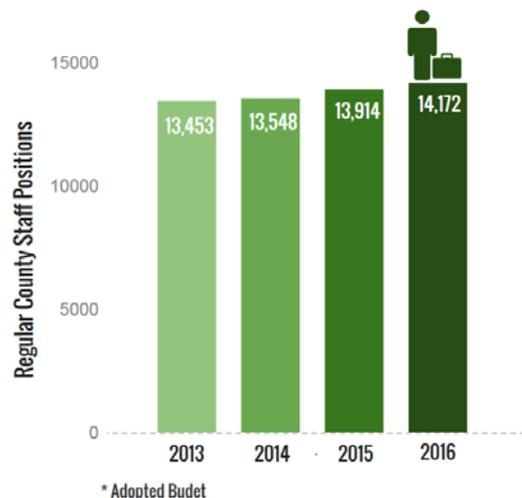


## Personnel

The increase in County personnel in FY 2016 is primarily due to additional public safety staff, as well as a mandatory increase in public safety pension plan retirement rates. The Sheriff's Department and County Attorney represent 31% of all new positions. The remaining Public Safety departments make up for more than 34% of new positions.

There is no funding in FY 2016 for employee salary increases. The values below represent the number of full-time positions budgeted.

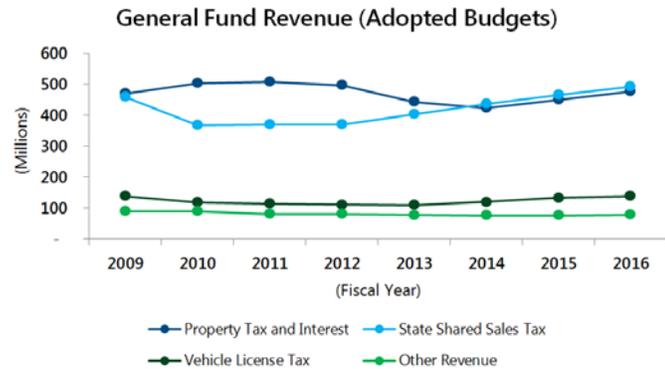
### Maricopa County Personnel\*



# GENERAL FUND

## Revenue

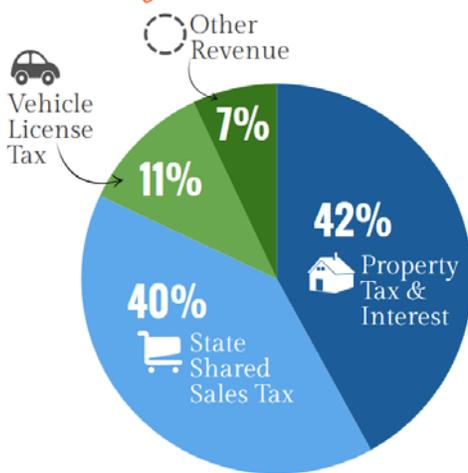
Prior to the Great Recession, State Shared Sales Tax was the leading source of General Fund revenue. During the economic downturn, sales taxes declined and were no longer the primary source of General Fund Revenue.



As the economy improves, State Shared Sales Tax is expected to continue being the leading revenue source for the General Fund. However, as indicated in the graph above, during recessions, Property Tax revenue is typically the lead revenue source. Since 2009, Property and State Shared Sales Tax represent over 80% of General Fund revenue.

## Revenue Distribution

5 Year Average

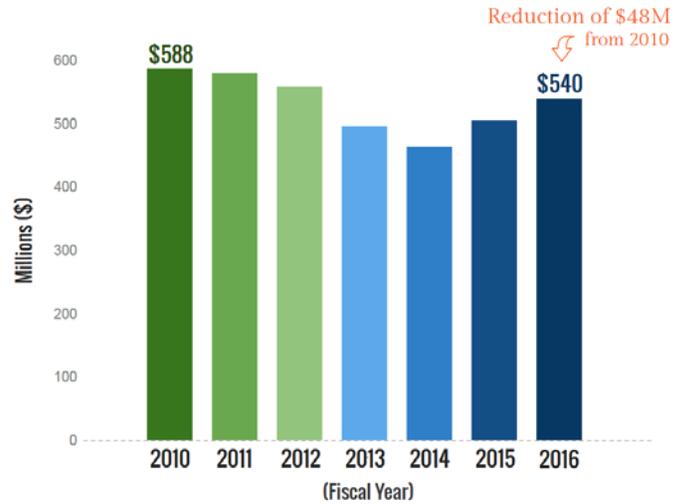


## Property Taxes

Primary property taxes finance the County's general operations through its General Fund. The County is

currently \$157 million below the maximum allowable primary property tax levy. Since FY 2010, the County-controlled property taxes have been reduced by almost \$48 million.

## County-Controlled Property Taxes



Maricopa County receives **12¢** from each dollar of property taxes collected.

Maricopa County only sets the property tax rates for the Primary, Flood Control, Library and Stadium Districts.

Maricopa County is \$157 million below the levy limit in FY 2016.

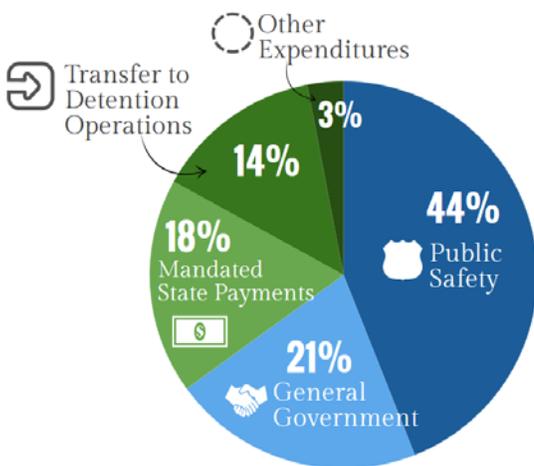


# GENERAL FUND

## Expenditures

In FY 2016, about 32% of the County's General Fund operating and non-recurring expenditures are required payments, leaving only 68% for unrestricted spending. Public safety receives the largest allocation of General Fund expenditures at 44% or 58% if the transfer to the Detention Fund is included.

### FY 2016 General Fund Expenditures



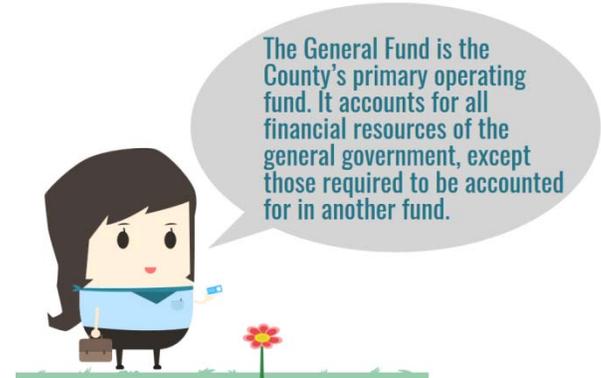
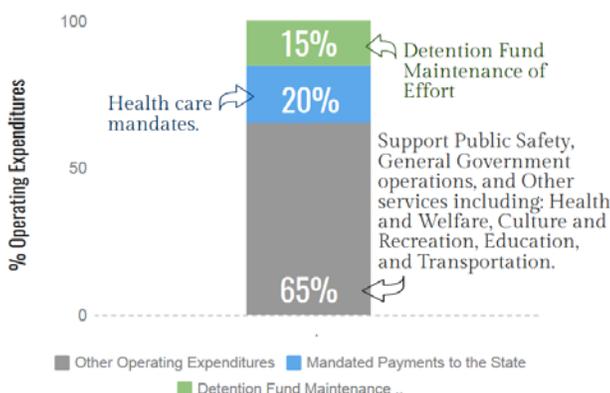
### General Fund Operating Expenditures

- FY2016 -



Only 65% of General Fund operating expenditures are available for spending in 2016. The other 35% are statutorily allocated to payments to the State of Arizona and to the Detention Fund.

### Operating Expenditures by Use



Since FY 2007, the County has reduced the General Fund Operating budget by over \$20 million. During this time, population growth has increased by more than 300,000 residents and inflation has increased by an average of 1.9% annually.

General Fund Operating Budget Overview			
Fiscal Year	Operating Budget	Year-over-Year Change	Change from 2007
2007	1,203,772,576		
2008	1,176,981,072	(26,791,504)	(26,791,504)
2009	1,166,652,302	(10,328,770)	(37,120,274)
2010	1,090,162,676	(76,489,626)	(113,609,900)
2011	1,075,560,244	(14,602,432)	(128,212,332)
2012	1,058,467,146	(17,093,098)	(145,305,430)
2013	1,034,486,471	(23,980,675)	(169,286,105)
2014	1,056,343,141	21,856,670	(147,429,435)
2015	1,123,183,239	66,840,098	(80,589,337)
<b>2016</b>	<b>1,183,450,935</b>	<b>60,267,696</b>	<b>(20,321,641)</b>

# CAPITAL IMPROVEMENTS

## Capital Improvement Program

The Capital Improvement Program (CIP) is a plan that identifies capital improvement projects to be completed over the next five fiscal years. Because these projects typically span more than one fiscal year, the plans are updated annually to track existing projects, to identify new projects, and to update funding estimates and forecasts.

**WHAT ARE CAPITAL PROJECTS?**

-  Any acquisition of or improvement of land for a public purpose.
-  Any construction of a new facility (e.g. a public building, parking lot, road, bridge, etc.) or an addition to or extension of such a facility.
-  A nonrecurring rehabilitation that increases the service potential of the building (i.e. something that is infrequent and would not be considered annual or other recurrent maintenance) or major repair of all or a part of a building, its grounds or a facility.
-  Any planning, feasibility, engineering or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects.



Future operating costs related to new facilities constructed or acquired through the CIP are carefully considered before project commitments are made. It is the County's philosophy and policy that new capital projects will be undertaken only if future operating revenues are reasonably estimated to be sufficient to support associated future operating costs.

The County's CIP is divided into three parts: Facility CIP, Technology CIP and Transportation CIP.



**Facility**  
Typical land and building improvements

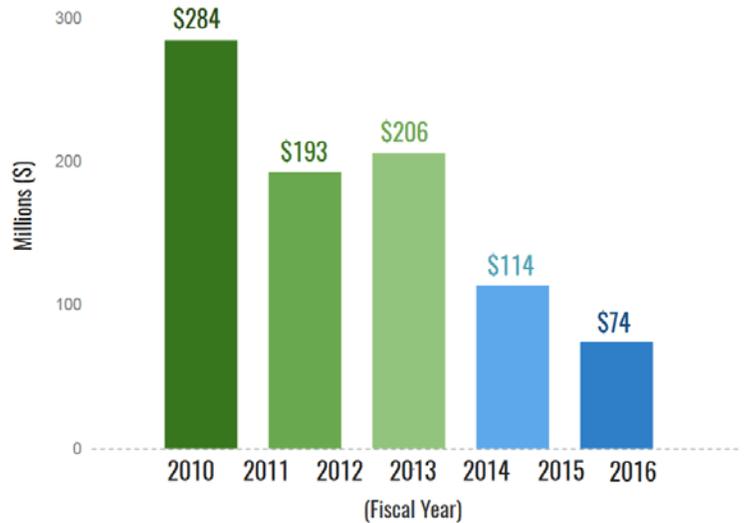


**Technology**  
Major technology projects that substantially impact how the County does business



**Transportation**  
Projects that are associated with roads and bridges

## 5-Year Capital Improvement Program



FY 2016-2020

### CAPITAL Project Highlights\*

Note: \*Project Costs can include previous year expenditures



**Public Safety Radio System**

Project Cost: \$131 Million



**Southwest Justice Courts**

Project Cost: \$30 Million



**Intake, Transfer & Release Jail Facility**

Project Cost: \$185 Million



**Infrastructure Refresh I & II**

Project Cost: \$72 Million



**MAG Arterial Life Cycle Program**

Project Cost: \$267 Million

## COMPLETED CAPITAL PROJECTS

Completion Date	Recently Completed Projects	Project Total (M)
Jul 2014	SWAT Covered Parking	\$3.2
Sep 2014	Sheriff Headquarters	\$84.8
Dec 2014	Security Building	\$6.0
Jun 2015	Maximo Maintenance Management System	\$0.9

# CITIZEN ENGAGEMENT

## "Our" Maricopa County

We welcome the opportunity to hear from you on the quality of service being delivered and the value you place on Maricopa County services. Consider Maricopa County as "OUR County"; together we engage in a partnership in delivering legal services and law enforcement, public works, parks and trails and health services while promoting a strong and vibrant community.

There are various methods of being involved in the Maricopa County budget process—citizens can engage departments directly (department contact information can be found online at [www.maricopa.gov](http://www.maricopa.gov) or call **602-506-3011**), attend Board of Supervisors' Budget Meetings, on social media, or contact the Office of Management and Budget.

## Board Meetings

The Maricopa County Board of Supervisors typically have Formal Meetings on Wednesdays twice a month, Informal Meetings on Mondays as scheduled and Special Meetings as necessary. The Clerk of the Board posts copies of the Board of Supervisors' meetings and agendas at **301 West Jefferson, Tenth Floor, Phoenix, Arizona** and online at [www.maricopa.gov/Clk\\_board](http://www.maricopa.gov/Clk_board).

## Social Media

Participate in the online conversation on Facebook ([fb.com/maricopacountyaz](https://fb.com/maricopacountyaz)) and Twitter ([@maricopacounty](https://@maricopacounty)).

### WE NEED TO HEAR FROM YOU!



- ONLINE SOCIAL MEDIA
- TELEPHONE
- IN PERSON
- BOARD MEETINGS

*"At its core... Democracy is a conversation."*  
- Chariman Steve Churcri

### CONTACT US

**Enhanced Regulatory Outreach Program**

This policy allows multiple opportunities for stakeholder input on the adoption and amendment of all regulatory requirements and includes alternative expedited processes.

Adopted by the Maricopa Board of Supervisors in order to promote consistency and transparency among regulatory departments.

## Maricopa County Budget Questions?



How much does the County invest in.... services?

### Contact the Budget Office

 (602) 506-7280  
 [www.maricopa.gov/budget](http://www.maricopa.gov/budget)  
 [ombweb@mail.maricopa.gov](mailto:ombweb@mail.maricopa.gov)

Like us on Facebook   
 <https://www.facebook.com/pages/Maricopa-County-Office-of-Management-and-Budget/400209810137345>

Citizens serving citizens by working collaboratively, innovatively, efficiently and effectively.

# OUR COUNTY




**CONTACT US**  **OR** 

301 W. Jefferson Ave  
Phoenix, AZ 85003

<http://www.maricopa.gov/>  
[fb.com/maricopacountyaz](https://fb.com/maricopacountyaz)  
[@maricopacounty](https://@maricopacounty)  
 (602) 506-3011

# 2015 RECAP



**2015 NACO Achievement Awards**

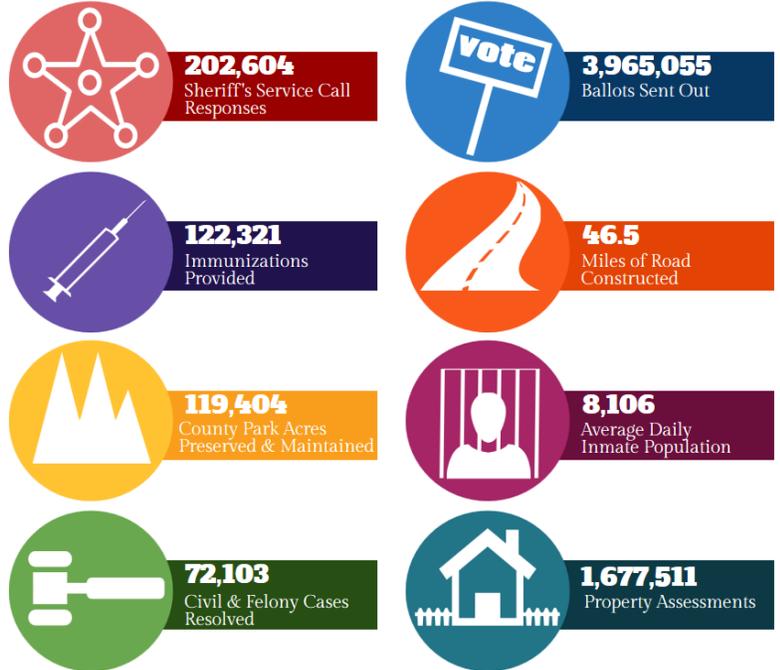


**47**  Awards

Most awards in the nation!

**2**  "Best in Category" Awards

## 2015 SERVICES



Complete Budget

<http://www.maricopa.gov/Budget/BudgetDocument.asp>



Visit us online!

Information

