

Court Tower Budget / Funding



Office of Management and Budget

November 17, 2008



Court Tower Budget / Funding

Original Budget	\$341,557,800
Cancel 1 st Ave Jail Demolition	(6,298,800)
Additional Project Management	3,500,000
New Budget	\$338,759,000
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Previous Cash Funding	\$261,612,555
Reverse General Fund Transfer	(28,017,521)
FY 2008 General Fund Pick-up	20,570,292
Suspend Southeast Project	67,216,155
Suspend Durango 911/Crime Lab	12,677,519
Court Tower M&O Reserve Transfer	4,700,000
New Cash Funding	\$338,759,000

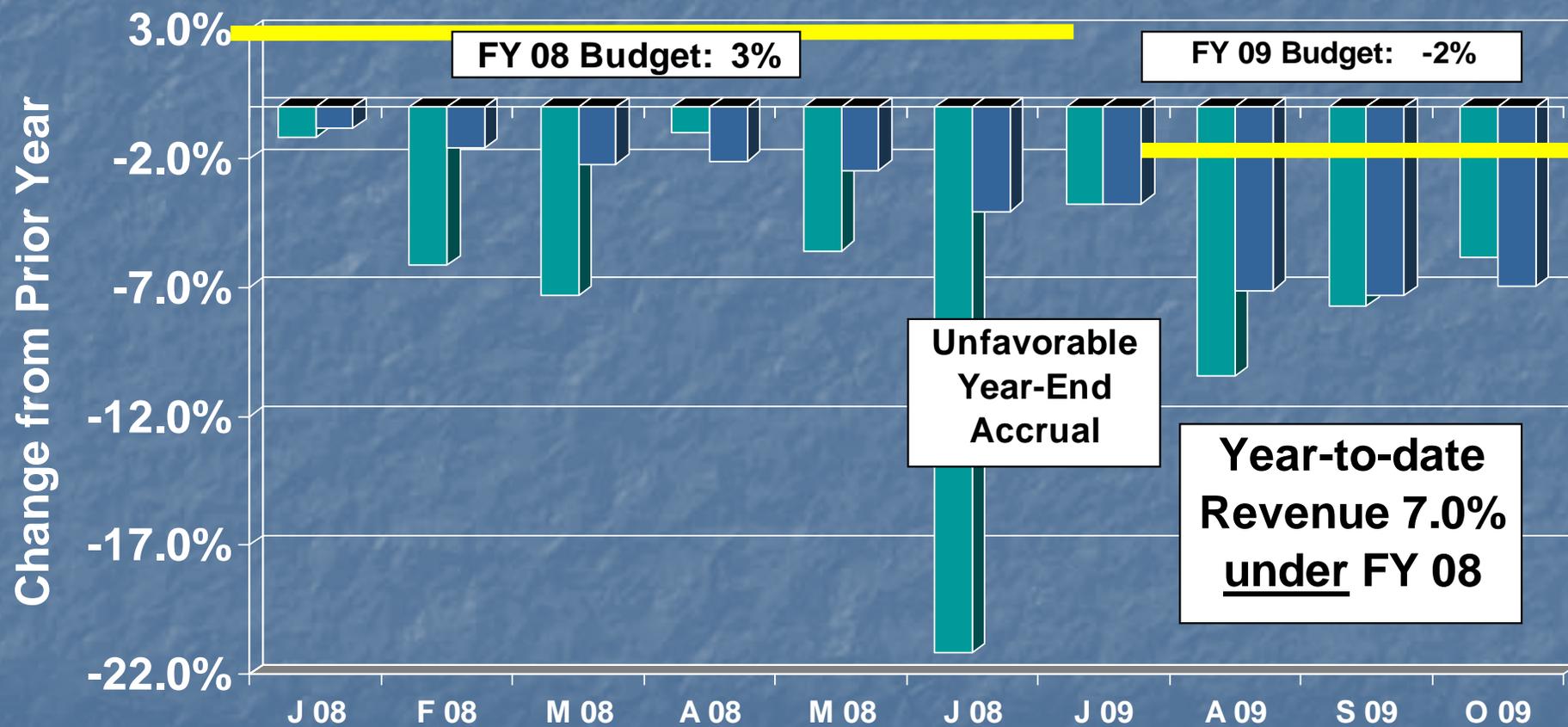
Budget Balancing Plan



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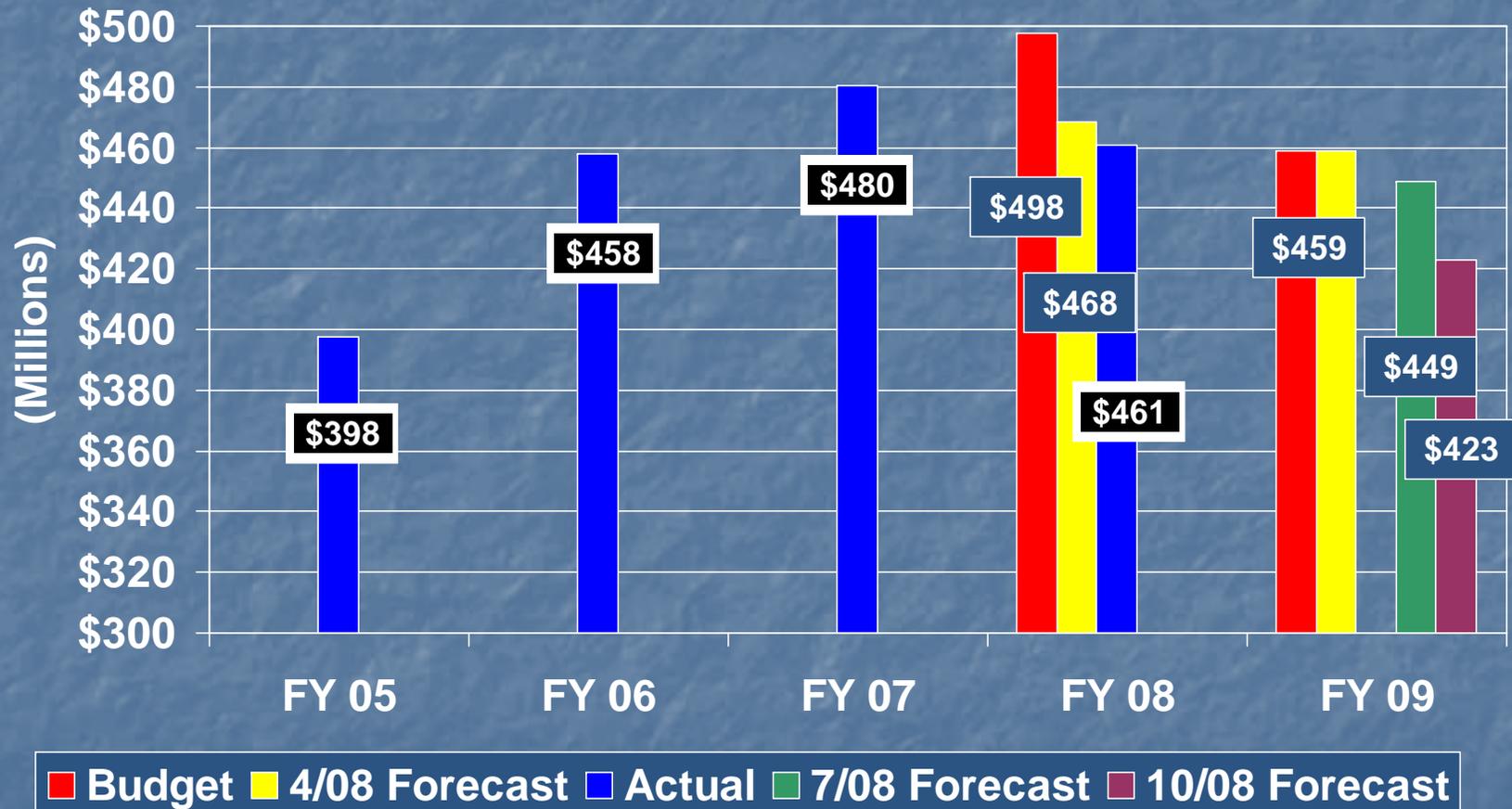
State Shared Sales Tax Change Over Prior Year



*Revenues under budget
\$7.2 million YTD through
October*

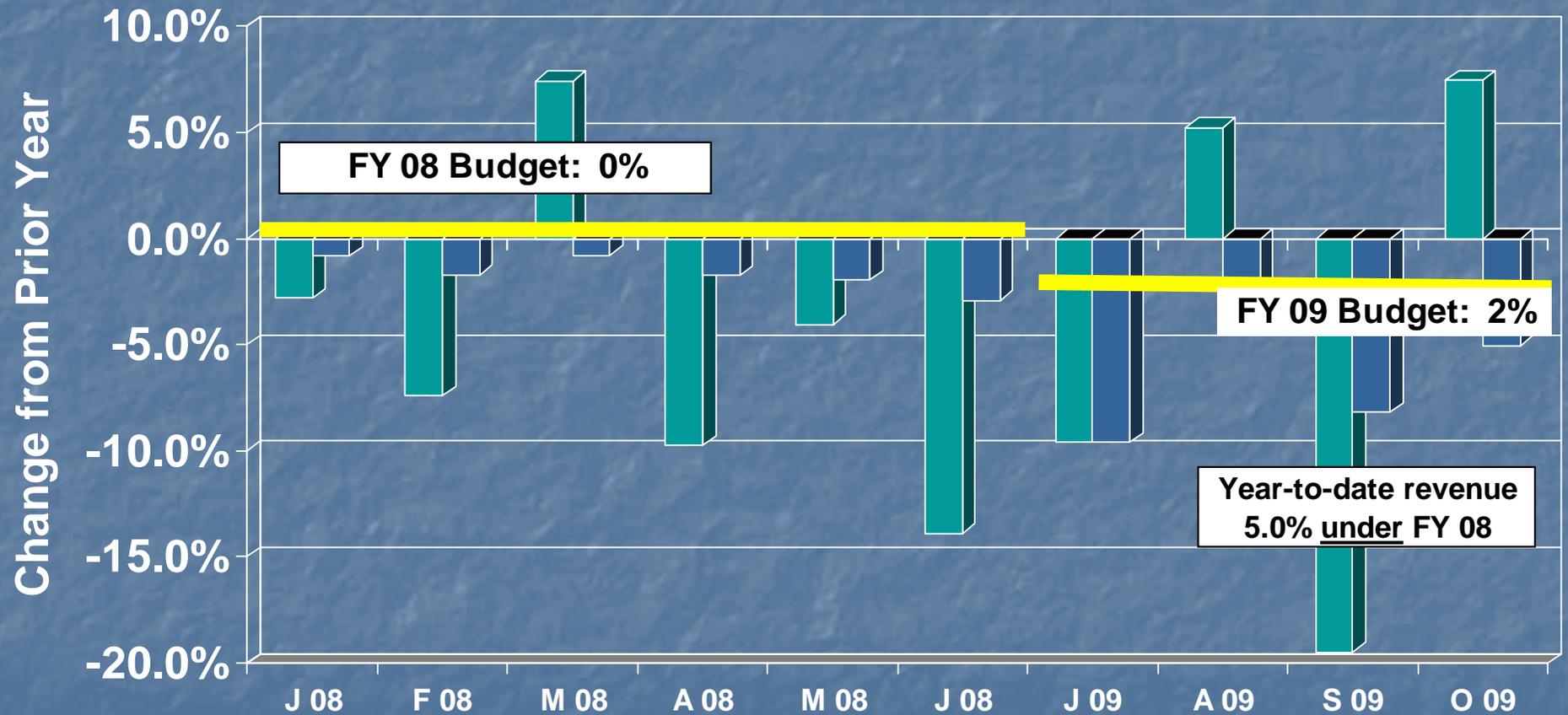
Month YTD

Sales Tax Annual Collections



FY 09 total revenue forecast to be \$36 million under budget for FY 09

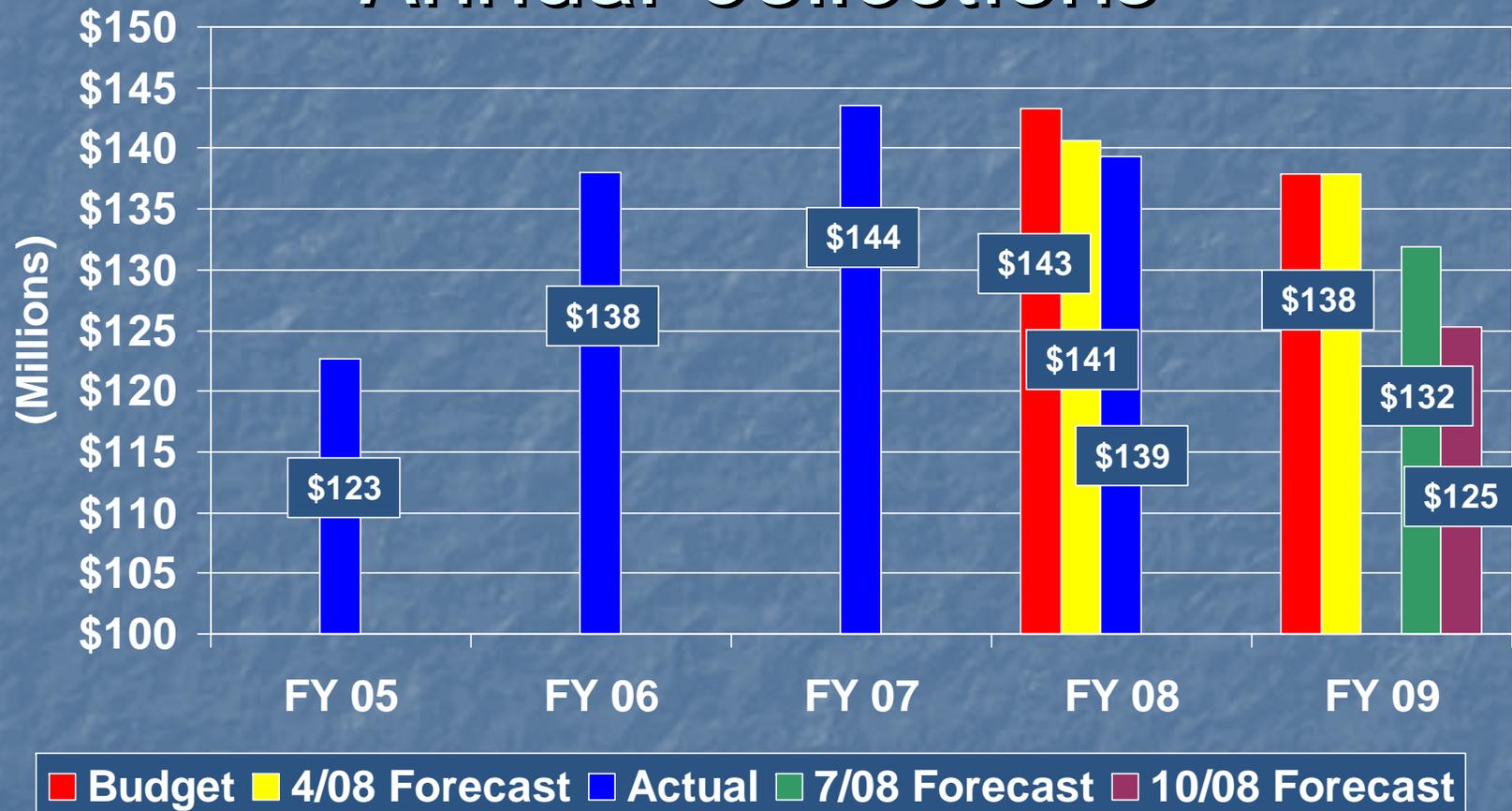
State Shared Vehicle License Tax Change Over Prior Year



*Under budget \$1.2 million
YTD through October*

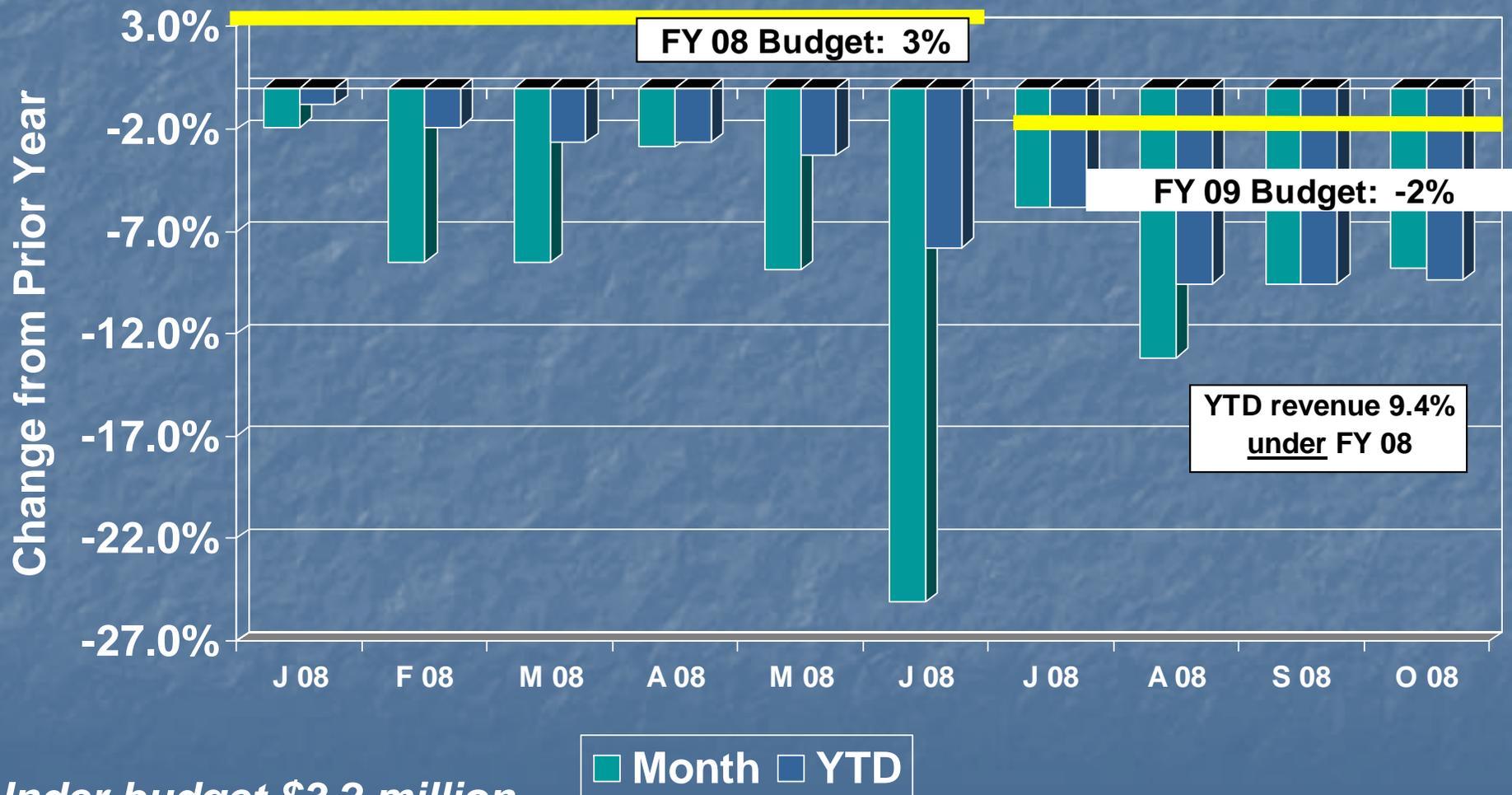
■ Month ■ YTD

Vehicle License Tax Annual Collections



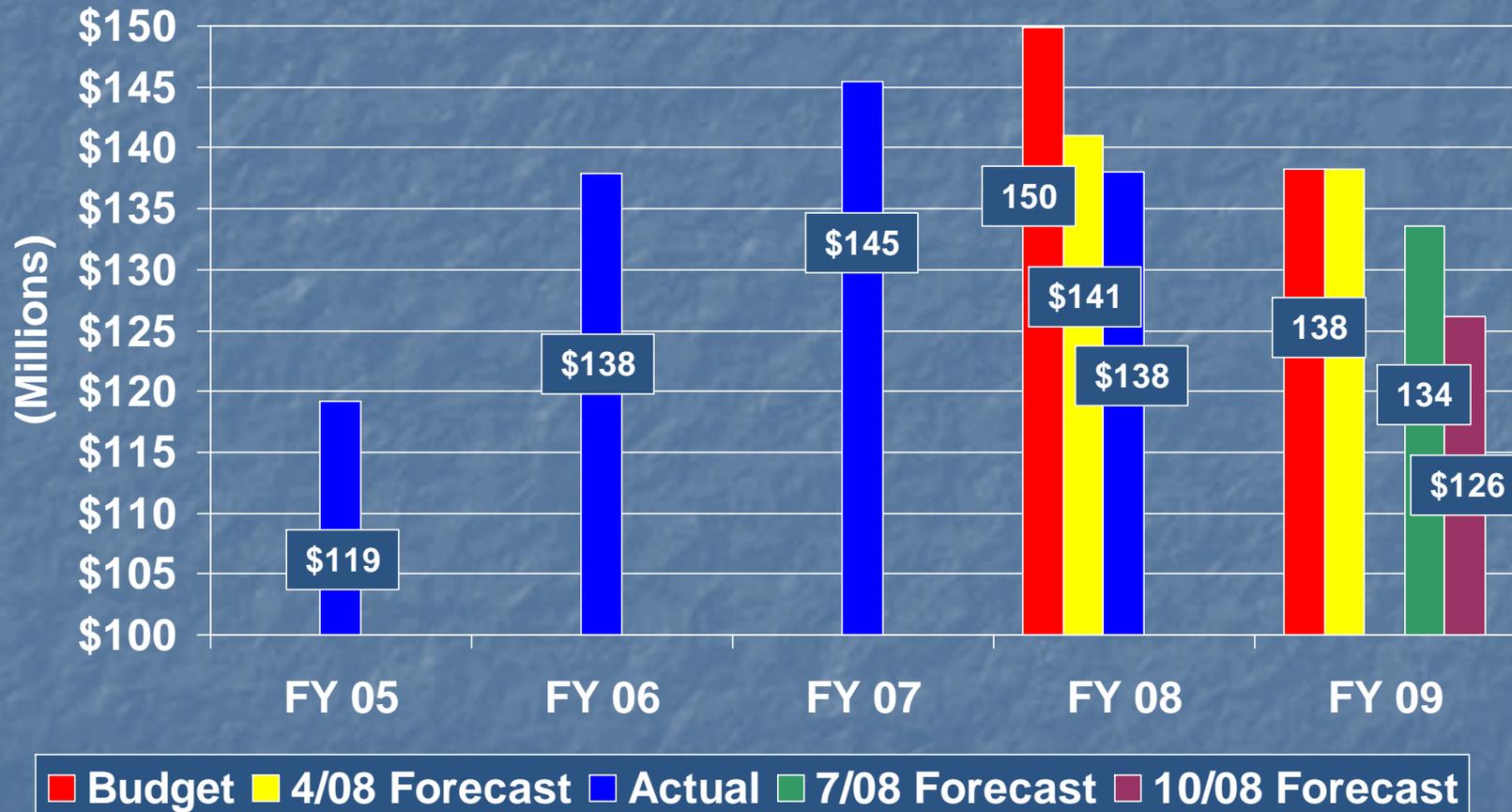
FY 09 total revenue forecast to be \$13 million under budget for FY 09

Jail Excise Tax Change Over Prior Year



*Under budget \$3.2 million
YTD through October*

Jail Excise Tax Annual Collections



FY 09 total revenue forecast to be \$12 million under budget for FY 09

Budgeted Vacancy Savings

	Budgeted Rate	Impact of Reduction to 3%
General Fund	7.5%	\$23.7 M
Detention Fund	10.5%	16.2 M
TOTAL		\$39.9 M

Structural Deficits

October 2008 Pessimistic Forecast (millions)

	FY 2008-09	FY 2009-10
General Fund	(\$46.4)	(\$66.0)
Detention Fund	(\$12.0)	(\$32.7)
TOTAL	(\$58.4)	(\$98.7)

Based on Elliott D. Pollack and Co. "Pessimistic" forecast scenario, which calls for FY 2008-09 declines of 8.2% for sales, 10.0% for VLT, and 8.6% for Jail Tax revenues.

Expenditure forecast includes increases in mandated health care contributions plus employee health benefit and retirement increases.

Budget Balancing – FY 2008-09

- Contingency reduced to balance the budget in the General and Detention Funds
- Remaining Contingency frozen; no requests for increased funding except for emergencies, legal requirements, or investments needed to reduce expenditures or increase revenue
- **NOTE: Contingencies will need to be restored for FY 2009-10**

Salary Increases

- No salary increases for remainder of FY 2008-09
- Budgeted reserves in General and Detention Funds re-directed to offset revenue shortfalls
- Salary increases will only be considered for FY 2009-10 when funding is identified
- Peak Performers program enhanced with non-recurring funding by the Board of Supervisors on November 6

Employee Health & Retirement

- Budgets to be reduced for savings due to reduction in employer retirement contribution rates, less the impact of any increases
- Departments must absorb any net increases in employer retirement contributions in both FY 2008-09 and FY 2009-10
- Employer health/dental premiums to be held to minimal increases; any increases will be absorbed by departments

Capital Improvement and IT Projects

- No new capital projects or increases in current projects without new funding source
- General Fund operating funding for Court Tower debt service (\$5.8 million) eliminated
 - Use of other non-recurring funds
 - Suspension of other projects
 - Project cost reductions
- No new IT projects without direct ROI of three years or less

Department Budget Reductions

- All elected, appointed and judicial branch departments to work with OMB to identify annualized operating expenditure reductions of up to 20%
- Proposed reductions must prioritize critical services, whether or not they are mandated
- Reduction proposals first step to developing structurally-balanced budget for FY 2009-10, but will be implemented as soon as possible in FY 2008-09
- Budget memo with instructions to be provided the week of Nov. 17th

Priorities for Reduction

- Vacant admin positions
- Vacant positions not actively recruited
- Restructure management; eliminate excessive layers, narrow spans of control
- Reduce vehicle fleet, other capital equipment
- Reduce excessive/duplicative administrative, IT or other support functions; consolidate within constellations or with central service departments
- Eliminate less critical positions (filled or vacant)

FY 2009-10 Budget Targets

- Base budget requests for all departments and funds must be submitted within target
- Target adjustments:
 - Annualized impact of FY 2008-09 budget issues
 - **Annualized impact of expenditure reductions approved and implemented during FY 2008-09**
 - Annualized impact of IGAs, etc. approved by the Board
 - State mandates, such as judges' and elected officials' salary increases, contributions to AHCCCS, ALTCS, etc.
 - **Right-size personnel savings for reduced employee turnover**
 - Other technical adjustments as required

Use of Budget Stabilization Reserve

- FY 2009-10 budget may include use of budget stabilization reserves, consistent with the *Reserve and Tax Reduction Policy*
- Priority for use is debt retirement
- Budget stabilization reserves may be used to offset part of operating deficit, so long as there is a reasonable expectation that structural balance will be restored the following year
- All uses of fund balances and other non-recurring sources to support an operating budget deficit must be specifically approved by the Board of Supervisors

Summary of FY 2008-09 Operating Budget Reductions (millions)

	General Fund	Detention Fund	TOTALS
Pay for Performance	\$7.4	\$3.8	\$11.2
Retirement Reserve	\$3.0	\$4.4	\$7.4
ALTCS Adjustment	\$1.4		\$1.4
Court Tower Debt	\$5.8		\$5.8
CIP Transfer	\$28.0		\$28.0
General Contingency	\$6.4	\$0.6	\$7.0
TOTALS	\$52.0	\$8.8	\$60.8

FY 2008-09 State Contribution Funding Guidelines



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FY 2008-09 Mandated State Contributions

- Laws 2008 Chapter 288, Section 10 requires Maricopa County to transfer funds totaling \$24,168,400 to the State Budget Neutrality Compliance Fund
- Laws 2008 Chapter 285, Section 47 requires all counties and cities to transfer a total of \$29,748,400 to the State general fund; Maricopa County's share of this amount is \$4,681,991
- The two contributions total **\$28,850,391**

Authority to Use Non-General Funds

- Both laws allow counties, “notwithstanding any other law” to transfer from “any source of county revenue”
- \$2,038,434 from the Inmate Services Fund already designated for the \$4,681,991 contribution
- Funding of remaining contributions needs to be decided

Guidelines: Funds Excluded

- Funds supported by declining tax revenues (General, Detention, Transportation)
- Funds used for a direct and defined mandate that would otherwise become a liability of the General Fund (Air Quality Fees, Environmental Health, Waste Tire)
- Funds supported by property taxes (Library and Flood Control Districts)
- Funds restricted by contracts, IGAs, donations and trusts
- Funds used for restitution or reimbursement of individuals

Guidelines: Fund Priority

- Funds that are normally most restricted, particularly funds which cannot normally be used without approval from a State entity or which are not directly under the control of the County
- Contributions should be taken first from funds in which FY 2009 forecasted ending balance is greater than estimated in the budget
- Contributions should not prevent expenditures appropriated for FY 2009

Meeting will be held with affected departments this week to discuss their fund contributions

Hiring/Capital Freeze



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Hiring Freeze

- Hiring Freeze now applies to Flood Control, Library and Stadium Districts
- Position exemptions:
 - Direct public health and safety related positions
 - Essential to revenue collection
 - Required to maintain grant compliance



Capital Freeze

- Capital Freeze now applies to Flood Control, Library and Stadium Districts
- Process includes:
 - Adding servers, printers and monitors
 - Technology Finance Program purchases (including Desktop and Laptop refresh) purchases
 - Exclude approved Major Maintenance and Capital Improvement Projects



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