Maricopa County FY 2013 Recommended Budget

Presentation to Arizona Tax Research Association

June 5, 2012

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Rebekah Francis, Policy & Compliance

Executive Summary

Budget Guidelines

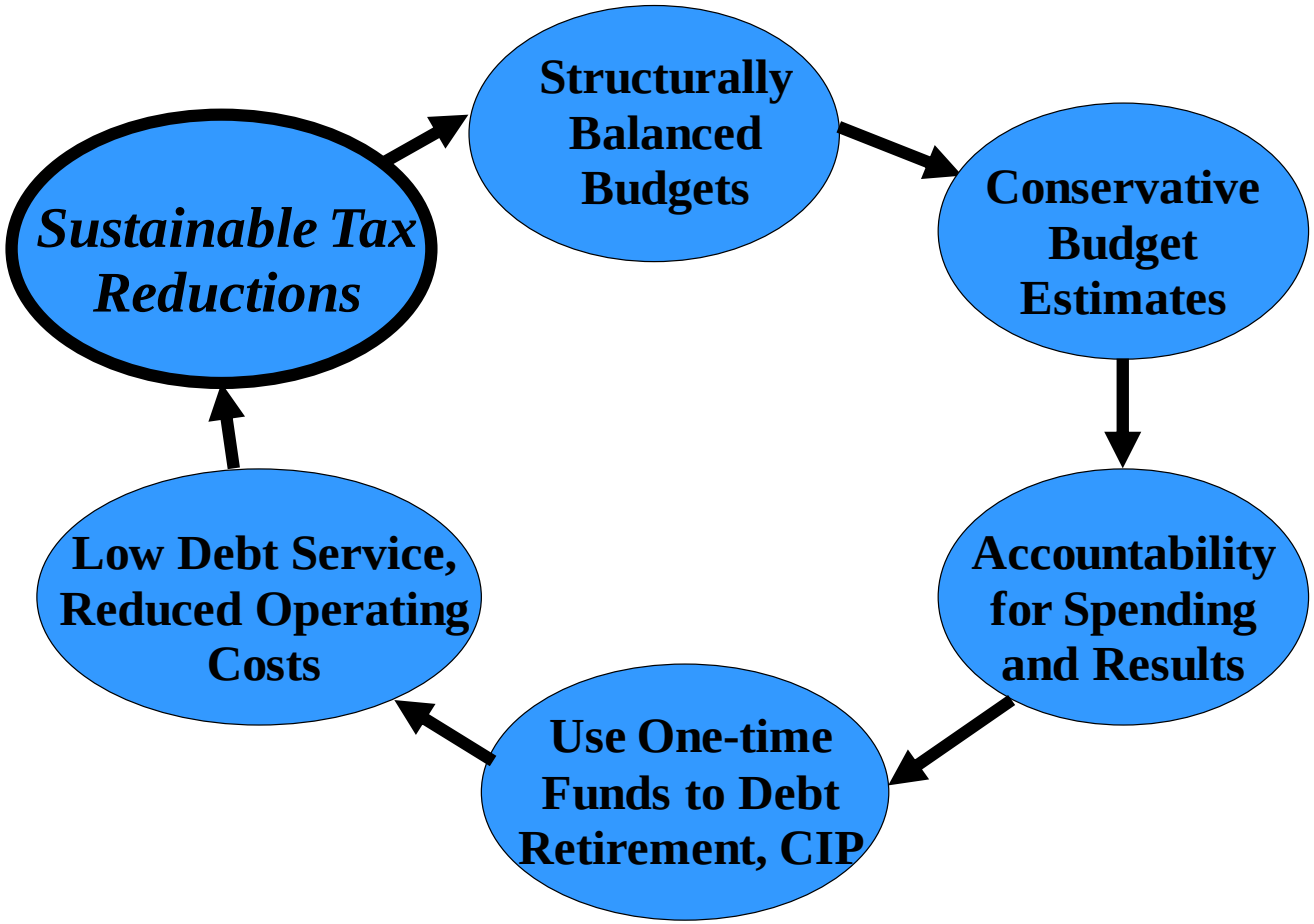
Approved by the Board of Supervisors
December, 2011

- Structurally balanced, sustainable budget.
- Assume flat primary property tax rate.
- 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 or are of a critical nature to County operations.

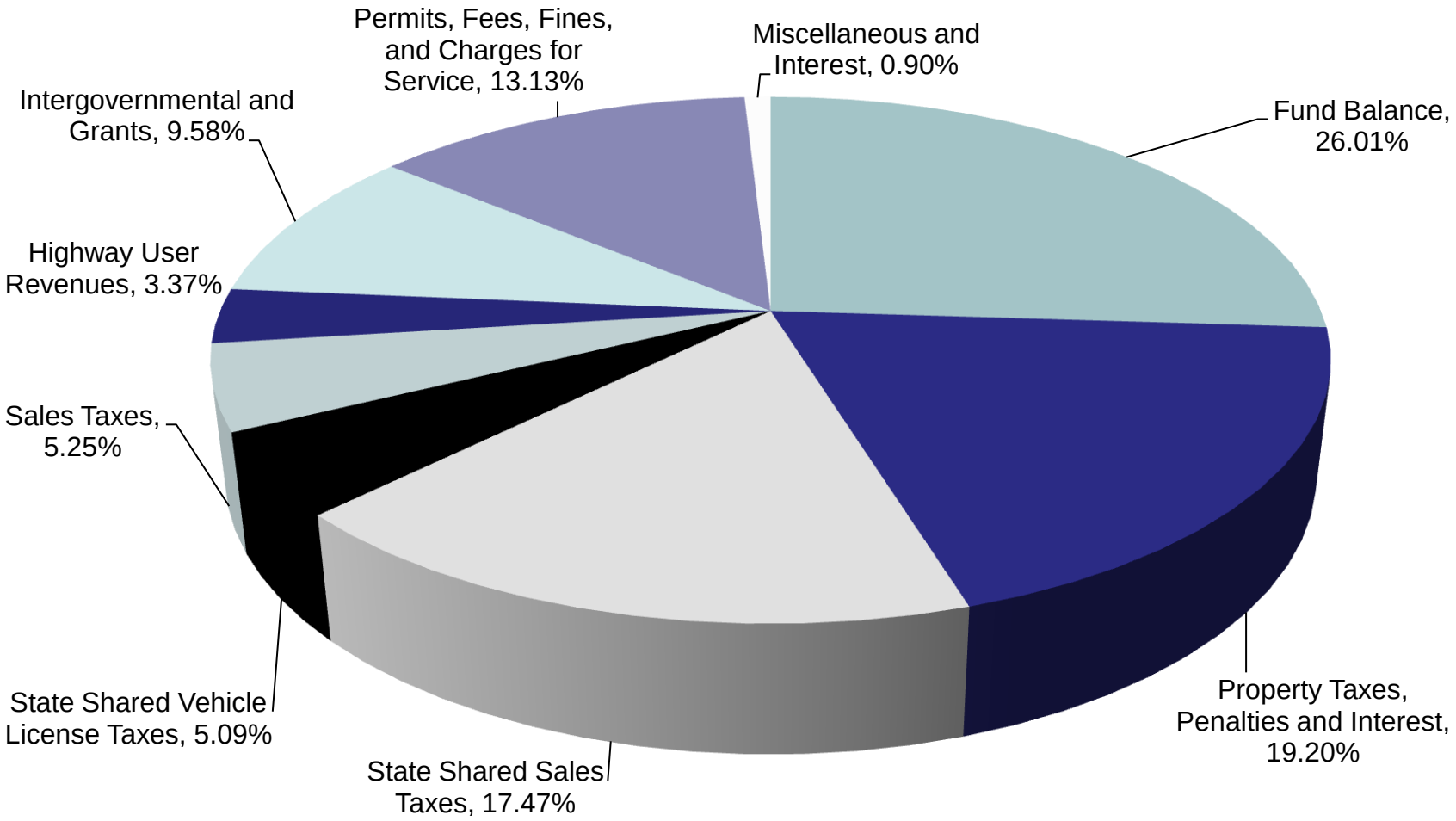
Structurally Balanced Budget

Definition:
Reoccurring revenues meet or exceed reoccurring expenditures

Policies Support Fiscal Strength



FY 2013 Recommended Budget
Sources of Funds: $2,312,626,774



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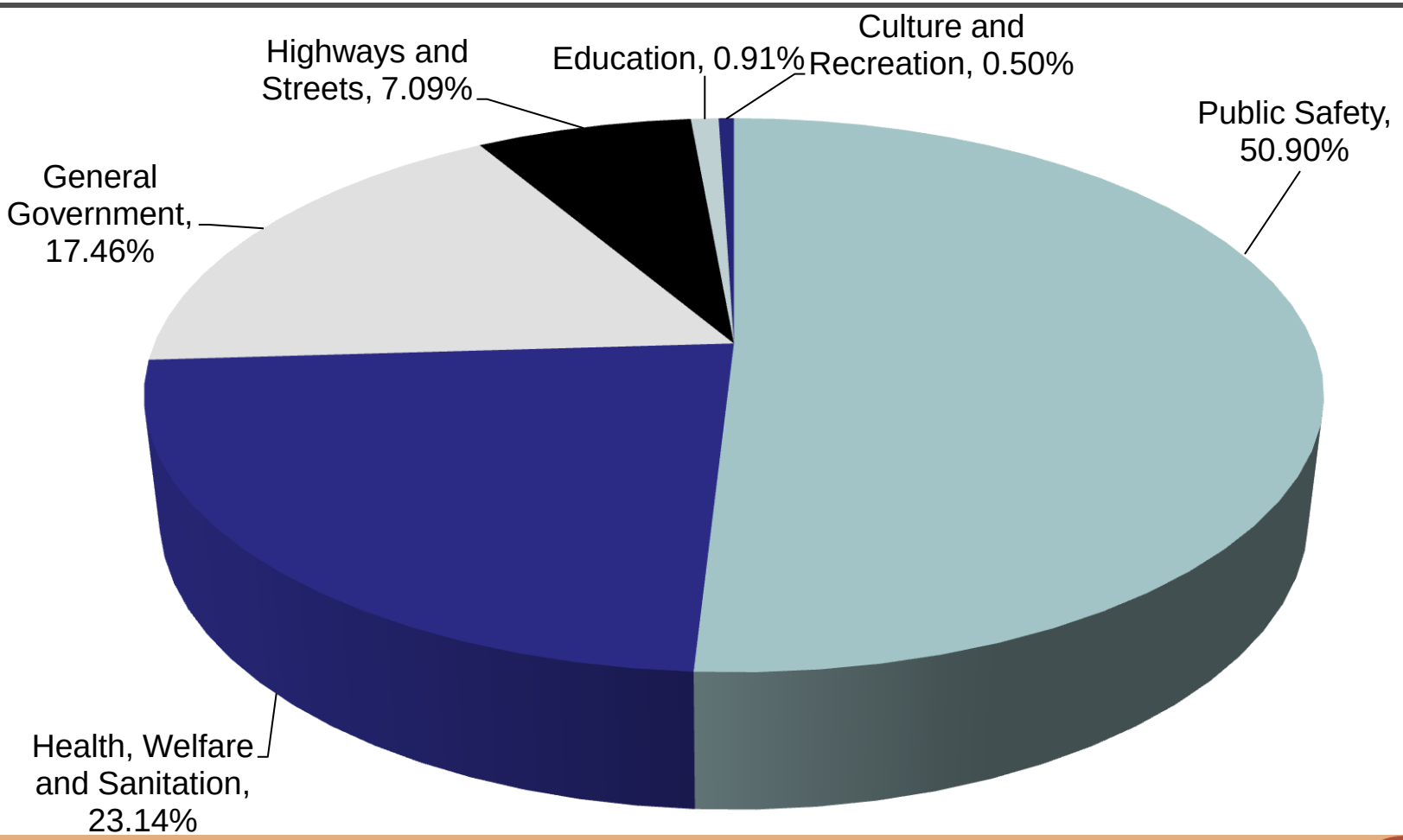
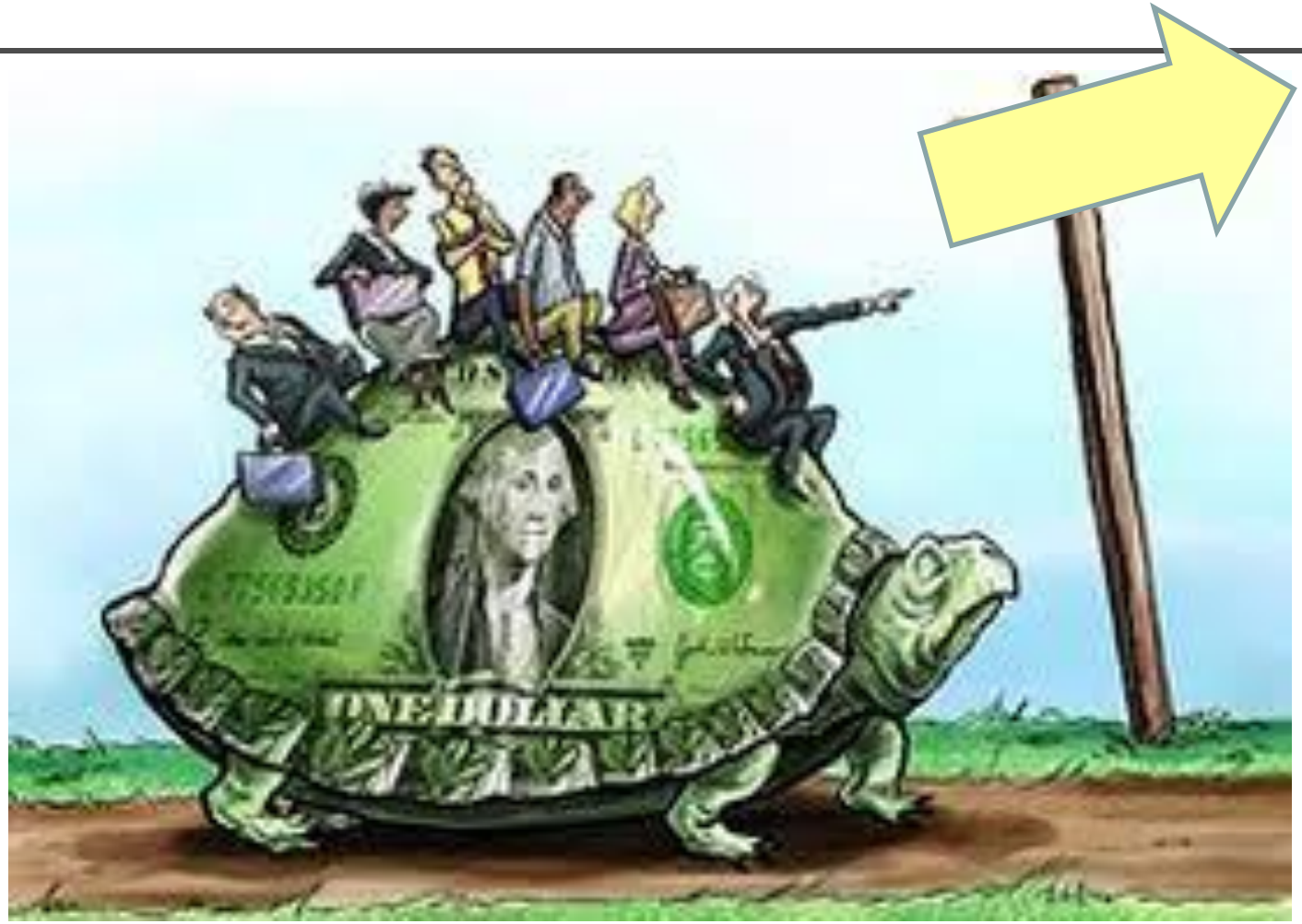


FY 2013 Net Variance to the FY 2012 Revised Budget

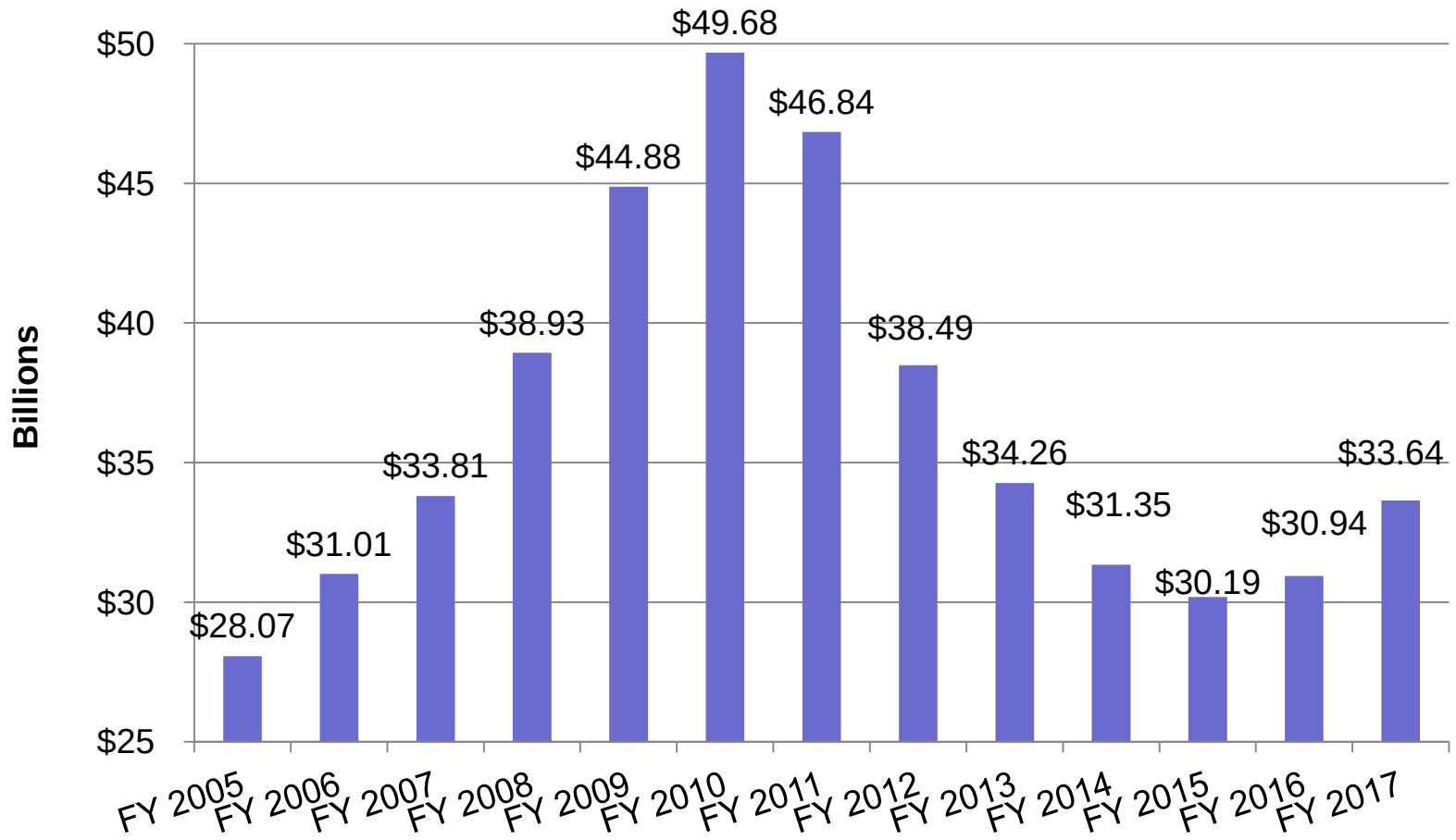
(millions)

	FY 2012 Revised	**FY 2013 Recommended**	**(Increase)/ Decrease**
Total County	$2,350.4	$2,312.6	$37.8
Total Operating	1,675.5	1,642.5	33.0
Total Non Recurring	674.9	670.1	4.8
Total General Fund	1,283.9	1,279.9	4.0
General Fund Operating	1,058.3	1,032.5	25.8

Revenue Trends

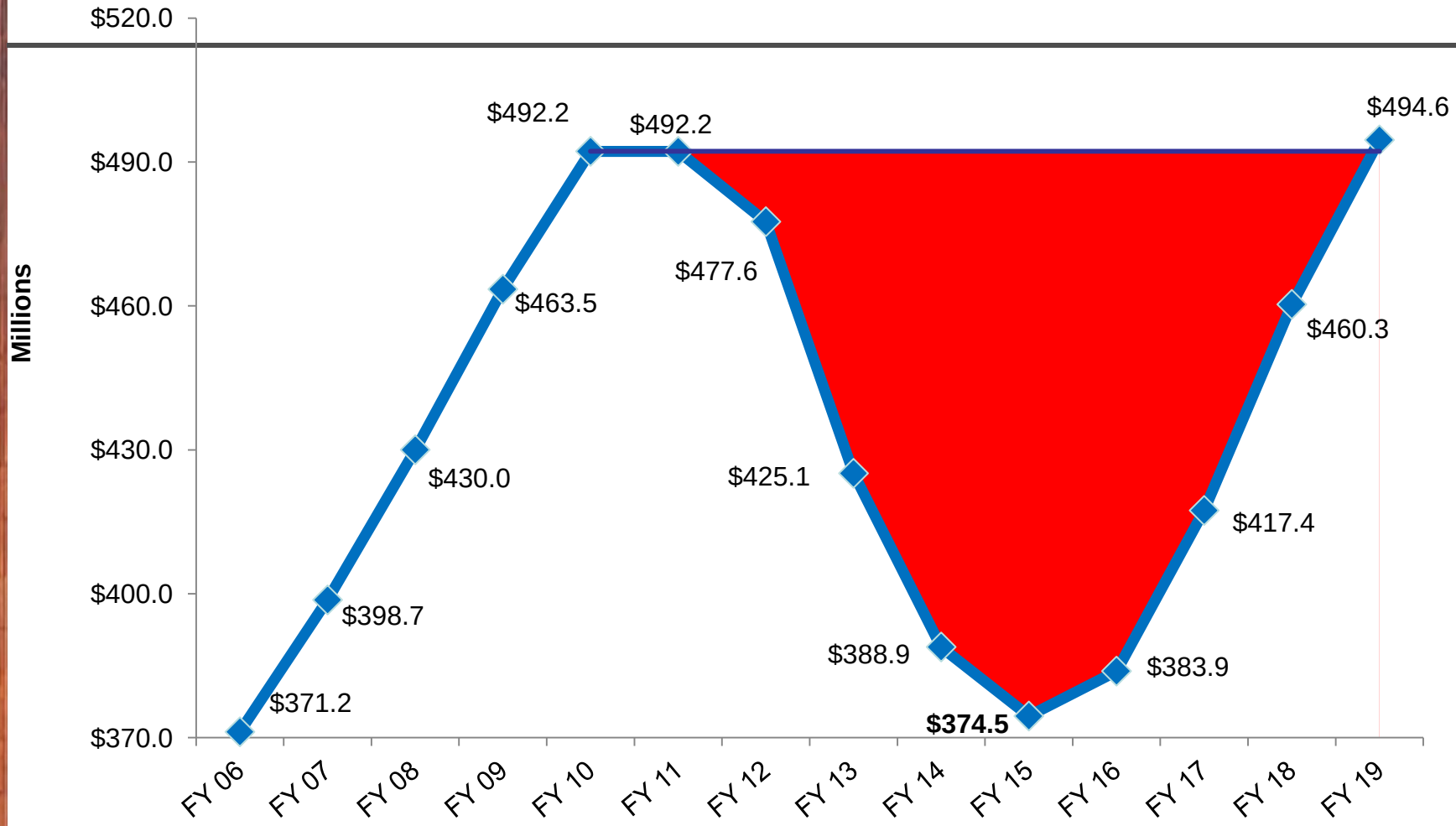


Primary Net Assessed Value



April 2012 pessimistic forecast, Elliott D. Pollack and Company

Property Tax



April 2012 pessimistic forecast, Elliott D. Pollack and Company

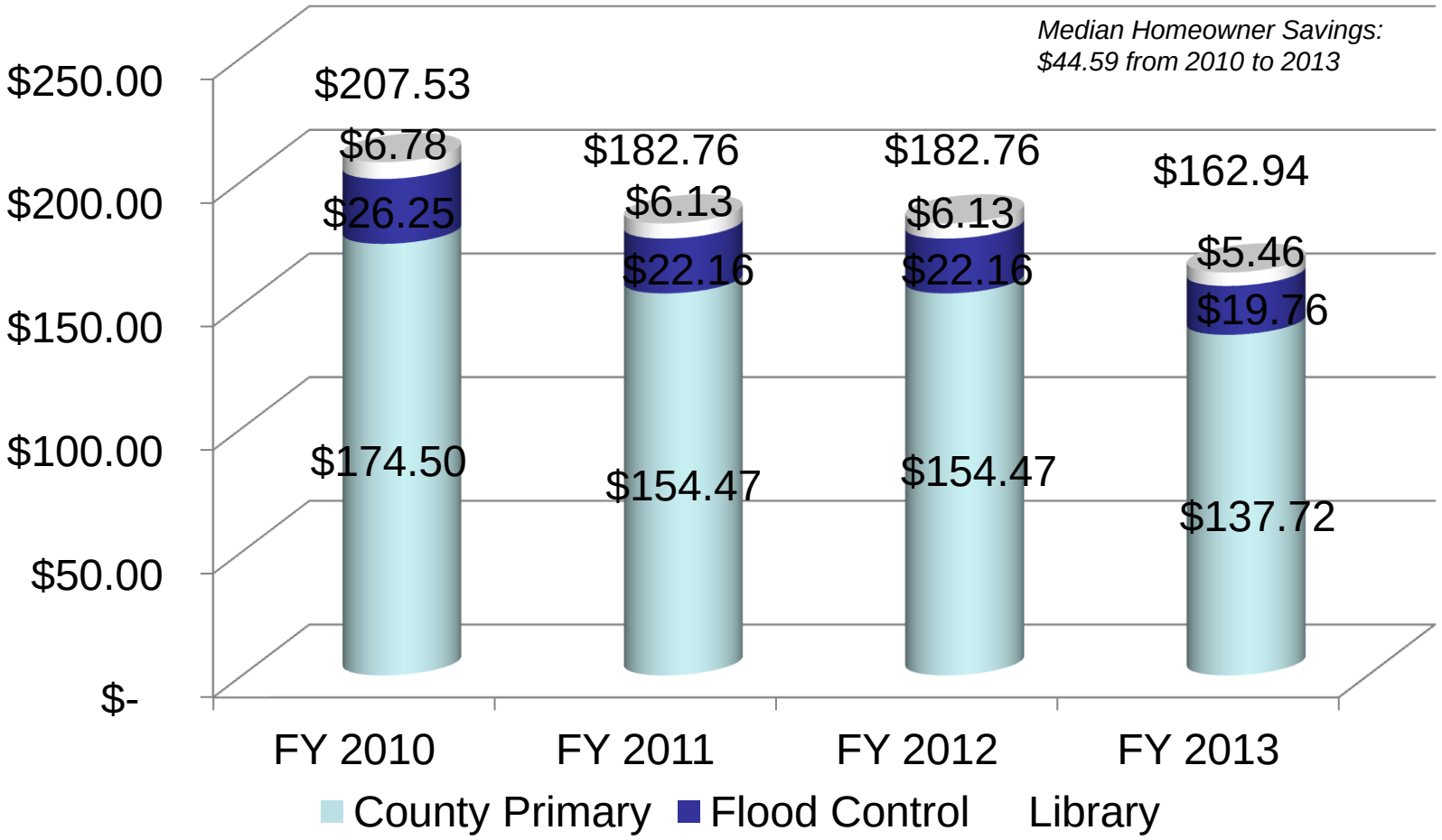
“Truth in Taxation” Notice
Arizona Revised Statute 42-17107

FY 2013 PRIMARY PROPERTY TAX LEVY vs. "TRUTH-IN-TAXATION" LEVY		
FY 2013 "Truth-in-Taxation" Primary Levy	$ 485,587,173	
"Truth-in-Taxation" Tax Rate (per $100 Assessed Value)	1.4172	
FY 2013 Primary Levy	$ 425,111,491	
Primary Tax Rate (per $100 Assessed Value)	1.2407	
Amount Under/(Over) "Truth-in-Taxation" Levy	$ 60,475,682	12.5%
	0.1765	
FY 2013 Median Residential Limited Property Value	$ 111,000	
"Truth-in-Taxation" Tax Bill on Median-Valued Home	$ 157.31	
Property Tax Bill on Median-Valued Home	137.72	
Tax Bill Savings/(Increase)	$ 19.59	12.5%

Median Valued Home

PROPERTY TAX LEVY FY 2012 vs. FY 2013 TAX BILL IMPACT ON MEDIAN HOME			
FY 2012:			
Median Residential Limited Property Value	$	124,500	
County Controlled Tax Rate (per $100 Assessed Value)		1.4679	
Property Tax Bill	$	182.76	
FY 2013:			
Median Residential Limited Property Value	$	111,000	
County Controlled Tax Rate (per $100 Assessed Value)		1.4679	
Property Tax Bill	$	162.94	
Tax Bill Savings/(Increase)	$	19.82	10.8%

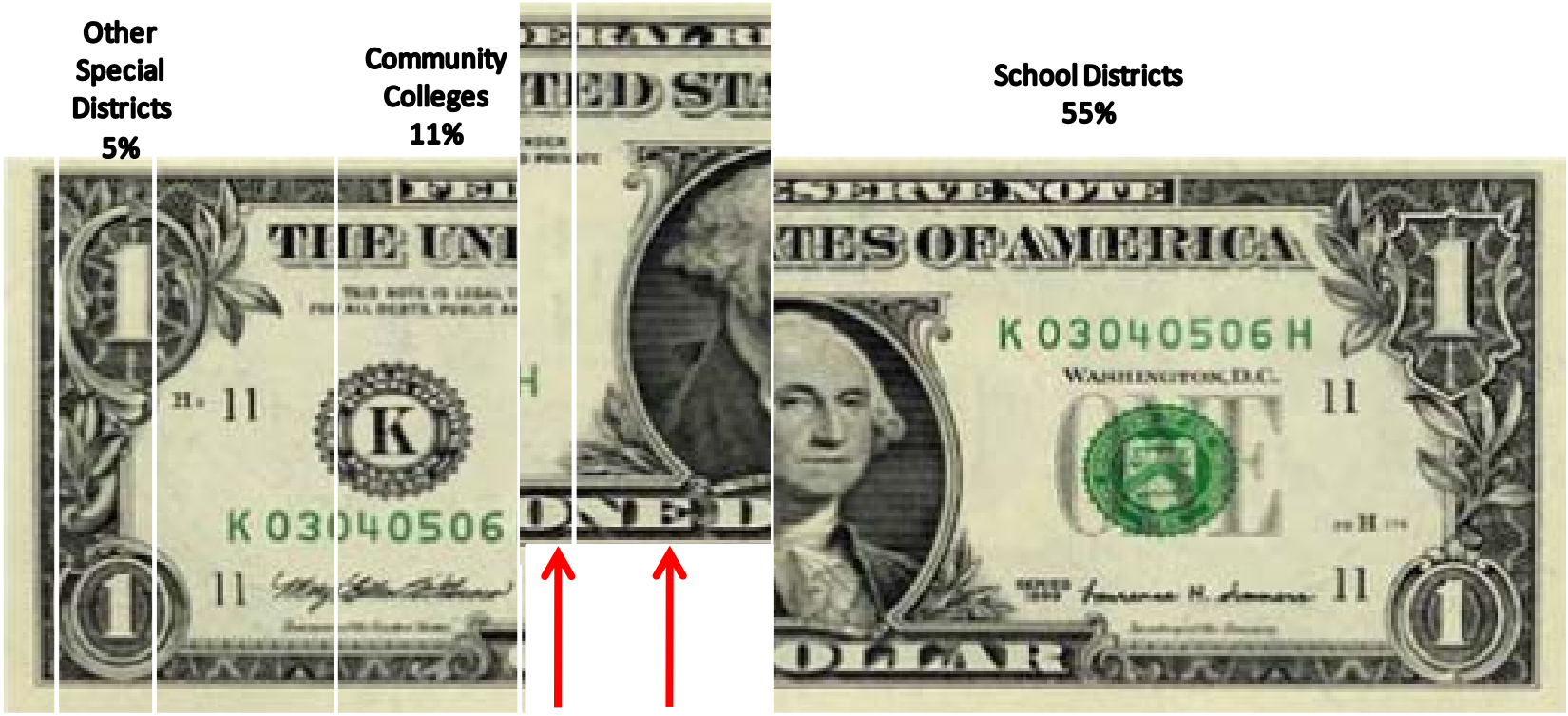
Median Valued Home Tax Bill



Median Home Value:

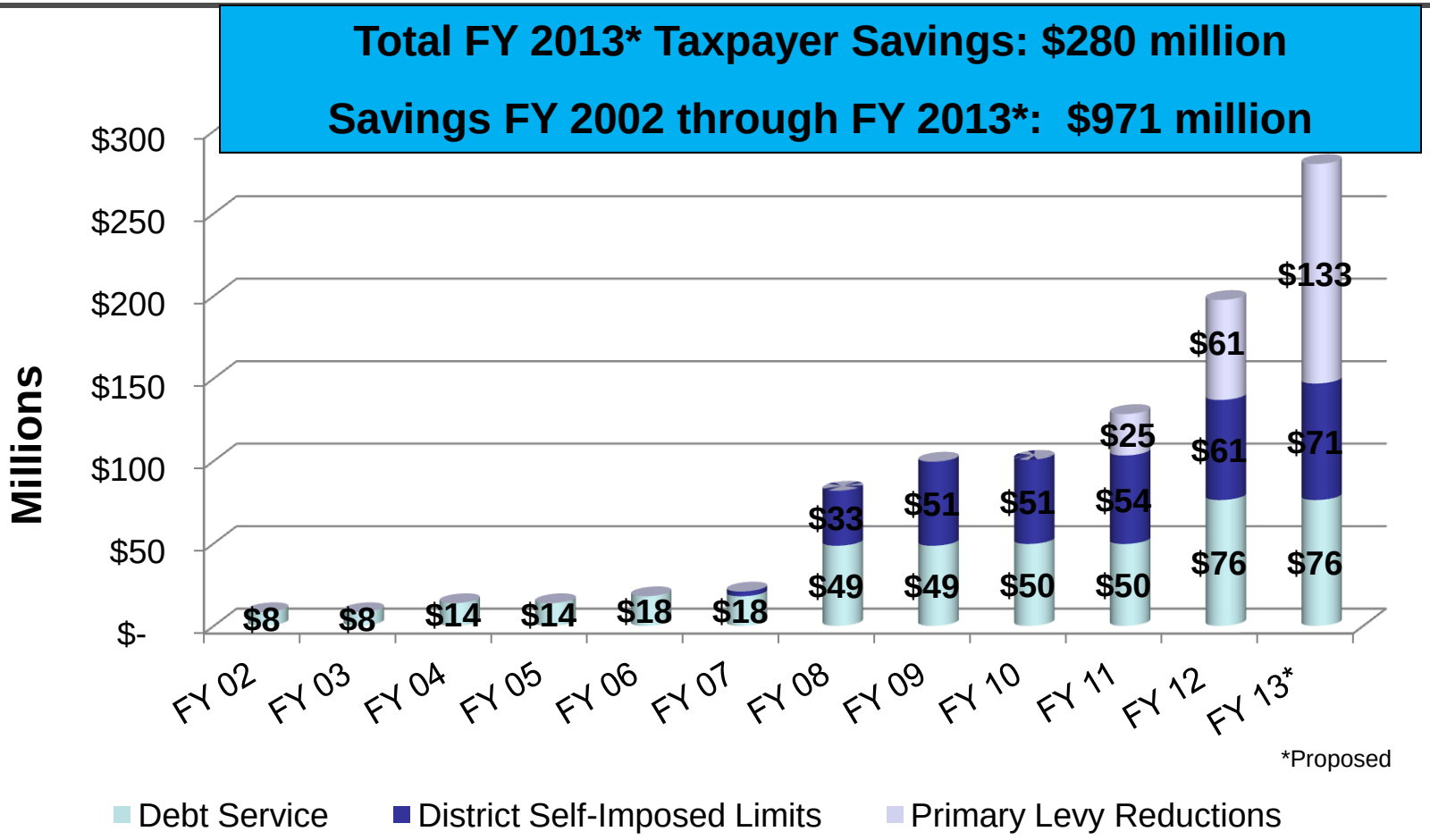
Primary:	*FY 2010 = $176,100*	*FY 2011 = $147,000*	*FY 2012 = $124,500*	*FY 2013 = $111,000*
Secondary:	*FY 2010 = $192,000*	*FY 2011 = $148,800*	*FY 2010 = $124,500*	*FY 2013 = $111,000*

FY 2012 County Controlled Property Taxes made up only 14% of Total Property Taxes

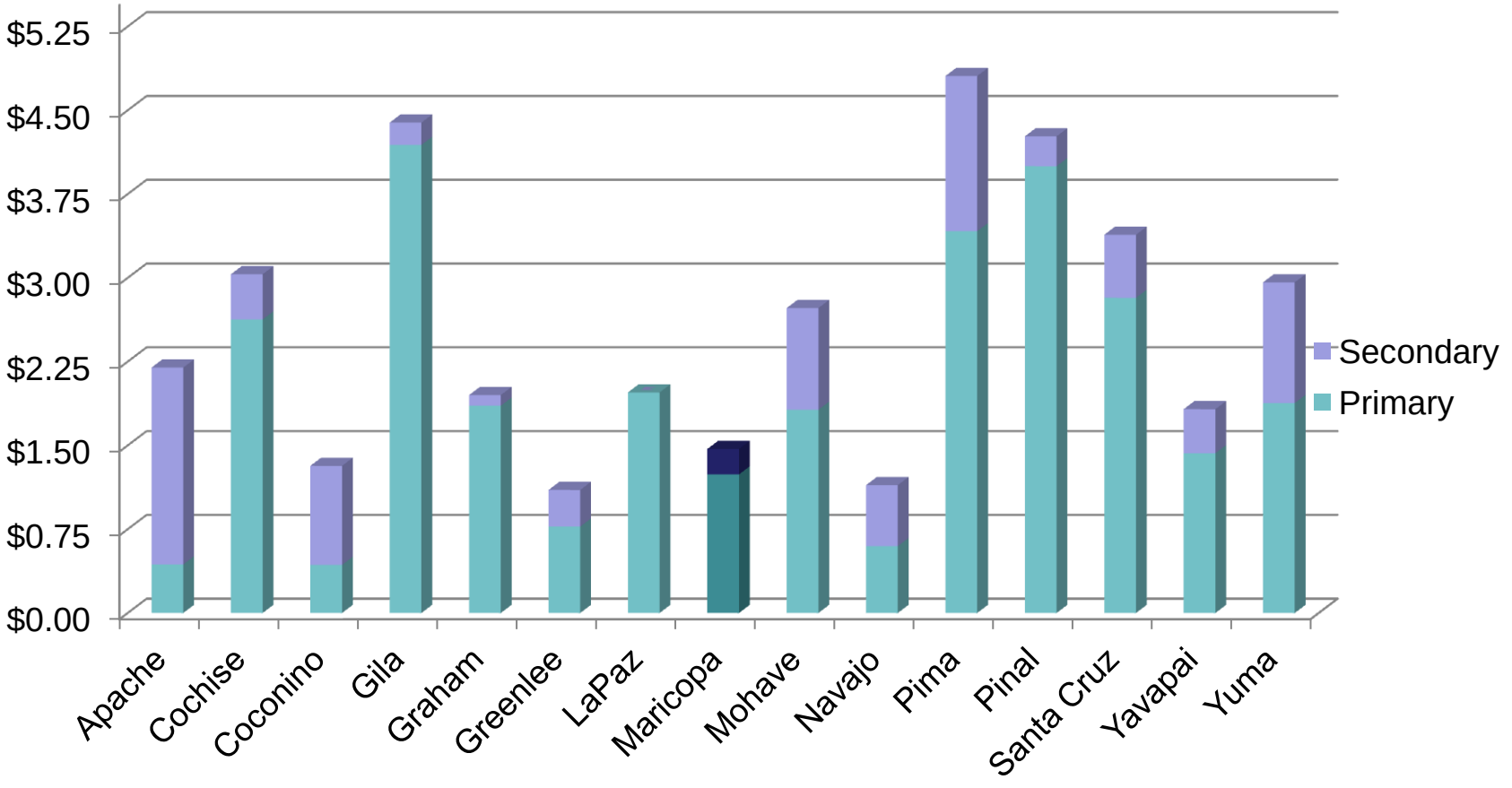


*Flood Control and Library Districts

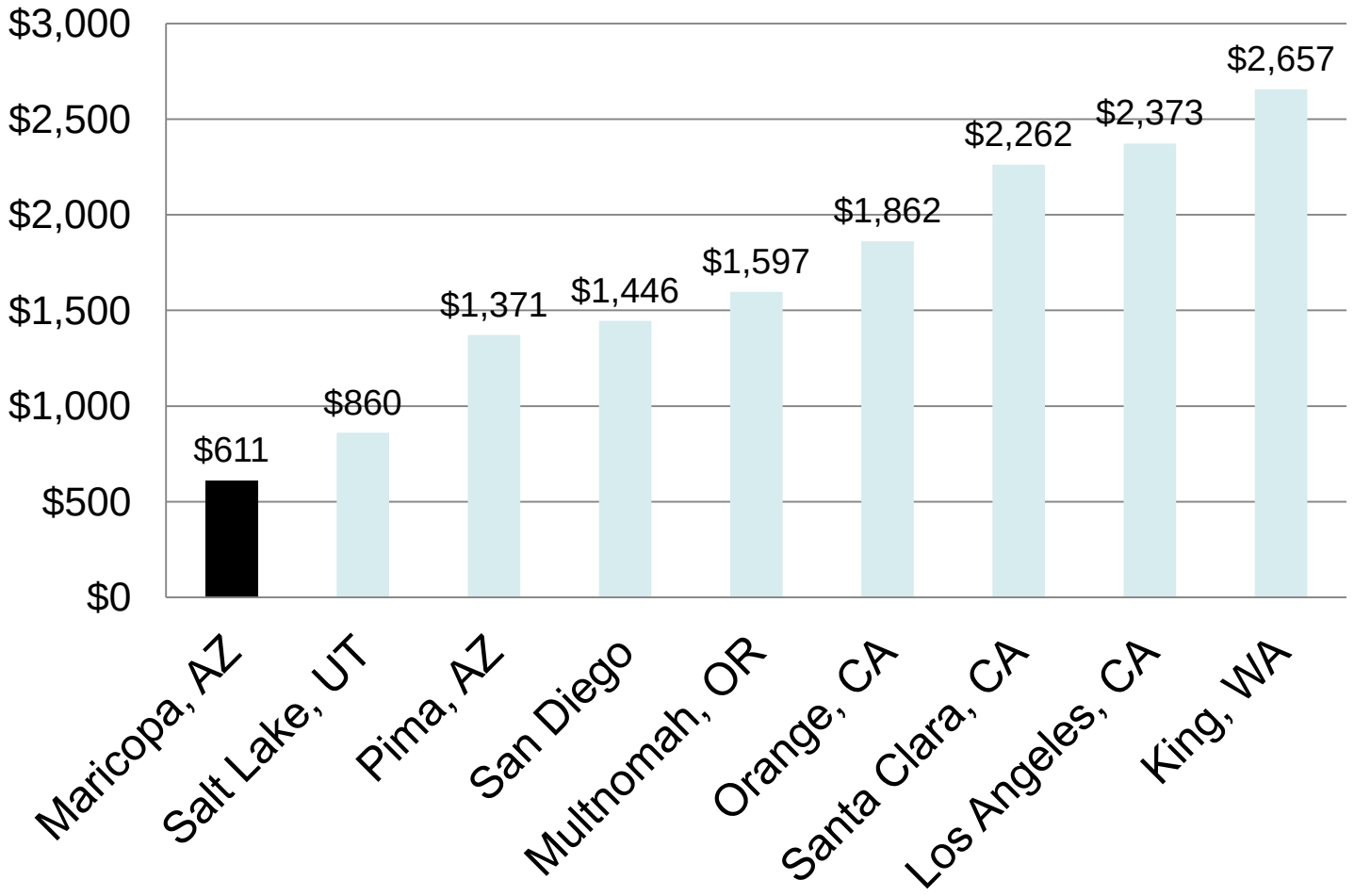
County Policies Result in Accumulating Tax Bill Savings



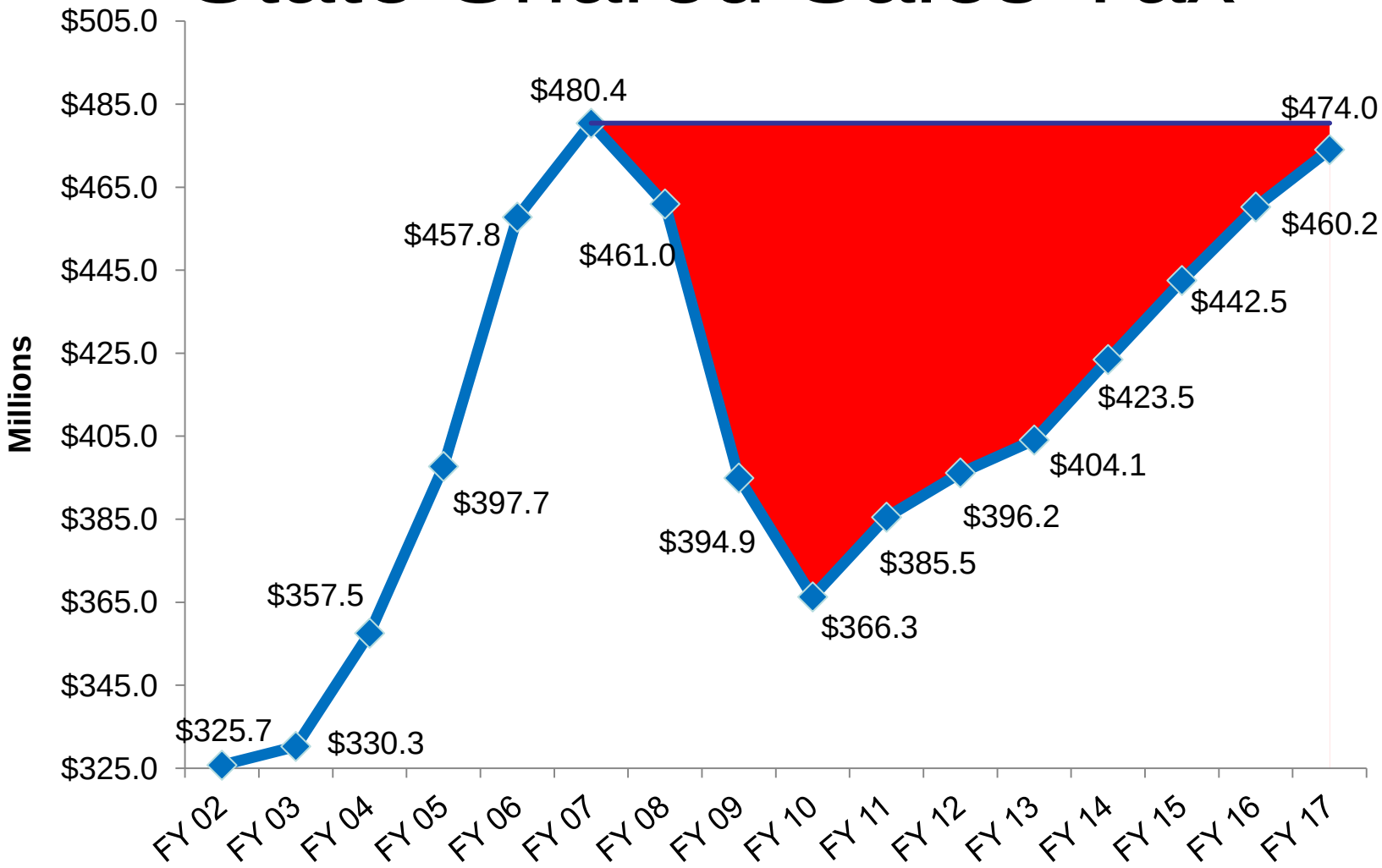
FY 2012 Arizona County Tax Rates



FY 2011-2012
Total Budget Per Capita

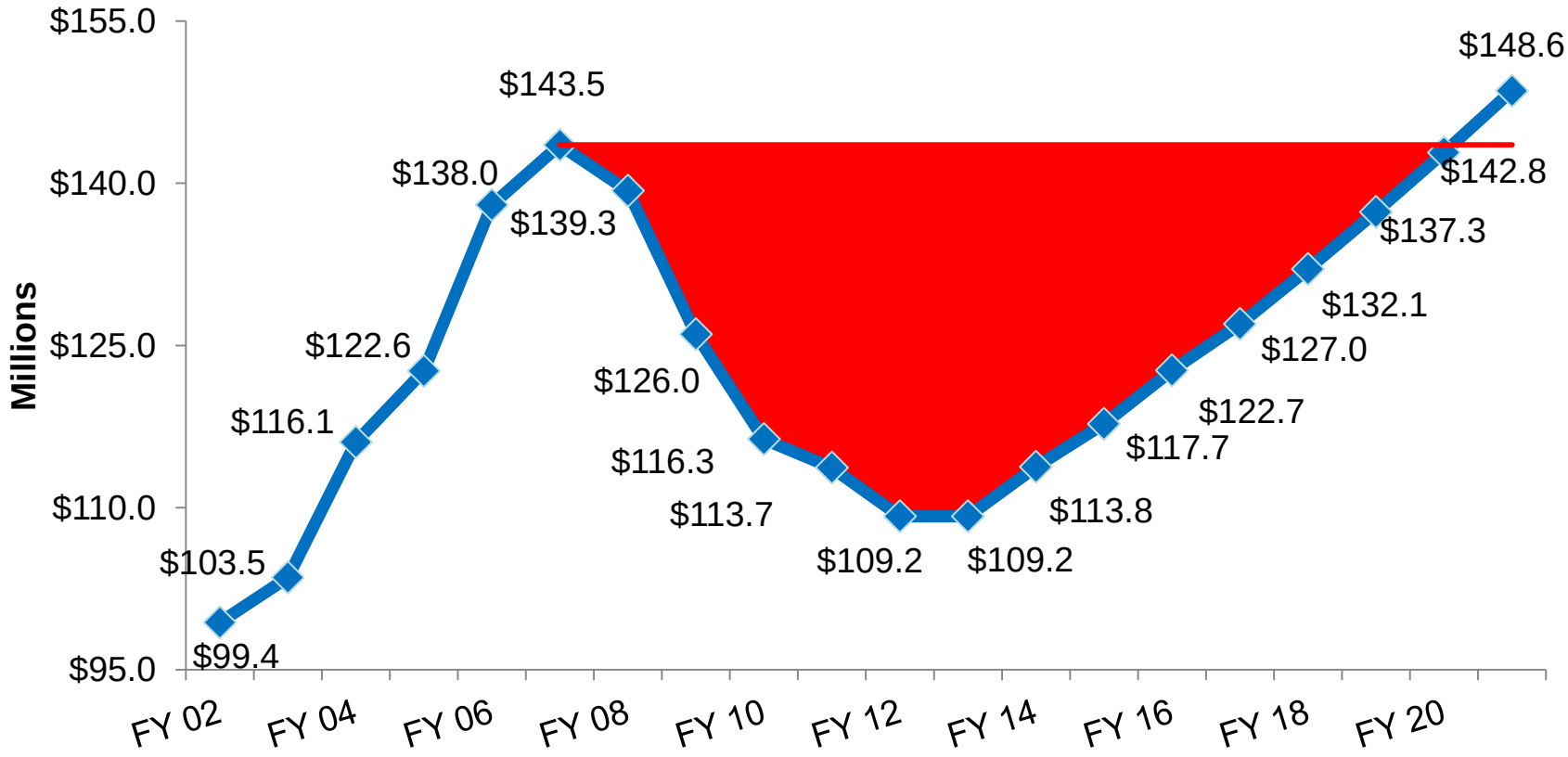


State Shared Sales Tax



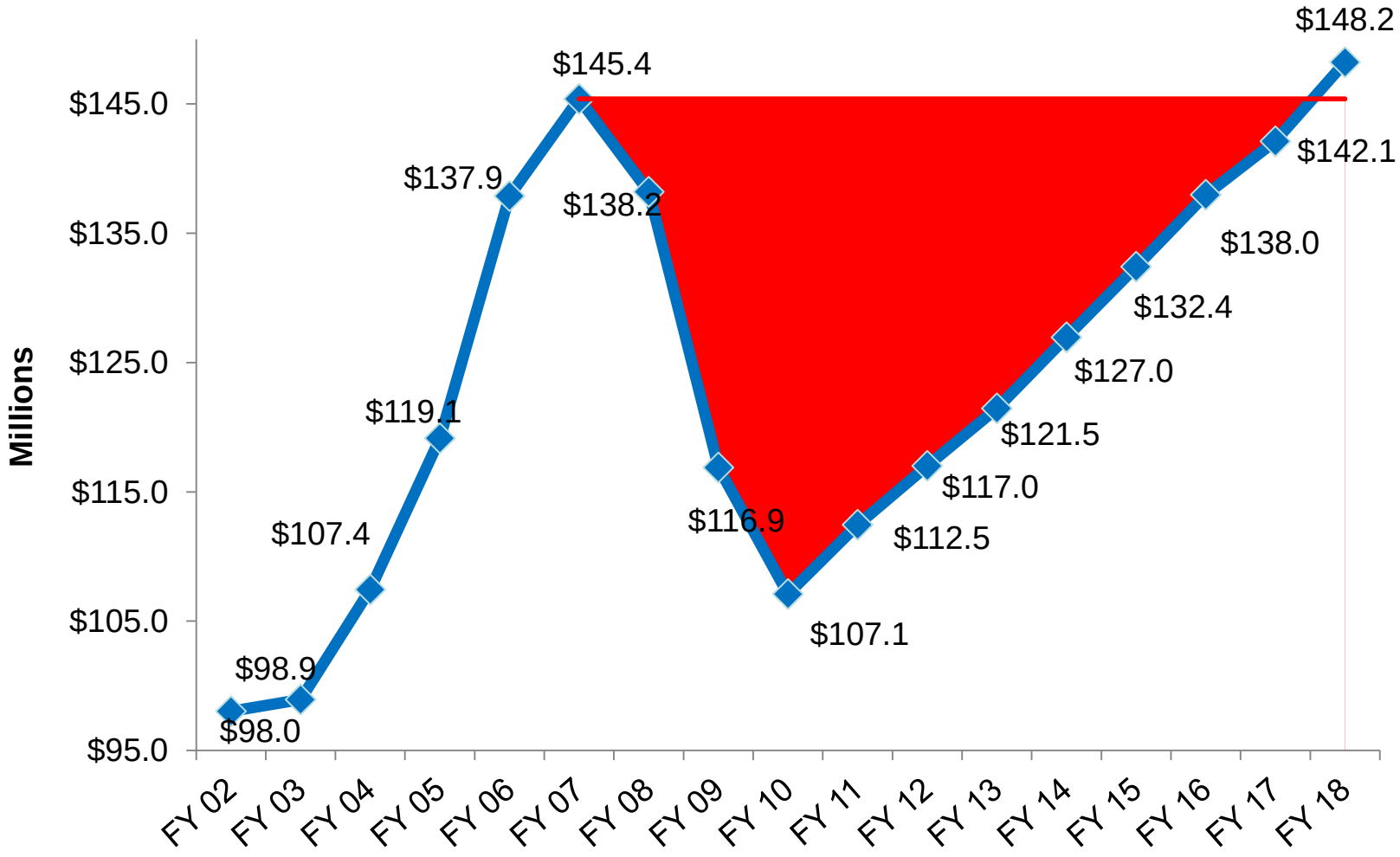
April 2012 pessimistic forecasted growth rate Elliott D. Pollack and Company

Vehicle License Tax



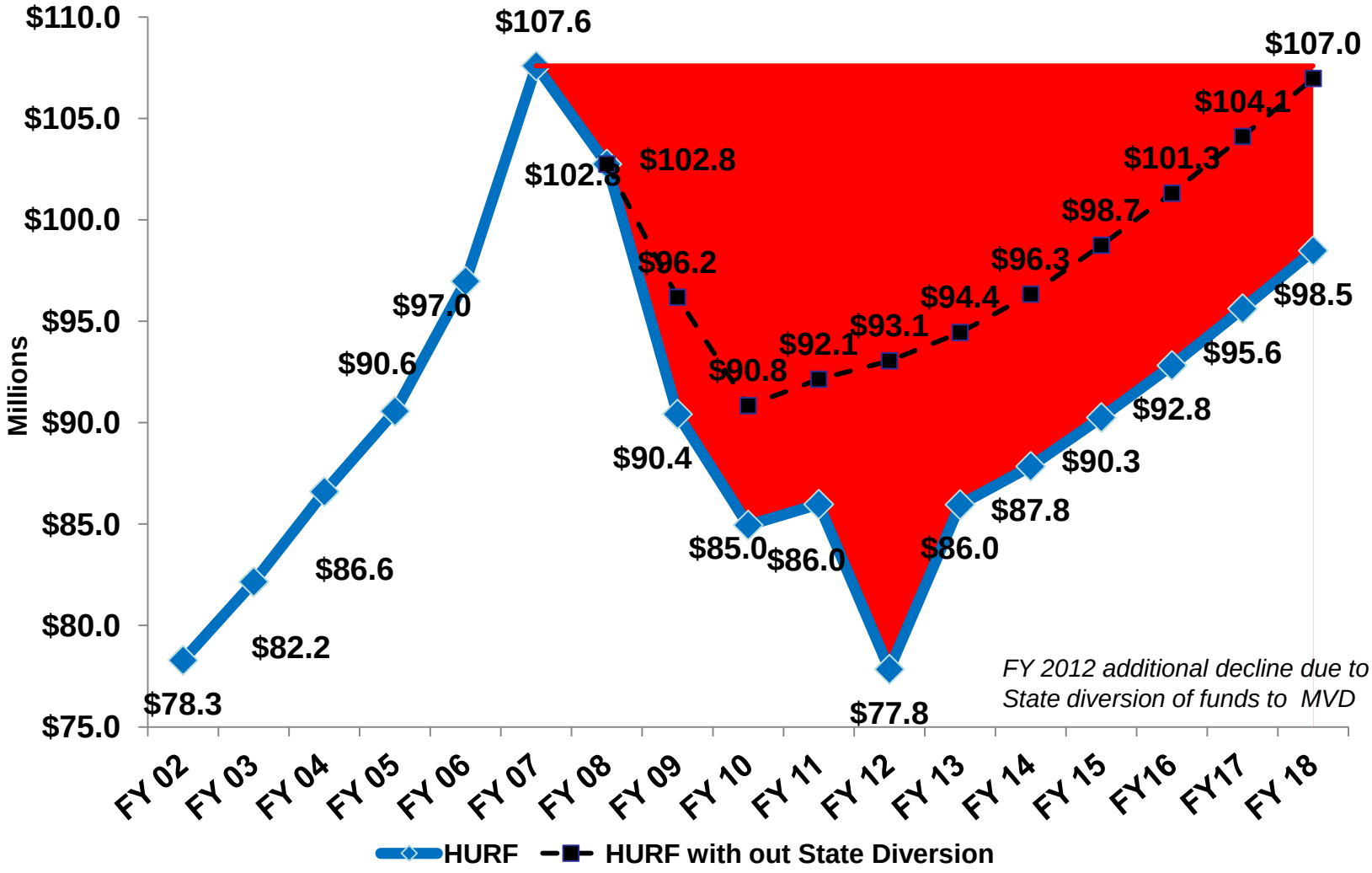
April 2012 pessimistic forecast, Elliott D. Pollack and Company

Jail Excise Tax



April 2012 pessimistic forecast, Elliott D. Pollack and Company

Highway User Revenues



April 2012 pessimistic forecast, Elliott D. Pollack and Company

Revenue Summary

- Sales Tax growth slow due to second year of the formula change
- VLT growth at 0% for FY 2013
- Property Tax – FY 2014 preliminary valuation estimates show continued decline

Source: *Elliott D. Pollack & Company, April 2012*

Economic Indicators

Economy is likely to continue to grow, but growth will remain weak because of the following:

- Consumer spending modest, but up.
- Excess industrial capacity.
- Modest housing recovery in 2012. Large percent gain, small numerical gain.
- Limited commercial construction.
- Continued pressure on state and local government.
- Limited policy options on part of Federal government.

Source: *Elliott D. Pollack & Company, April 2012*

How Arizona Ranks Among the States in Percentage Growth

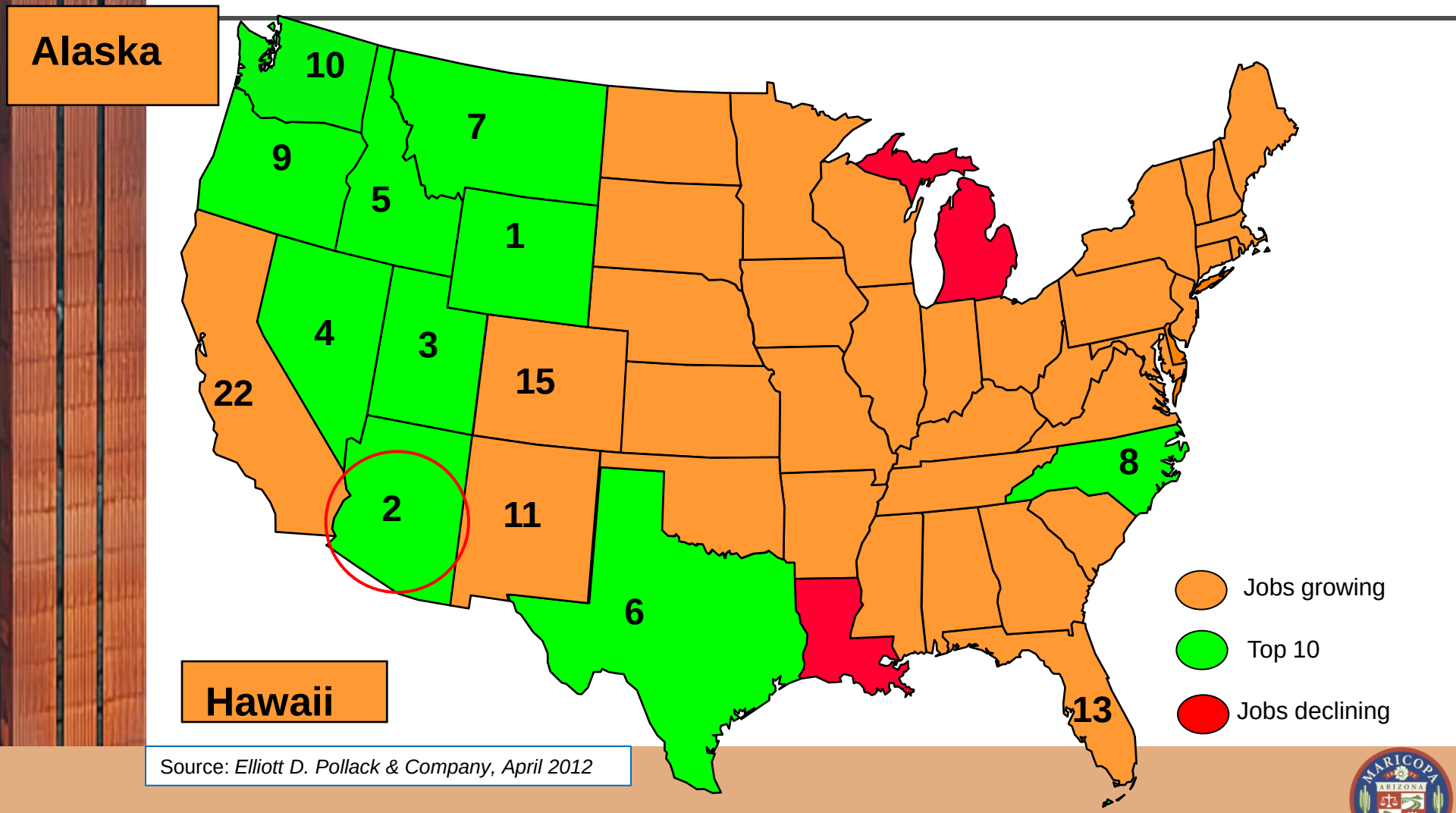
Source: U.S. Bureau of Census; Bureau of Labor Statistics; Bureau of Economic Analysis

DECADE	POPULATION	EMPLOYMENT	PERSONAL INCOME
1950 - 1960	4TH	3RD	4TH
1960 - 1970	3RD	3RD	4TH
1970 - 1980	2ND	3RD	3RD
1980 - 1990	3RD	3RD	5TH
1990 - 2000	2ND	2ND	3RD
2000 – 2006	3rd	2nd	3RD
2007—2010	44th	49th	46th

Source: *Elliott D. Pollack & Company, April 2012*

Job Growth 2006

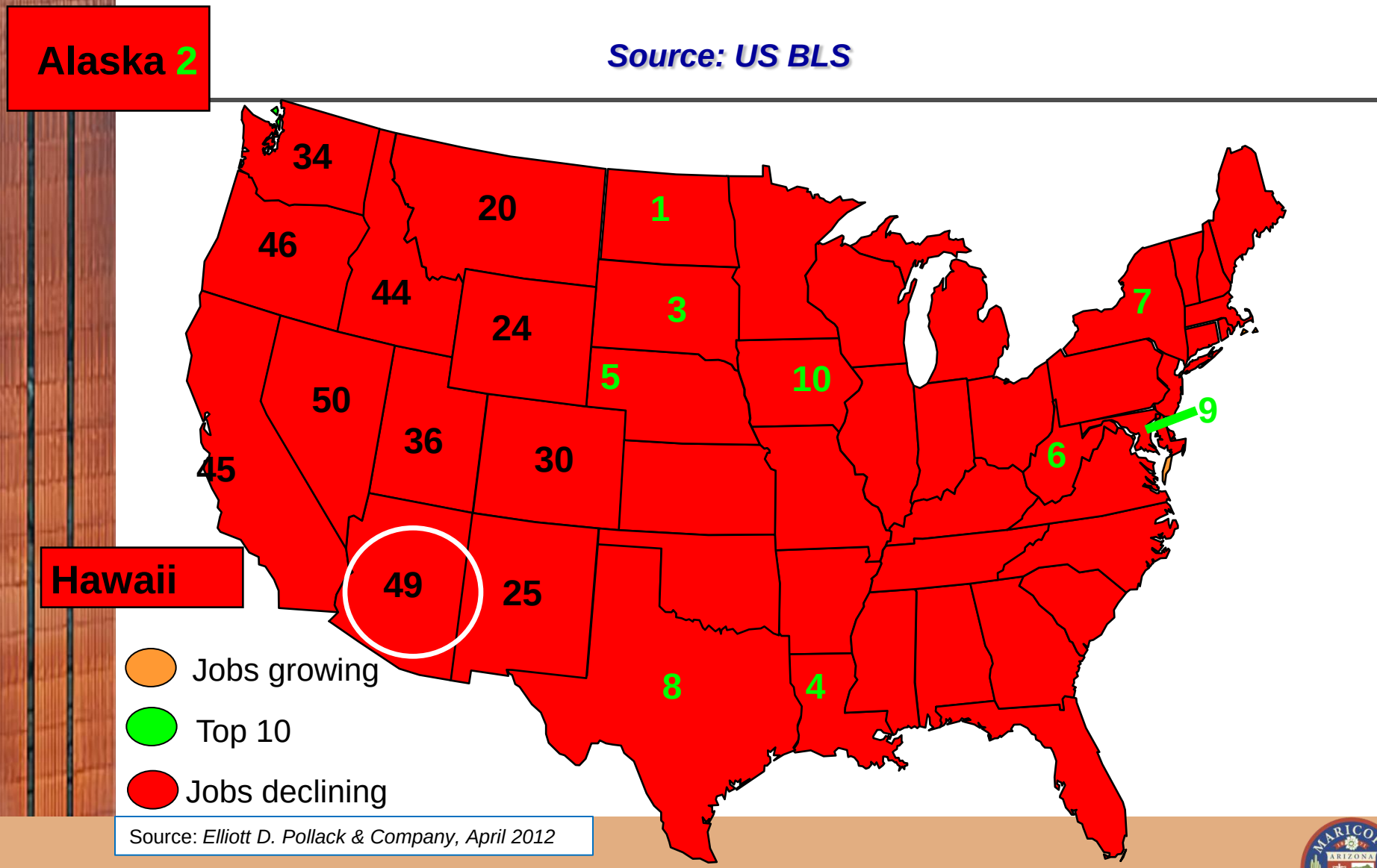
Source: US BLS



Source: *Elliott D. Pollack & Company, April 2012*

Job Growth 2009

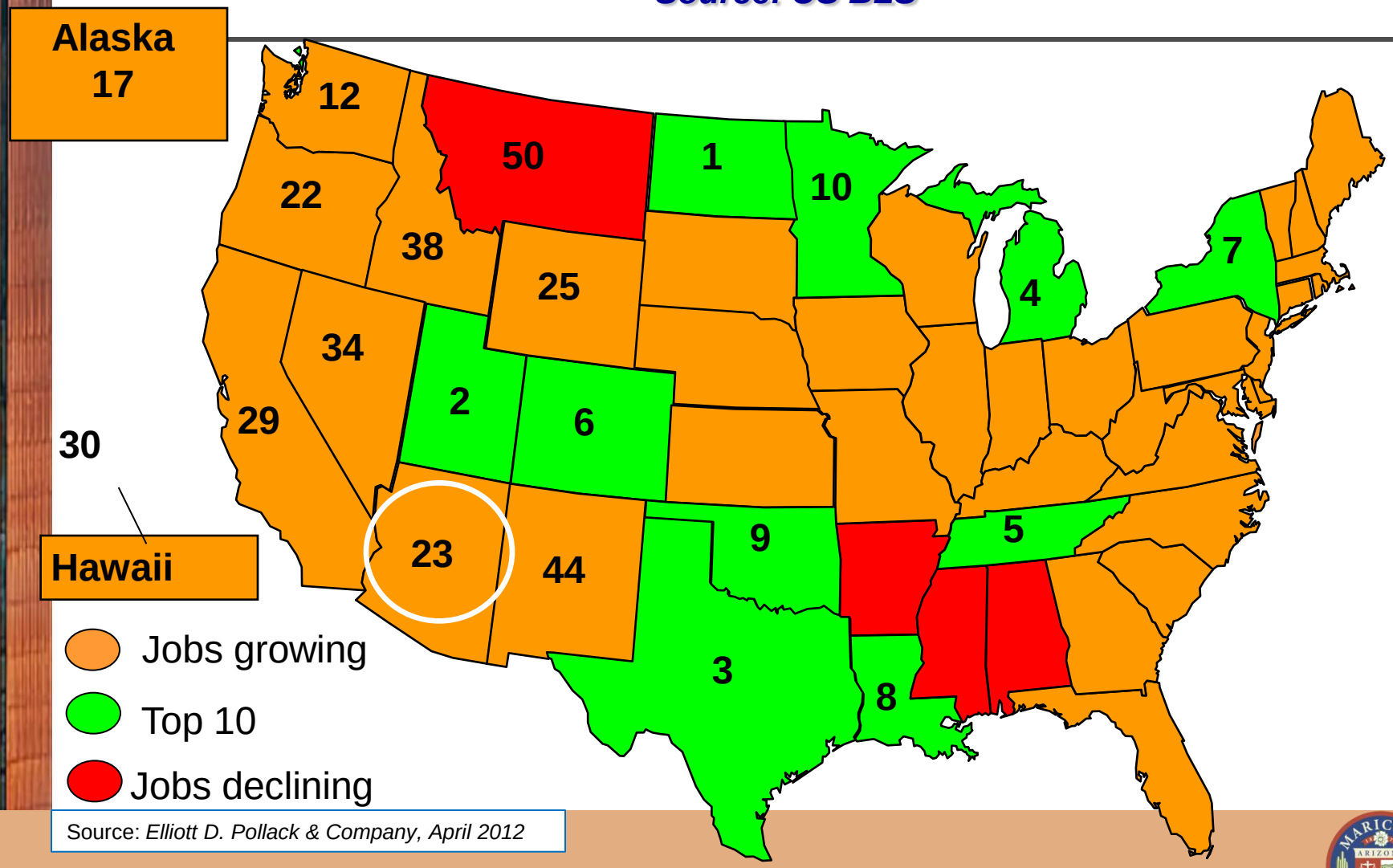
Source: US BLS



Source: *Elliott D. Pollack & Company, April 2012*

Job Growth 2011

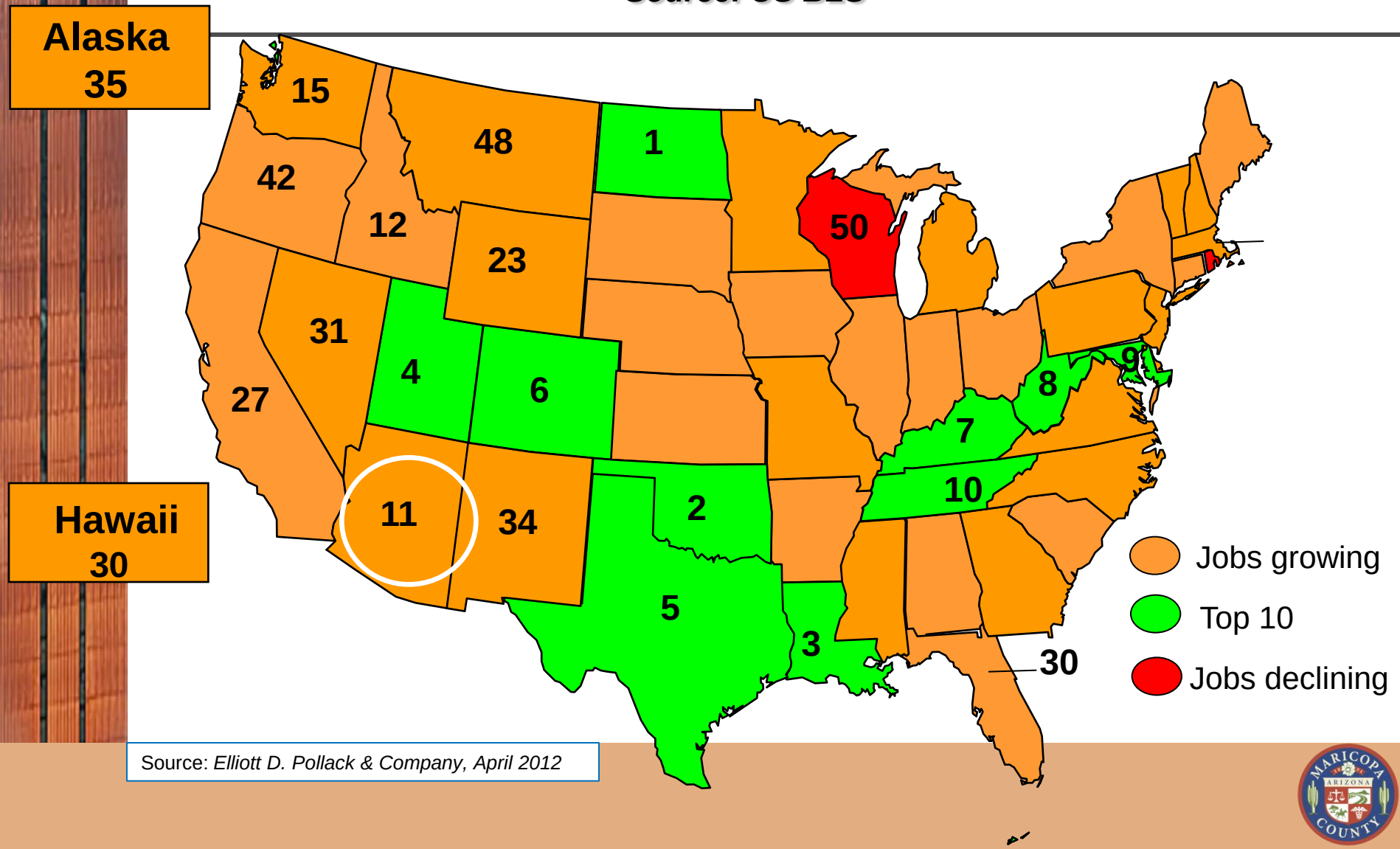
Source: US BLS



Source: *Elliott D. Pollack & Company, April 2012*

Job Growth YTD Through March 2012

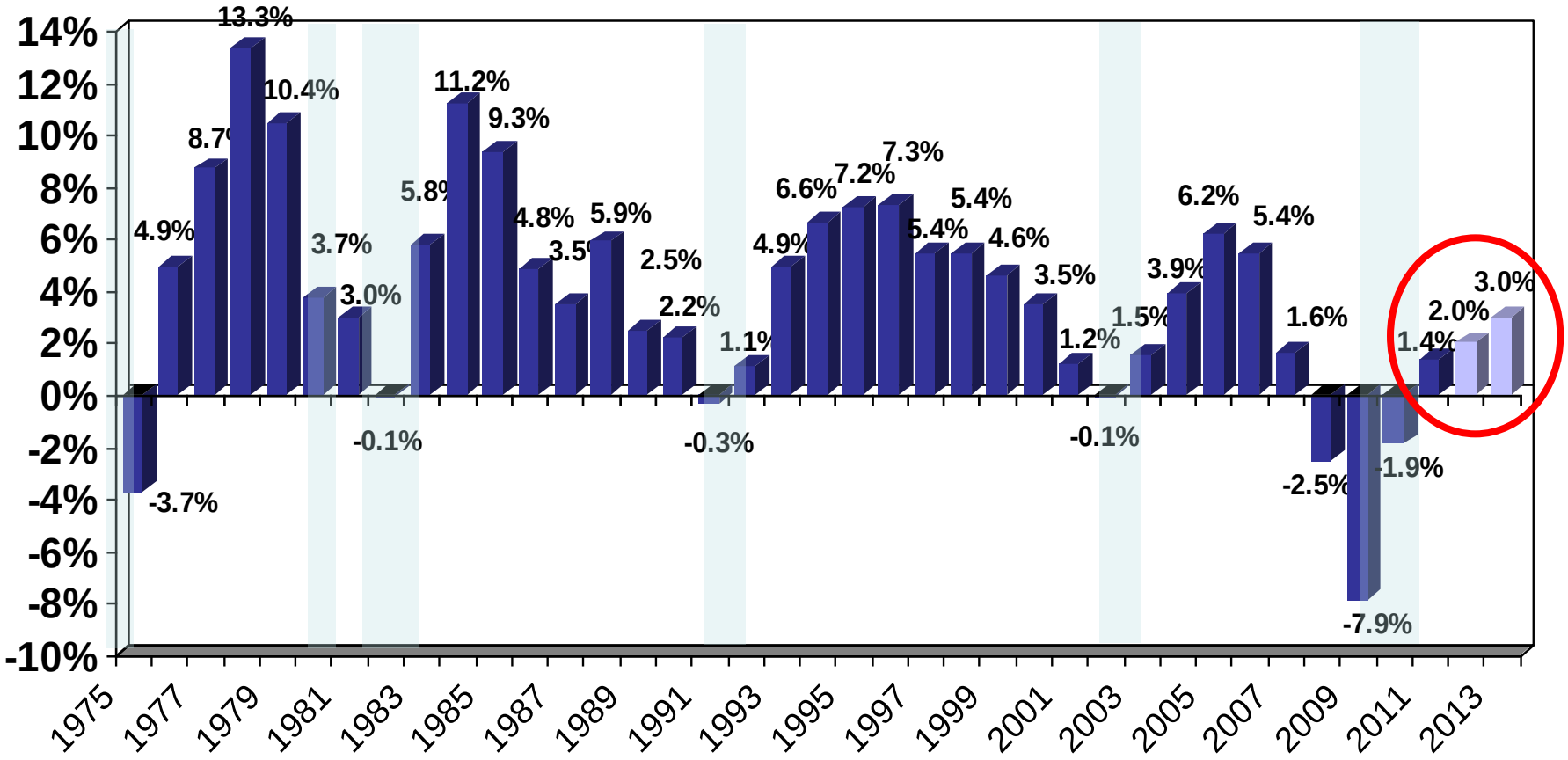
Source: US BLS



Source: *Elliott D. Pollack & Company, April 2012*

Greater Phoenix Employment*
Annual Percent Change 1975–2013**

Source: Department of Commerce, Research Administration



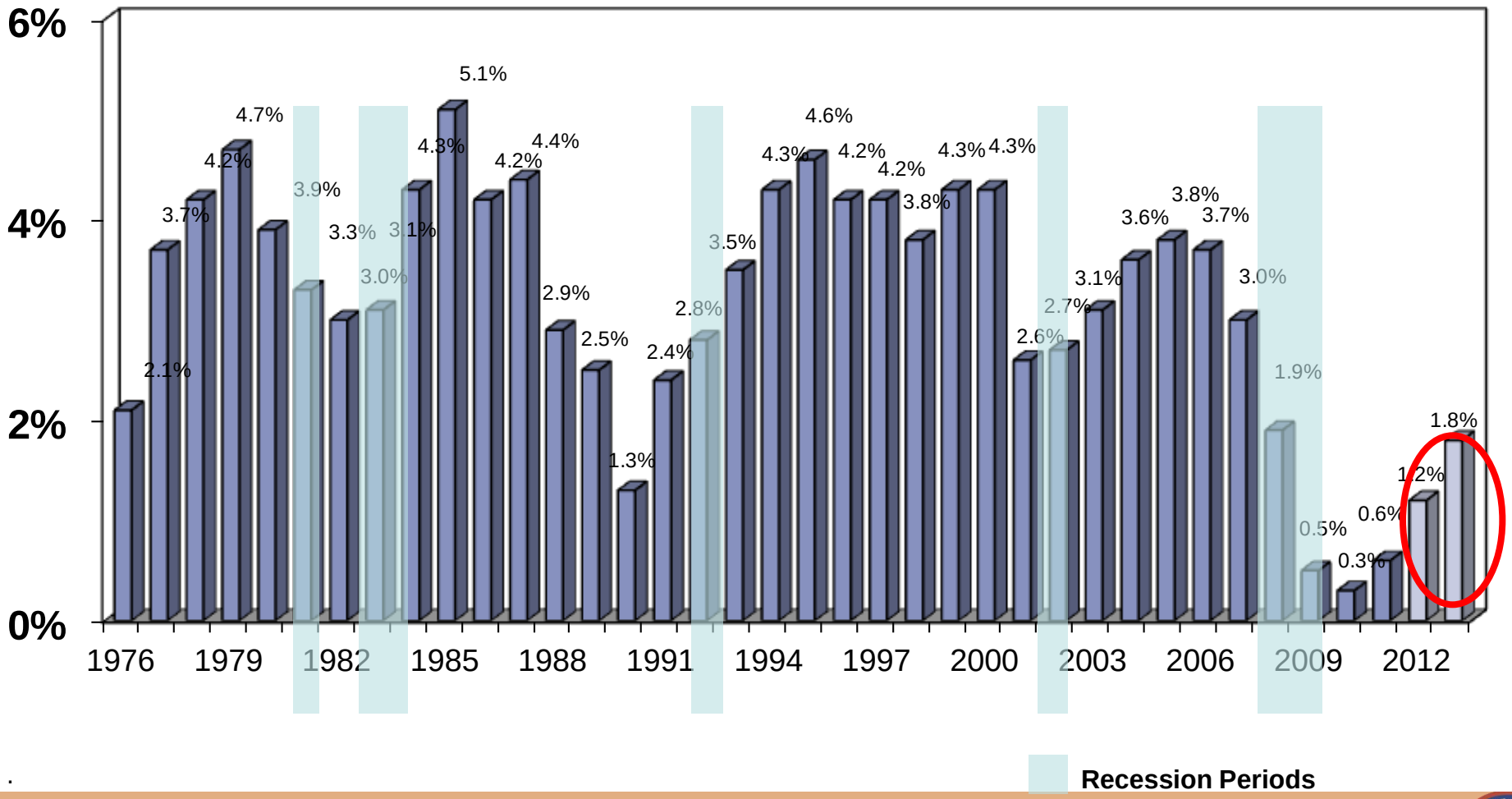
*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

** 2012 & 2013 forecast is from *Elliott D. Pollack & Co.*

Recession Periods

Greater Phoenix Population
Annual Percent Change 1976–2013*

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



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* 2012 & 2013 forecast is from *Elliott D. Pollack & Co.*

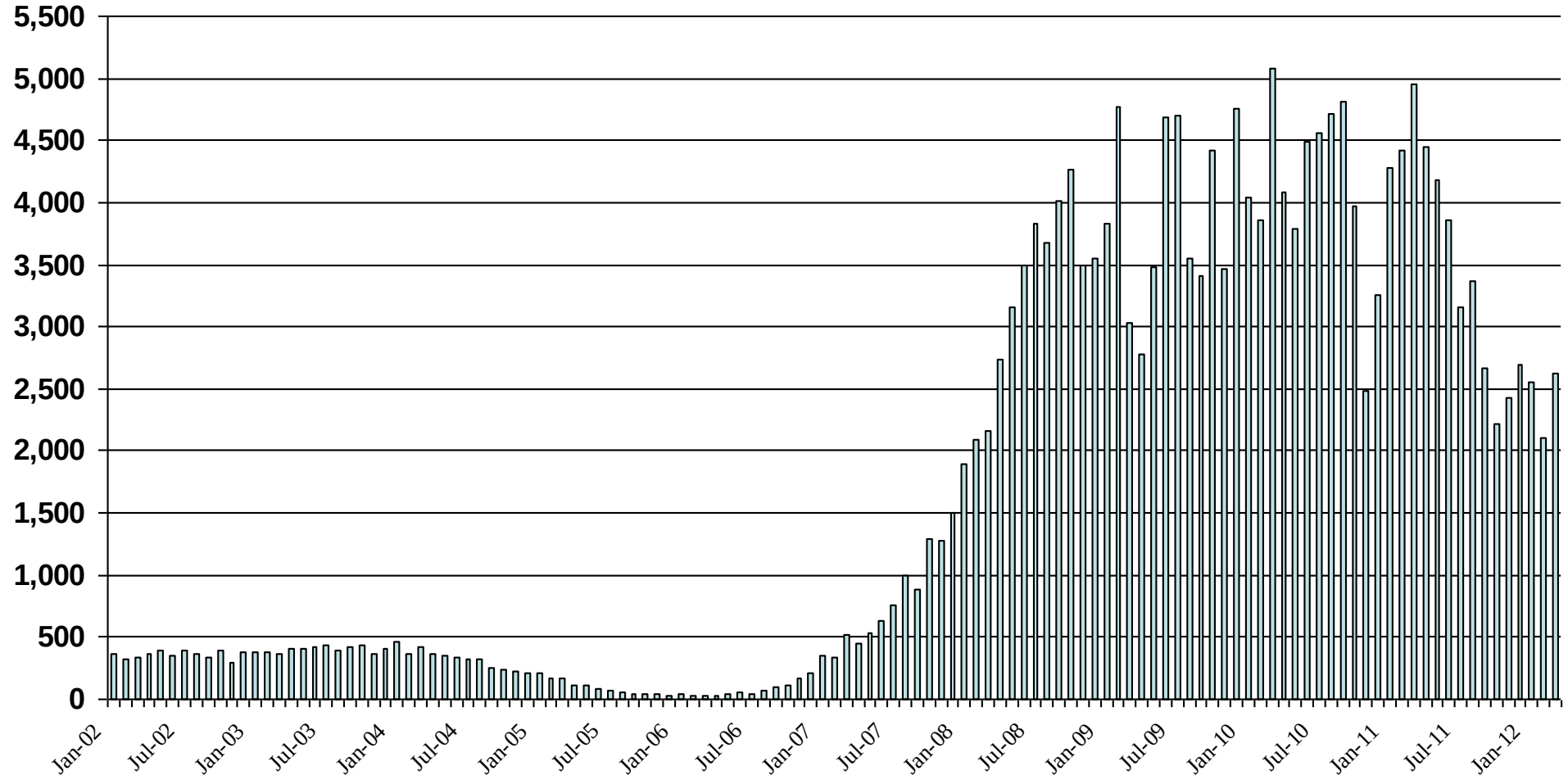
Why are households not forming?

1. Lack of jobs,
2. Lack of jobs,
3. Lack of jobs,
4. Lack of jobs

5. Inability to sell home elsewhere and move to Arizona.

Maricopa County Foreclosures
2002 – 2012*

Source: The Information Market



***Filings through March 2012.**

Source: *Elliott D. Pollack & Company, April 2012*

Economic Indicators

There is a BOOM for Arizona out there somewhere.

But not in 2012 or 2013.

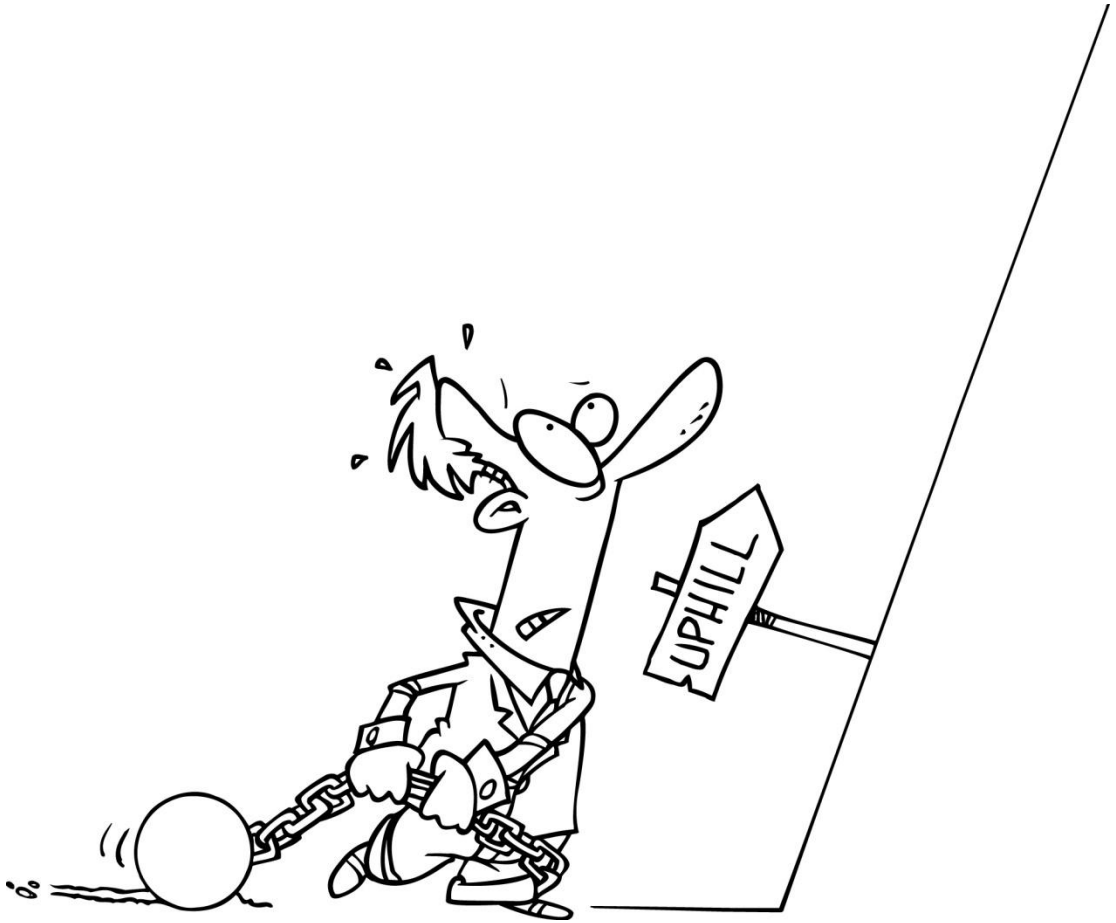
Risks and Threats

- Property Assessed Valuations continue to decline.
- No funding for salary increase for the 5th year may result in significant turnover as the economy grows.
- VLT continues to have very slow or no growth.
- Risk Liabilities continue to loom

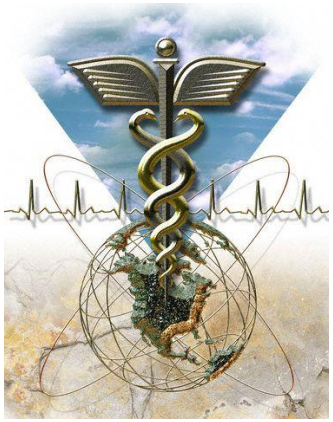
Risks and Threats

- State temporary 1 cent sales tax will expire May 2013.
- Department of Justice issues with the Sheriff's Office.
- Jail Facilities & Technologies are aging and will need significant upgrades in coming years.
- Case filings and inmate populations are on the rise.

Department Budgets



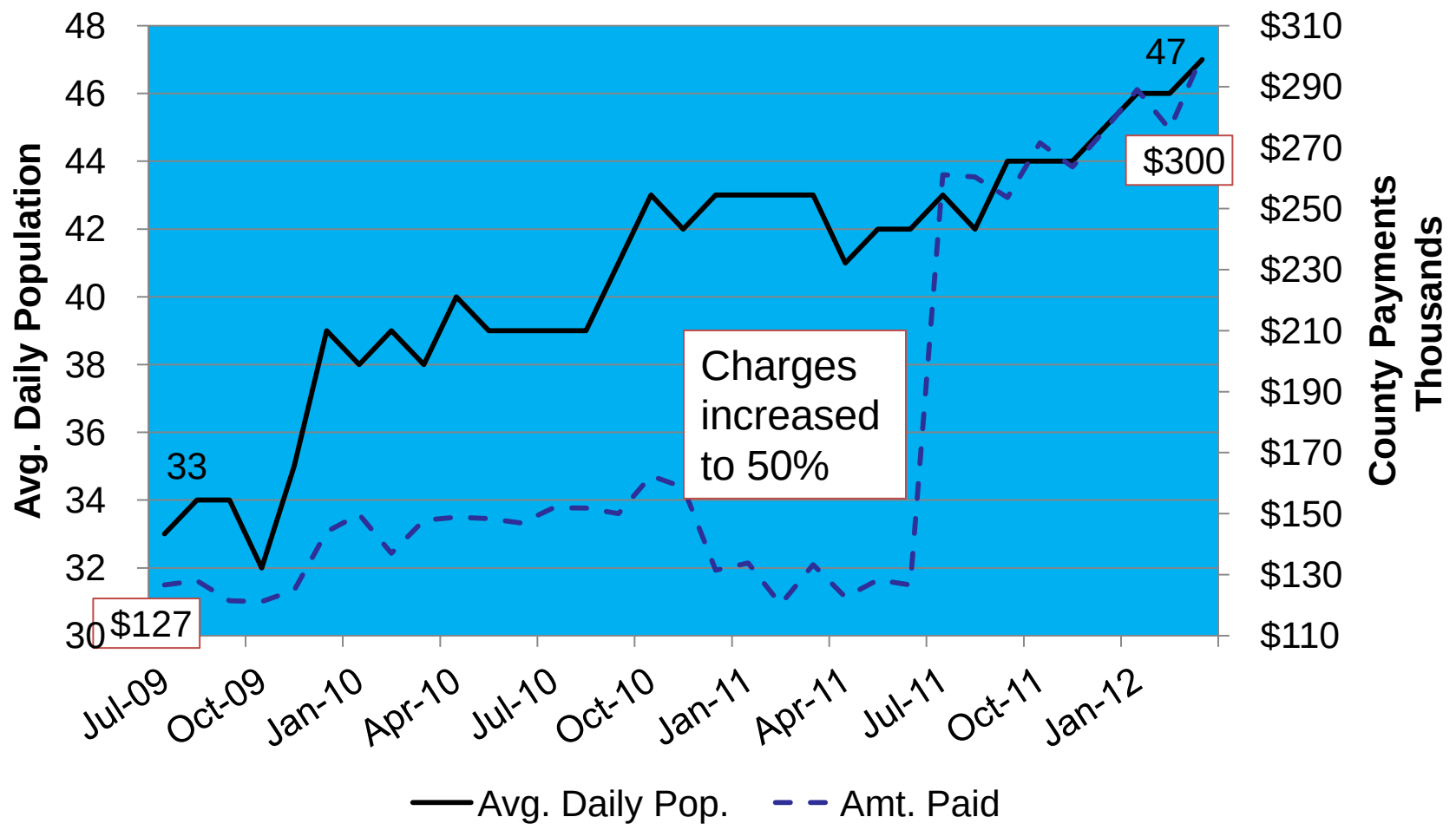
Health Care Programs



Health Care Programs

- $2 million increase in Arnold v Sarn mental health contribution
- $6 million reduction in base ALTCS contribution
- $350 thousand reduction in AHCCCS contribution
- $1 million reduction in the cost share for mandated payment to ASH for Sexually Violent Persons due to a decline in patient population and reduced cost per patient

Sexually Violent Persons Caseload and Costs



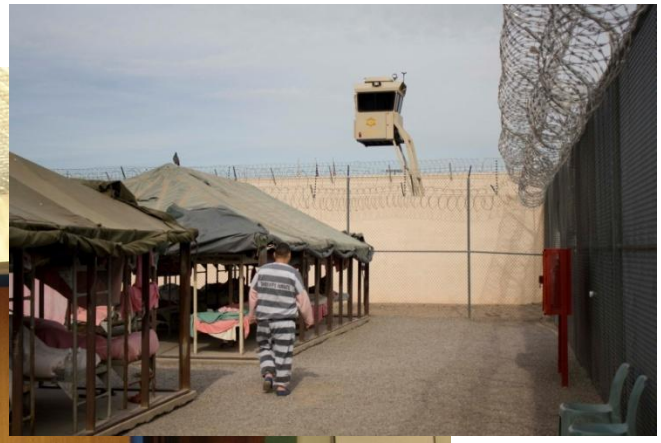
Medical Examiner

- Additional Staff is being added to bring the caseloads from 1:350 to 1:250 per pathologist
  - 2 Medical Examiners
  - 1 Crime Scene Specialist
  - 1 Office Assistant Specialized
- Recommendation aligns with national standards

Correctional Health Services

- NCCHC accreditation received on March 19, 2012
- $784k for IT staff to provide project management and support for new electronic medical records system
- Reviewing potential need for additional RN staff in intake; will reduce booking time

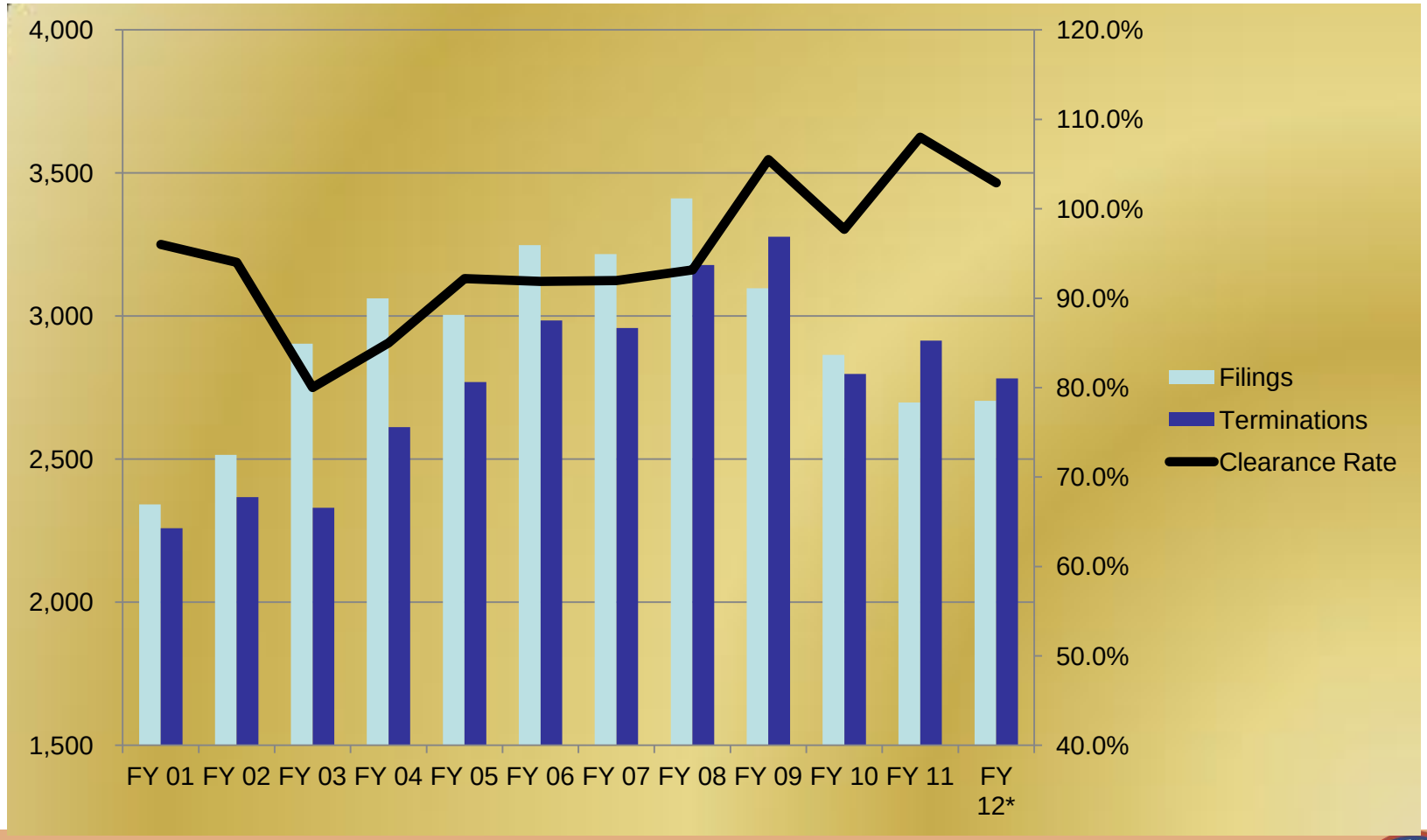
Justice System



Justice System Overview

- Filings, caseloads, and populations appear to have bottomed out last fiscal year in many areas
- Signs of slow growth in jail population and Superior Court case volumes
- Budgets are relatively flat; changes made to address changes in volume or critical issues

Superior Court
Average Monthly Case Data



Superior Court Programs

- Cradles to Crayons
  - Program based on national model
  - Focuses on children ages 0-3 involved in the dependency system
  - Frequent court appearances for parents
  - Provides an array of social services to promote family reunification
  - Recommend funding project as 2 year pilot ($2 million)
- Homeless Court
  - $53k for Program Coordinator

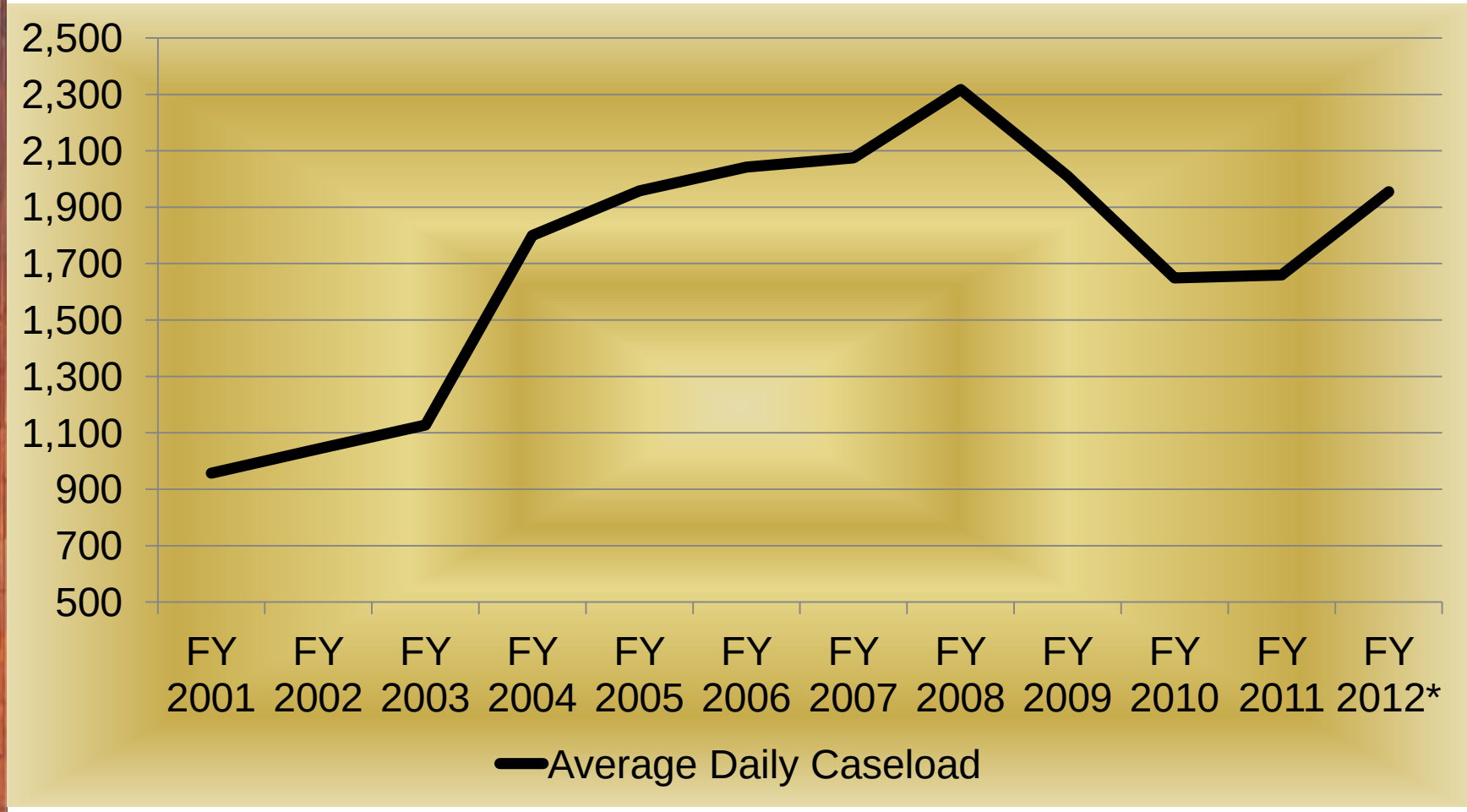
Public Defense System

- FY 2011 spending was within budget – first time in over a decade
- FY 2012 budget sufficient in all areas except capital post-conviction relief (contingency request pending)
- Good news: capital trial caseload continues to hover around 70; down from nearly 140 in 2008

County Attorney

- Merged Prosecution and Civil budgets
- Reduced personnel savings factor; should allow Office to do some additional hiring of key positions
- Carried forward funding for tax appeal staff to handle tail-end of filing increase

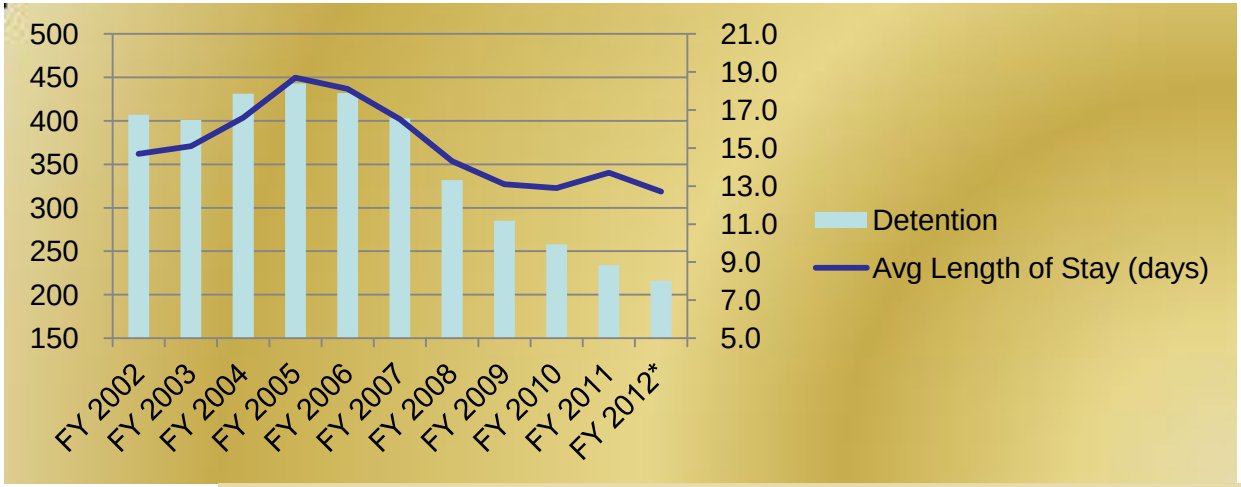
Adult Probation
Pre-Trial Supervision

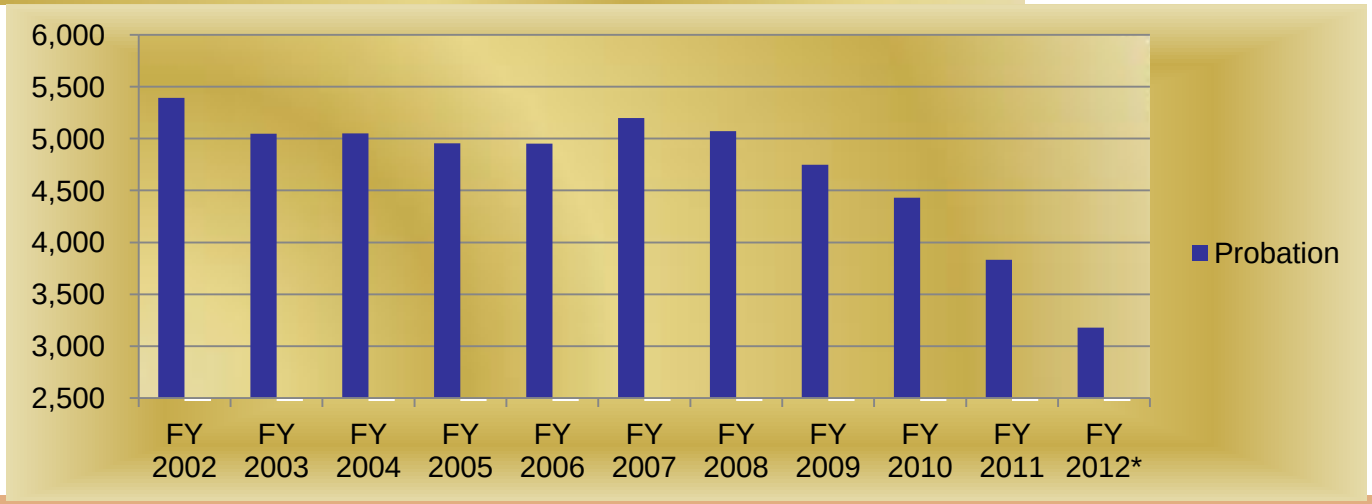


Adult Probation

- Pre-trial supervision caseloads on the rise
  - Updated bail/bond matrix provides better assessment of risk – more defendants placed on pre-trial supervision
  - $847k added to FY 2013 budget to support caseload increase (12 FTE)
- Pilot prison re-entry program successful
  - $369k added to FY 2012 budget to support caseload increase (5 FTE)

Juvenile Detention and Probation Caseloads





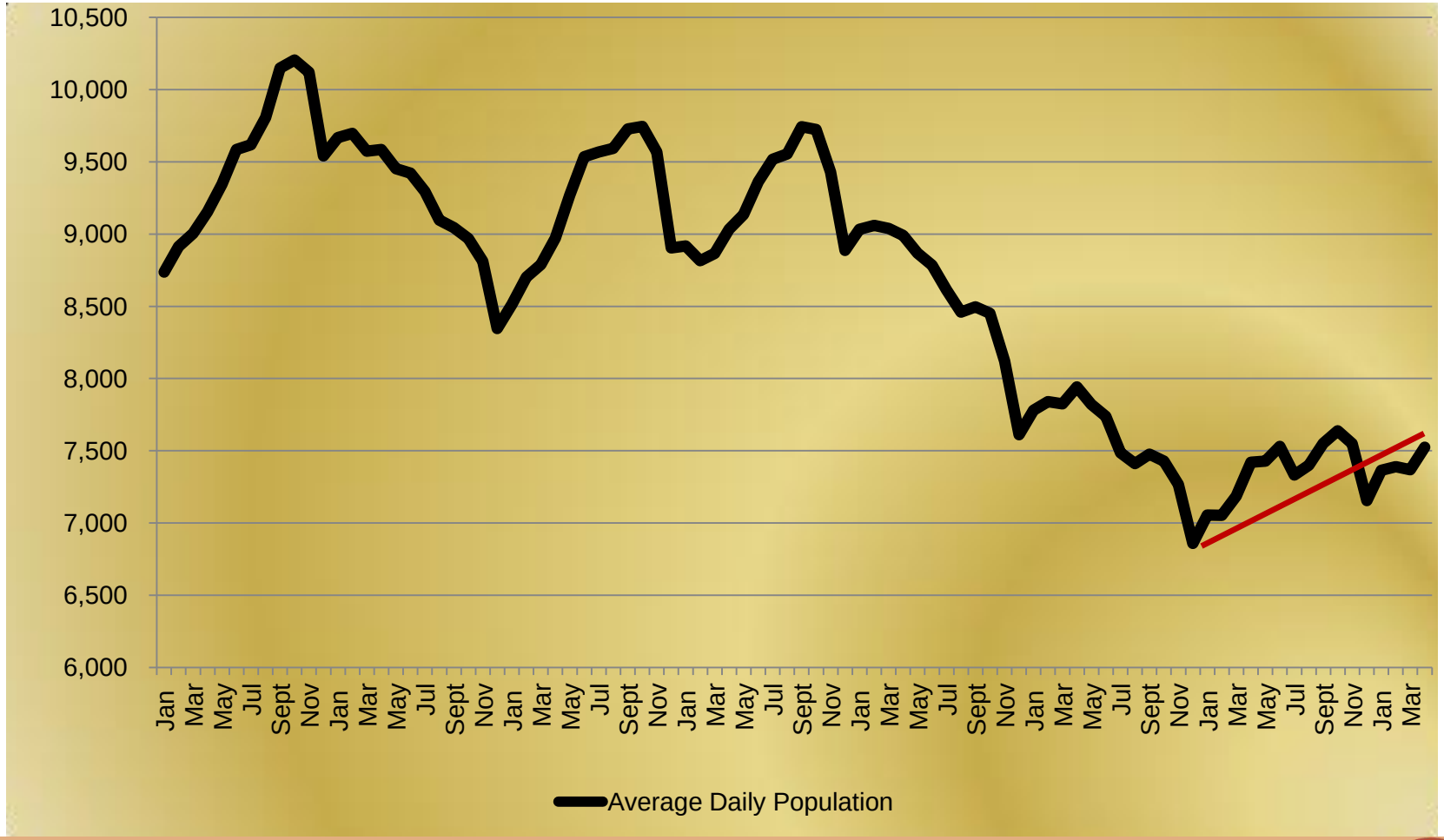
Sheriff's Office – Law Enforcement

- Significant savings associated with shift of administrative costs to Detention Fund
- Additional funding for:
  - Fuel
  - Education and training
  - Reduction in personnel savings
- General Fund budget reduced by 3.9%

Sheriff's Office - Detention

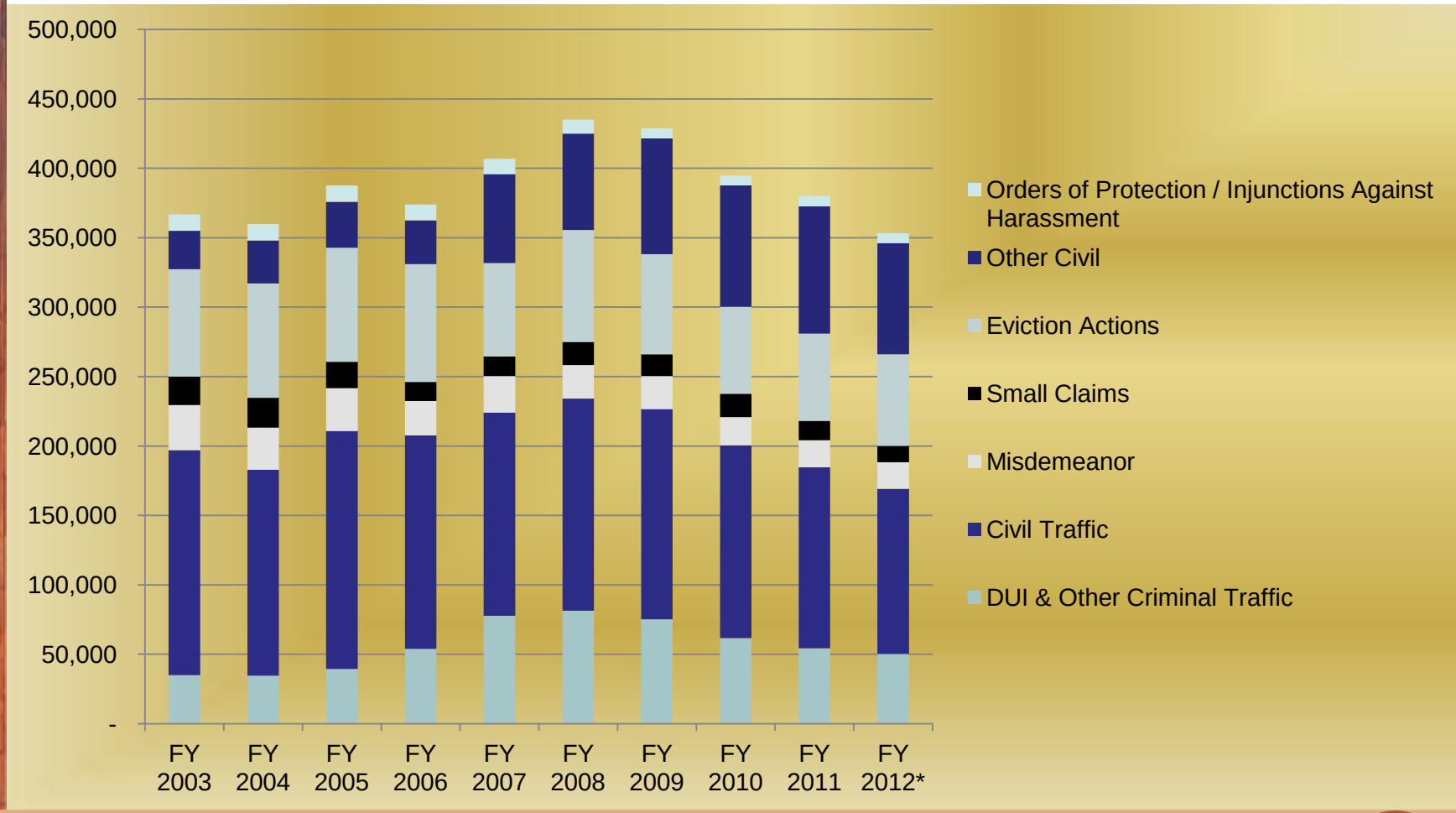
- Detention population hit low point in December, 2010
  - Gradual increase over last 18 months (9.7%)
- Detention Fund increase of 4.9%
  - Includes new funding for shift differential
  - Most of increase due to shift of administrative costs from the General Fund

Maricopa County Adult Jail Population (2005-2012)



Justice Court Filings

(Average Monthly)



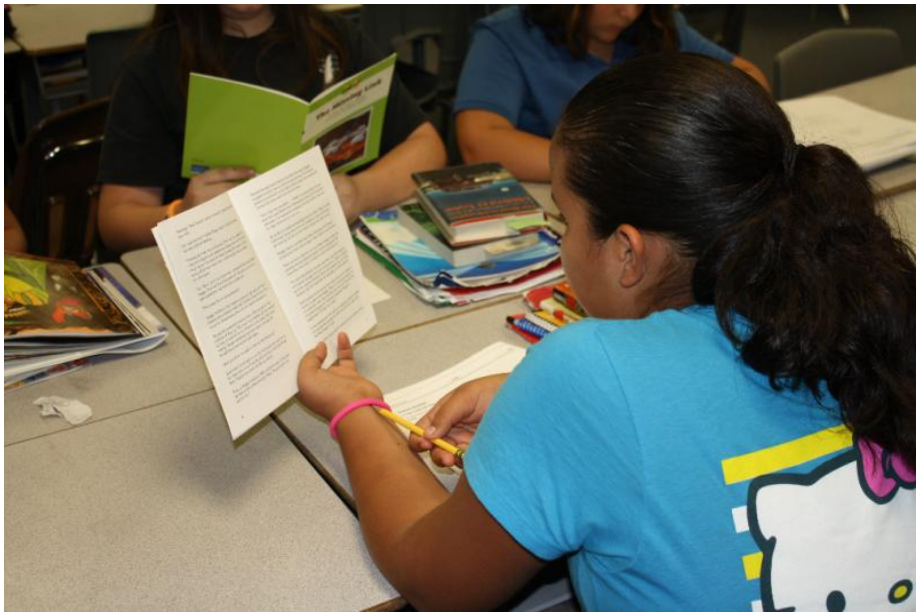
Other Justice System Programs

- Community Reentry Services Program Expansion (Human Services)
  - Six month pilot expansion: $683k (Detention Fund)
- Tents Transition Center and Reentry Program
  - $6 million in non-recurring funds available (Inmate Services Fund)

General Government

Education Service Agency

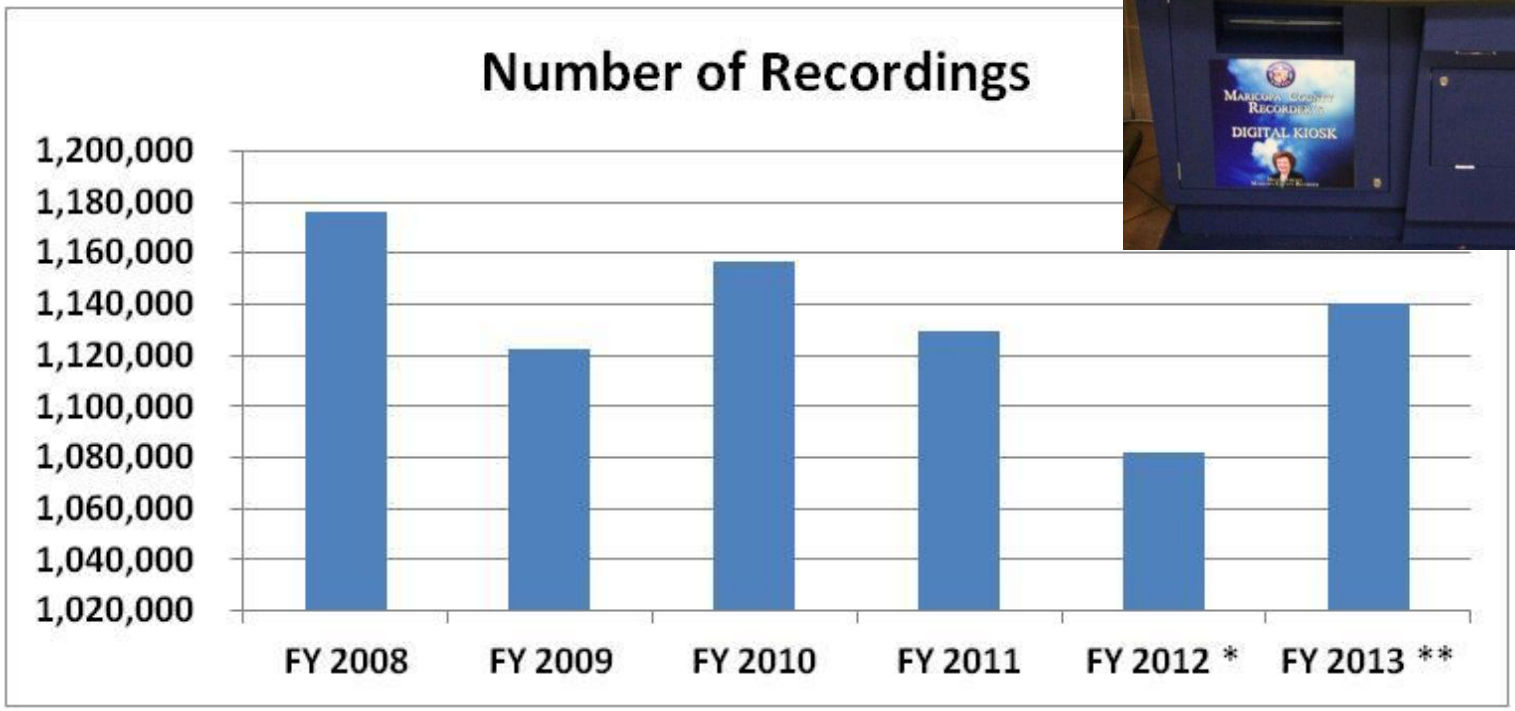
- New funding for IT services ($190k)
- Juvenile Transition Program (MCESA)
  - Two year pilot
  - $2.79 million



Treasurer's New IT System

- Current system is near end of life
- FY 2013
  - Budget includes consultant funding
  - FY 2013 Goal is to plan for system's upgrade

Recordings



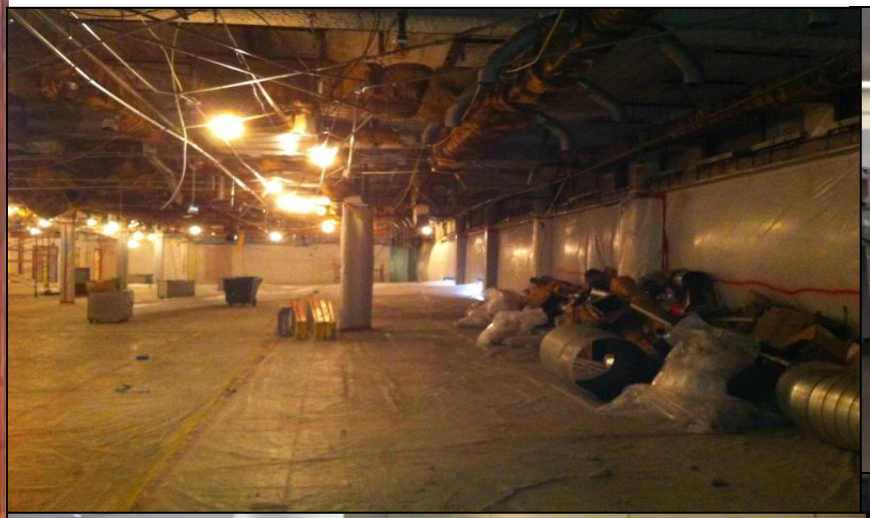
*** Forecast ** Recommended Budget**

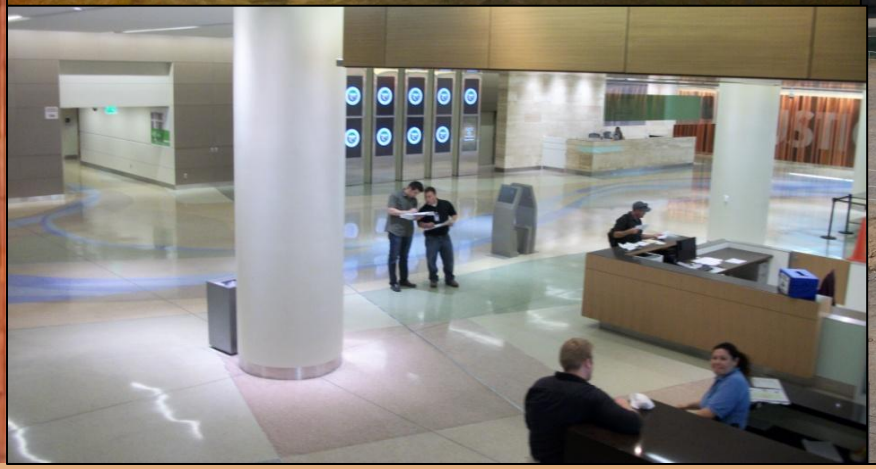
Assessor

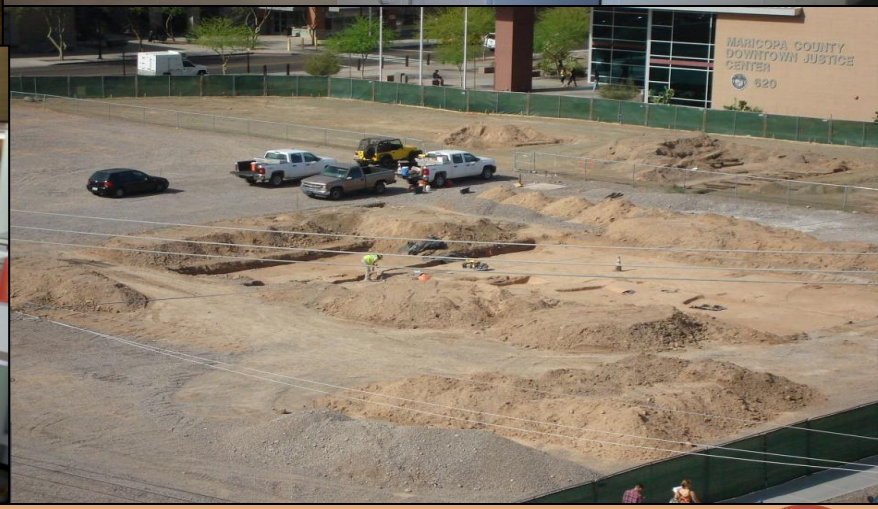
Santa Fe Depot Rededication 7/28/2011

Computer - Assisted Mass Appraisal System consultant funded in FY 2013 to plan system upgrade

Capital Improvements



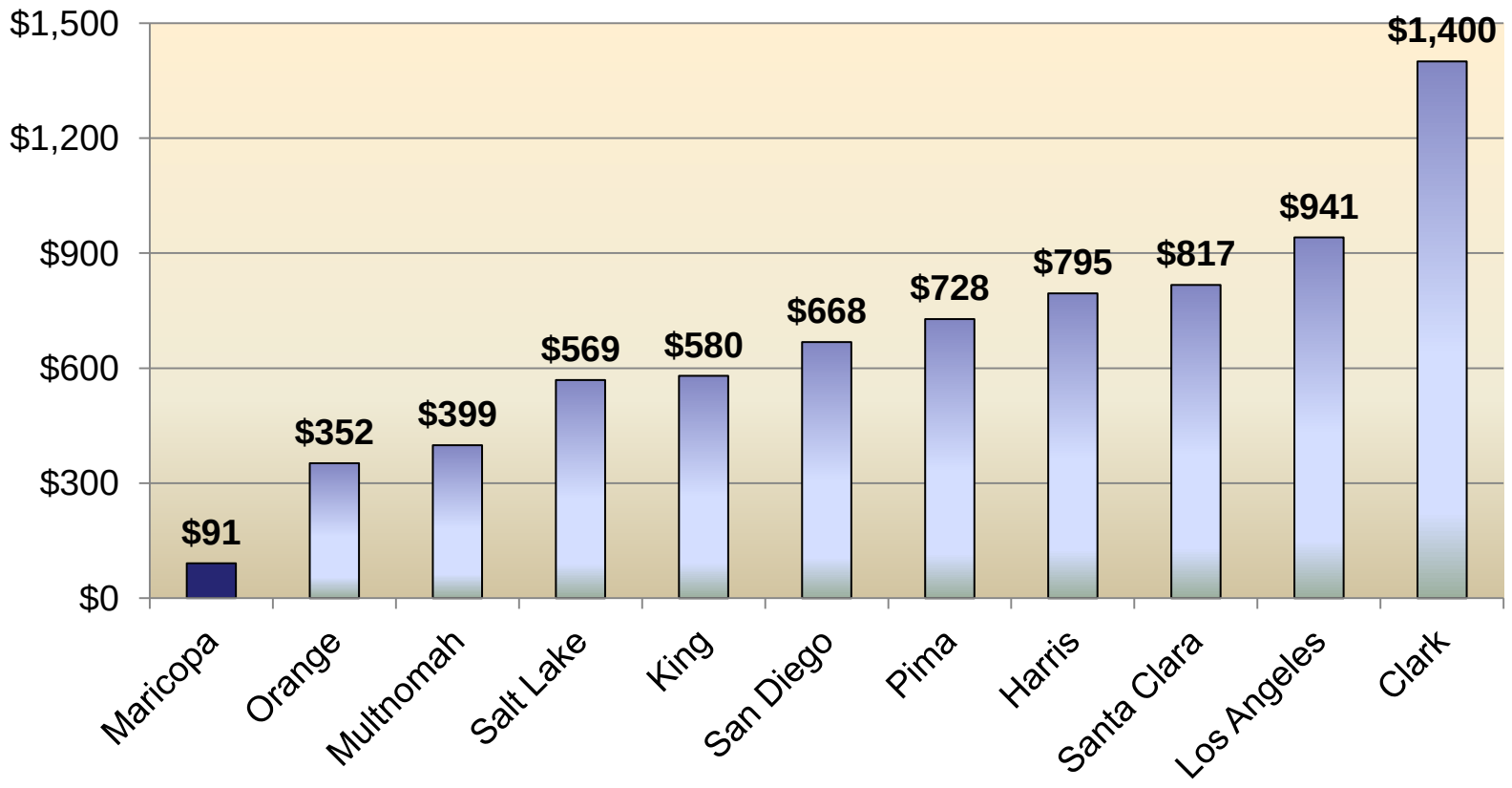




Capital Improvement Philosophy

- 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
- Savings of $76 Million in interest for FY 2013

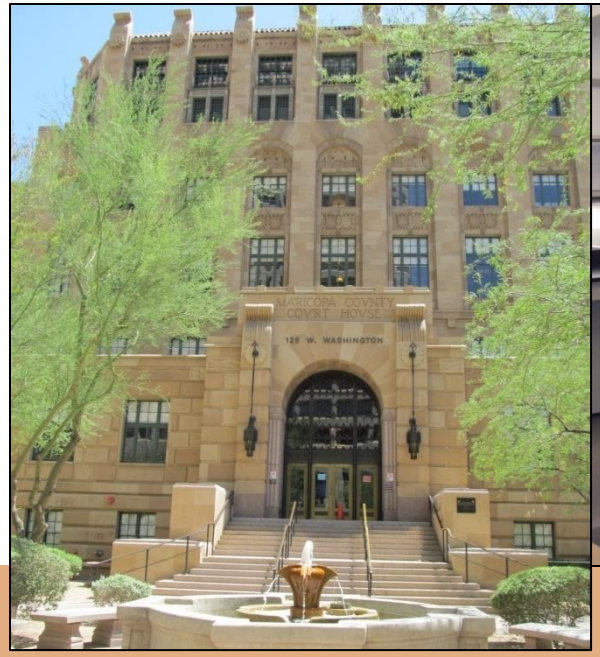
FY 2011 Long-Term Debt Per Person Comparison To National Benchmarks



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

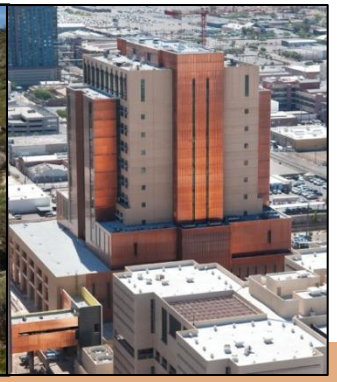
FY 2012 Completed Projects

• South Court Tower	$334,951,682
• Sheriff's Crime Lab Relocation	4,376,638
• Old Courthouse Rehabilitation	2,373,811
• Chambers Swing Space	2,123,585



FY 2012 Previously Approved CIP Projects

• Sheriff's HQ Building	$73,463,560
• Energy Conservation Projects	31,091,174
• Clerk of the Court Remodel	10,047,017
• Maricopa Regional Trail	5,996,937
• Southeast Facility Remodel	3,178,584
• Vulture Mountain Study	275,000



Recommended New CIP Projects

General Fund

• Security Building Renovations	$5,965,858
• Grand Jury Relocation	3,802,283
• Sheriff's SWAT Vehicle Warehouse	2,877,086

CIP Projects Awaiting Funding

- Additional DT Land Acquisitions
- APS Power to Buckeye Hills Range and Shoot house
- Central Court Floors 3, 5, 6
- Demolition of Madison Street Jail
- Durango Campus Drainage Issues
- ECB Tenant Improvements
- Emergency Operations Center
- Estrella Mountain Campground Design/Build
- New Building to Replace Leased Facilities
- NW Regional Court Replacement
- One W. Madison Improvements
- Plaza Demolition/Remodel/ Redesign/FAJD
- Replacement Jail
- SE Consolidated Justice Courts
- SW Consolidated Justice Courts
- SW Regional Court Center
- Vulture Mountain

Total: $566+ Million

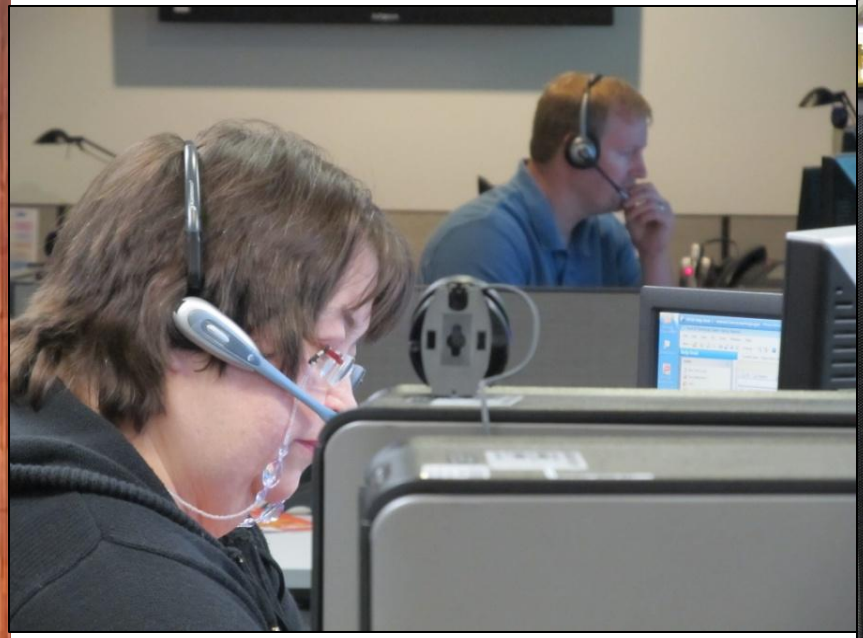
Sheriff's Headquarters Update

- Archaeology study completed
- First permit package submitted
- Broke ground on April 30th
- GMP contract signed 4/25/12 for NTE $47.2 million
- Construction fence up and traffic re-routed
- Anticipated completion date: August 2013

Tentative to Final Changes

- Prioritize Project Reserve
  - Durango Jail Replacement and/or Major Maintenance
  - Southwest Justice Court Center
  - Cooperative Extension Infrastructure

Technology Projects



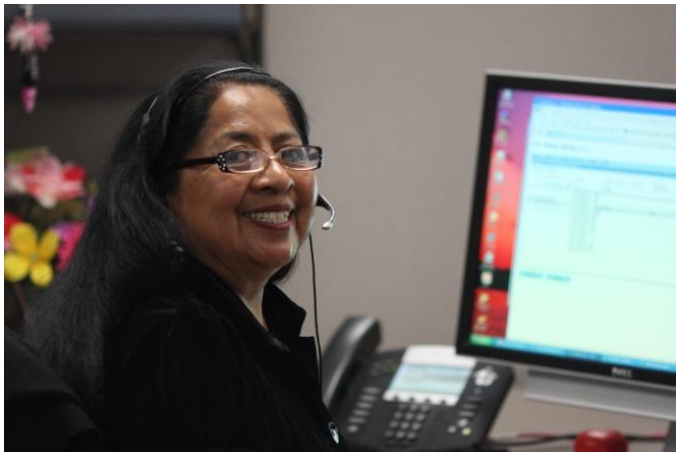
Technology Infrastructure Projects

- Downtown Network Infrastructure Upgrade – Zone 2
- Downtown Network Infrastructure Upgrade – Zone 3 final work
- Durango Campus, Southeast Campus and Remote Sites – Zone 2 & Zone 3
- Zone H – Correctional Health
- Enterprise Data Center

Recommended Continuing Technology Projects

11 Projects - $275,128,084 (5 years)

- Telephone and Call Center Systems
- Radio System
- Infrastructure Upgrades
- Correctional Health EMR
- Sheriff's Office
- Facility/Space Management



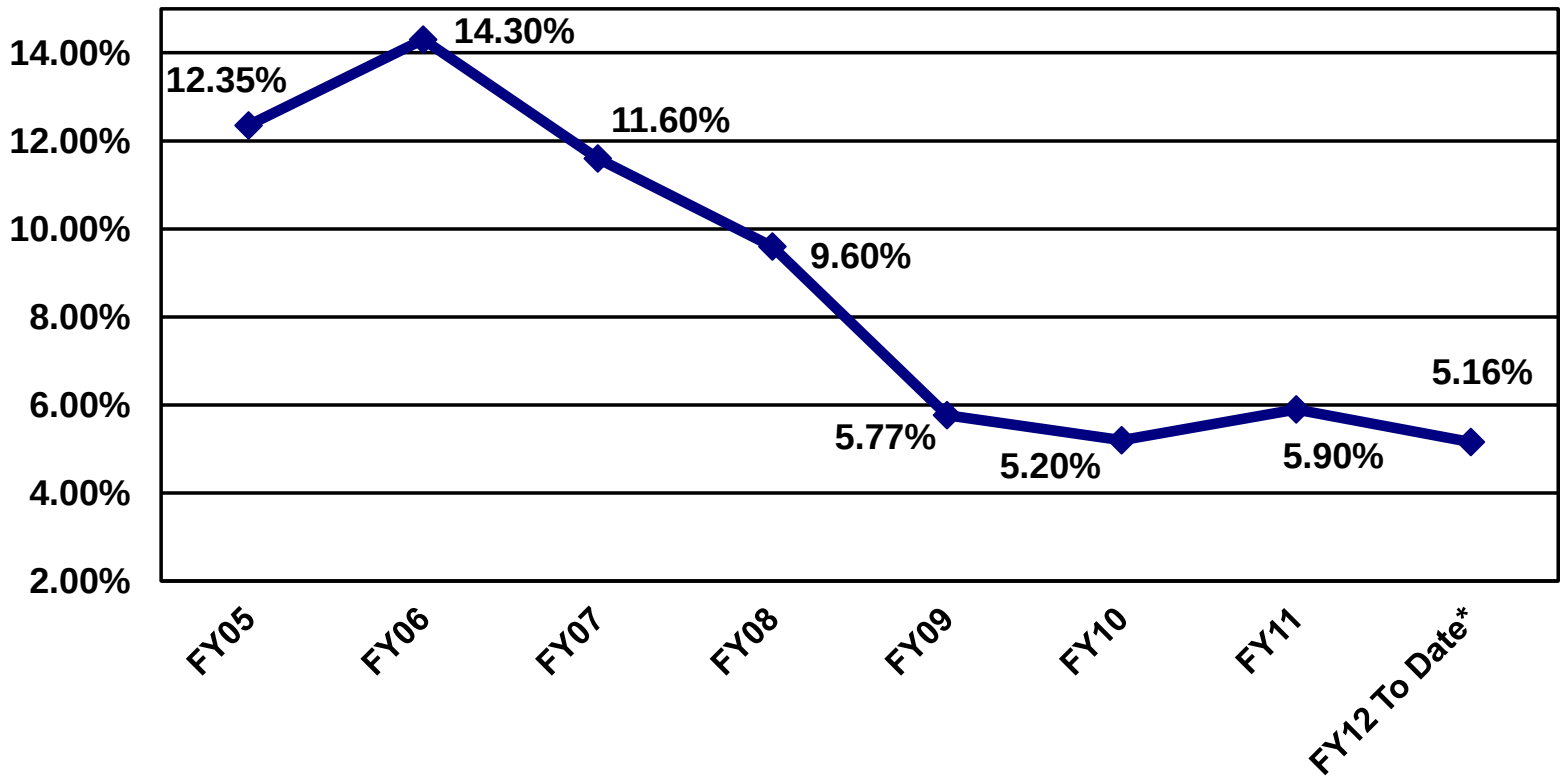
Transportation Capital Improvement Projects

Transportation Improvement Projects	FY 2013 Recommended Budget	FY 2014 to FY 2017	Five-Year CIP Program Total
	$ 103,932,010	$ 686,474,194	$ 790,406,204

Employee Issues

Changes in County Population and County Staffing

Voluntary Turnover By Fiscal Year



*** FY To Date (9-Month Period: 07/01/2011 to 03/31/2012)**

Compensation

- No funding for Pay for Performance
- Includes funding for continuation of Peak Performers Program
- Includes funding for continuation of Education Assistance Program
- Includes funding for Vacation Buy-Back Program
- Employee Benefits maintained without significant cost increase for employees
- ASRS Retirement contributions returned to a 50/50 employee/employer split

Employee Benefits

- Medical and pharmacy plans consolidated
- Overall, employees will contribute $1.3 million less to the Benefits Trust
- Individual employee experience will depend upon their enrollment

Conclusion

- FY 2012-13 recommended budget is fiscally sound.
- Overall, this budget continues to do more with less.
- Caution is prudent with the current economic conditions.

Budget Calendar – Remaining Dates

June 5	ATRA Presentation
June 13	District 5 Budget Hearing
June 18	Final Budget Adoption
August 20	Property Tax Levy Adoption

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.

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Maricopa County FY 2013 Special Districts Recommended Budget

Presentation to Arizona Tax Research Association

June 5, 2012

Sandi Wilson, Deputy County Manager
Brian Hushek, Deputy Budget Director
Lee Ann Bohn, Deputy Budget Director
Cynthia Goelz, Budget Administrator

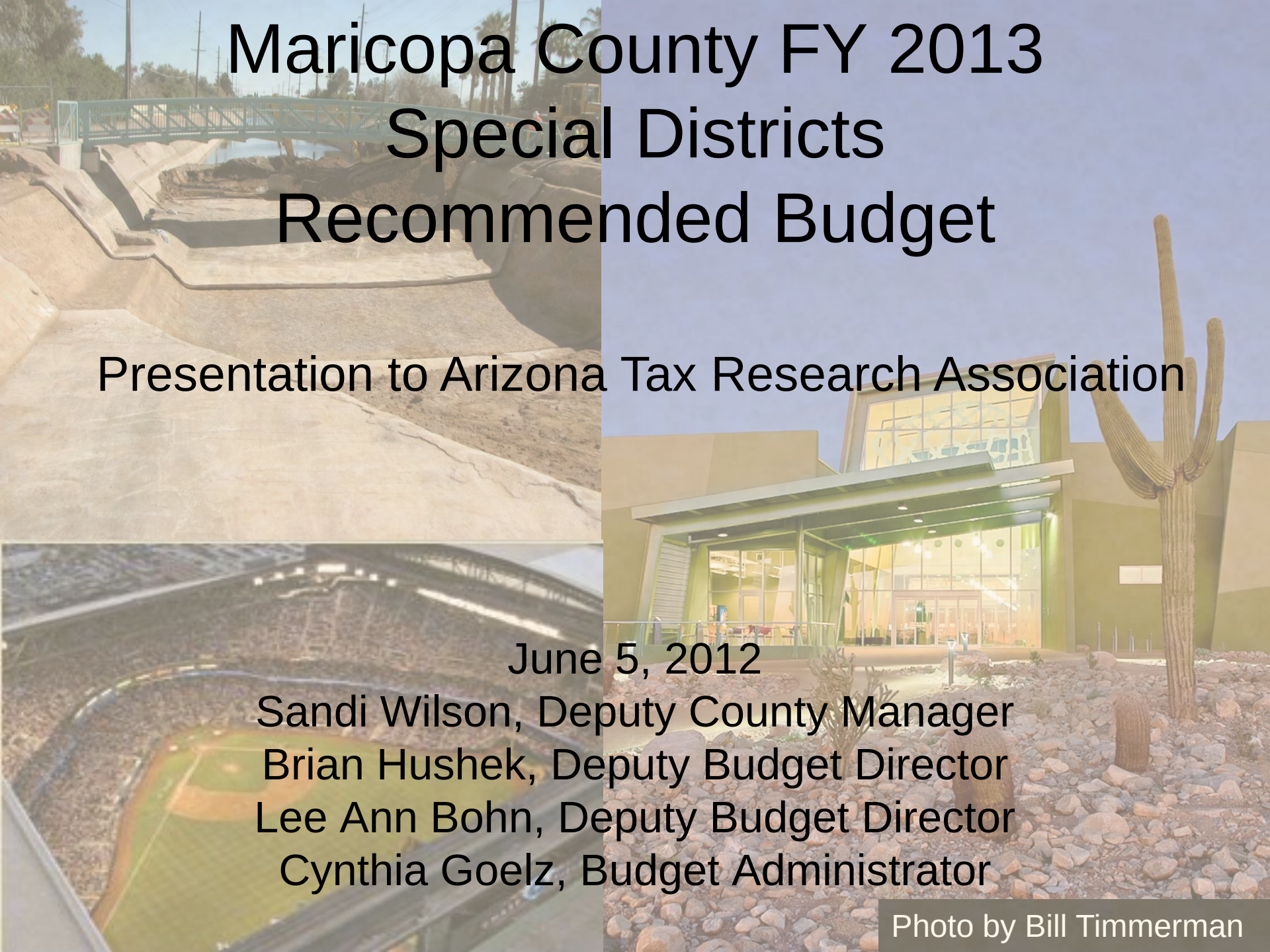

Photo by Bill Timmerman

Flood Control District Highlights

- The property tax levy declined by $7,816,594
- Overall expenditures of $85.02 Million, a decrease of $12,402,492
- FY 2013 CIP decreased to $50.0 Million
- Five-year CIP projected to be $221.0 Million

Flood Control District CIP

Flood Control District Projects (61 Projects)	FY 2013 Recommended Budget	FY 2014 to FY 2017	Five-Year CIP Program Total
	$ 50,000,000	$ 171,000,000	$ 221,000,000

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Library District Highlights

- Property tax levy is decreasing by $2,145,042
- Overall expenditures of $25.6M for FY 2013 is a $89K decrease compared to $25.7M in FY 2012
- Electronic resources and services growing to meet needs of the citizens including: books, music and in the future – movies
- Convert last 4 branches to the Deweyless system
- Summer Reading Program expansion
- Materials Assistance Program supporting additional access to library materials

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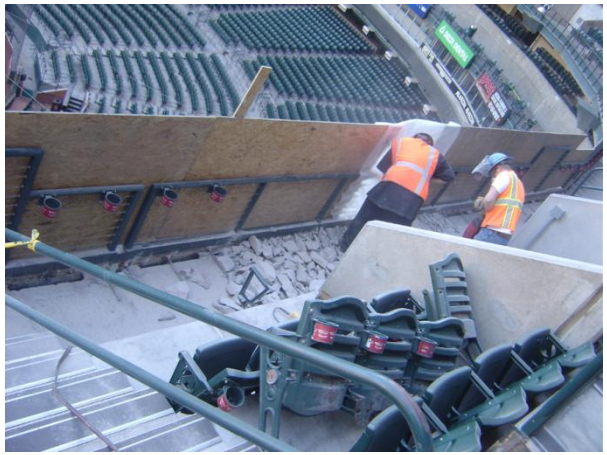
Stadium District Highlights

- FY 2013 expenditures: $10.3 M
- Projects begun in FY 2012
  - Concrete repair
  - Concourse sound system
- Car Rental Surcharge revenue declining
  - Still requiring the use of fund balance to meet debt obligations
  - Bond series rating upgraded from “BBB-” to “BBB+“
  - No funding available for Arizona Sports and Tourism Authority in FY 2013



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