Maricopa County FY 2011 Tentative Budget

Presentation to Arizona Tax Research Association

June 17, 2010

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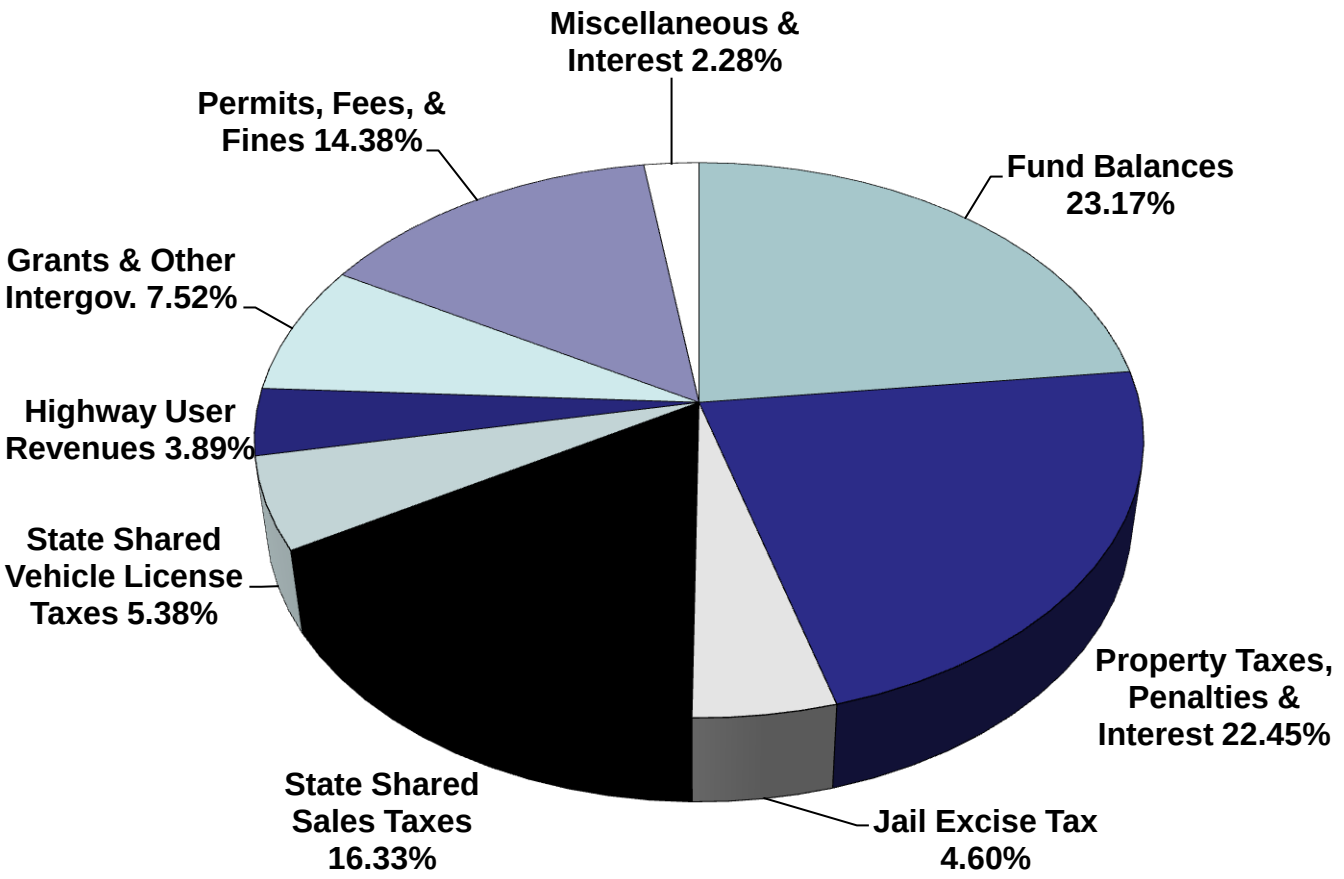
Mission

The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

Executive Summary

FY 2011 Recommended Budget
Sources of Funds: $2,264,280,816



FY 2011 Recommended Budget
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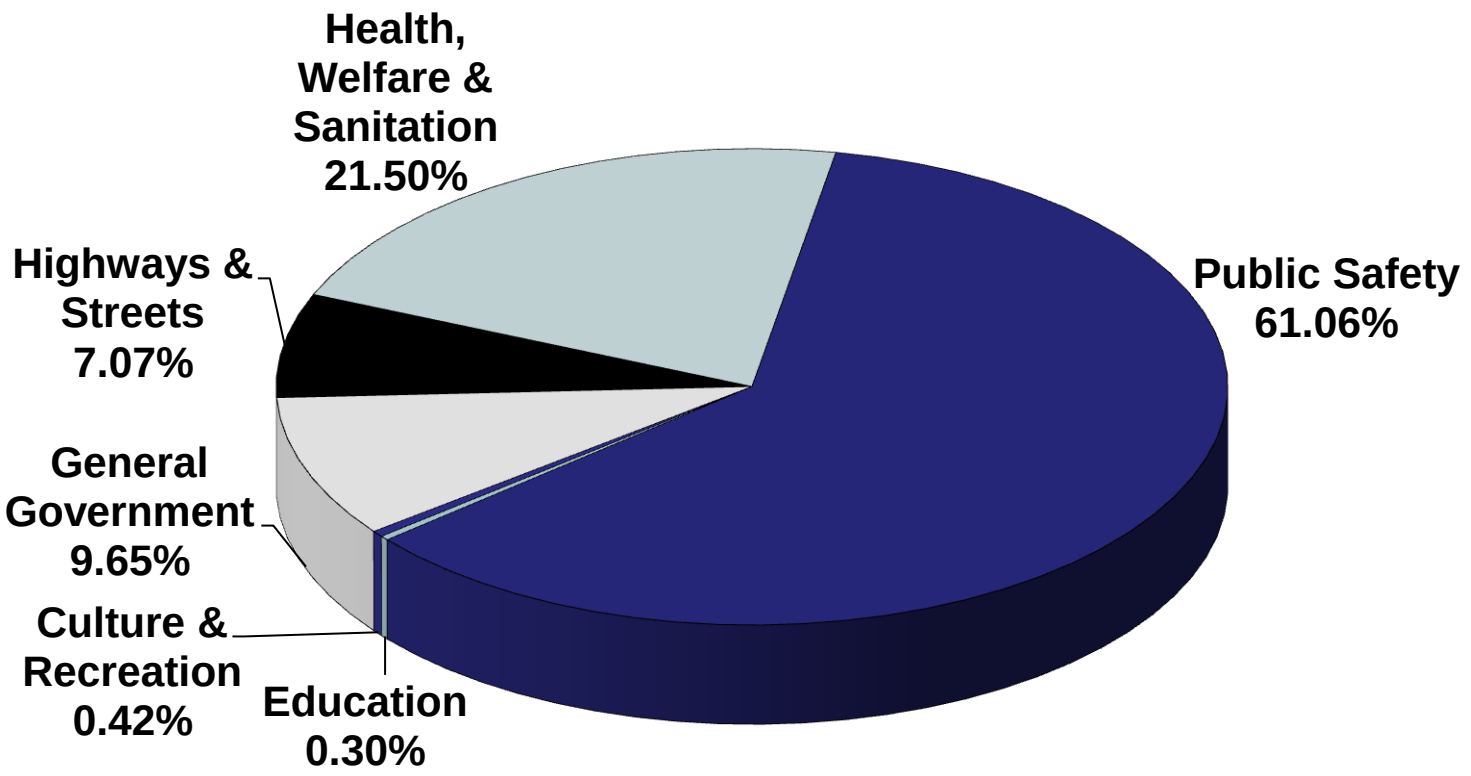


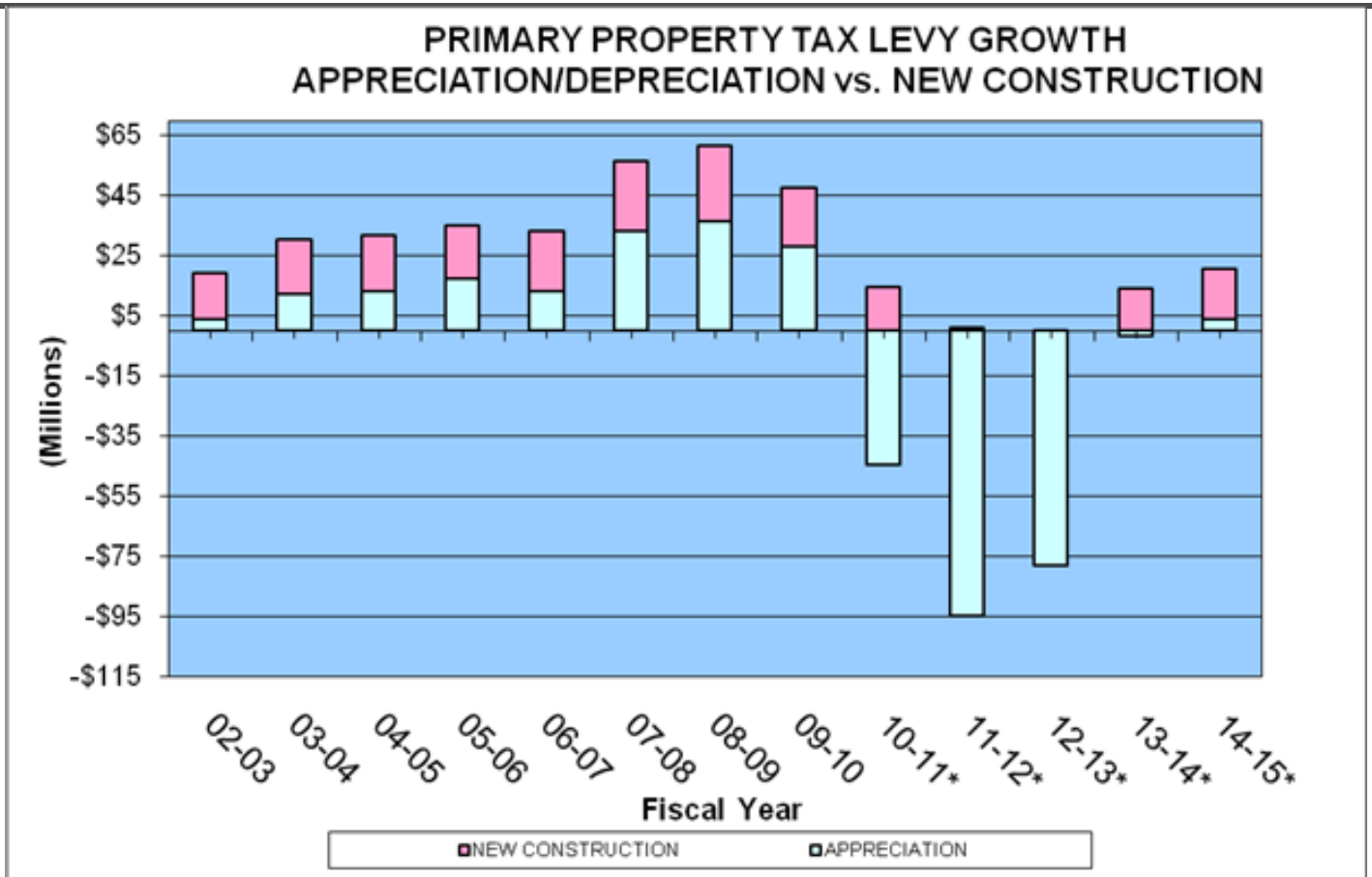
FY 2011 Net Variance
FY 2010 Revised Budget

(millions)

	FY 2010 Revised	FY 2011 Recomm.	(Inc.)/ Dec.
Total County	$ 2,198.0	$ 2,264.3	$ (66.3)
Total Operating	1,760.2	1,669.4	90.8
Total General Fund	1,274.2	1,373.7	(99.5)
General Fund Operating	1,090.3	1,075.6	14.7

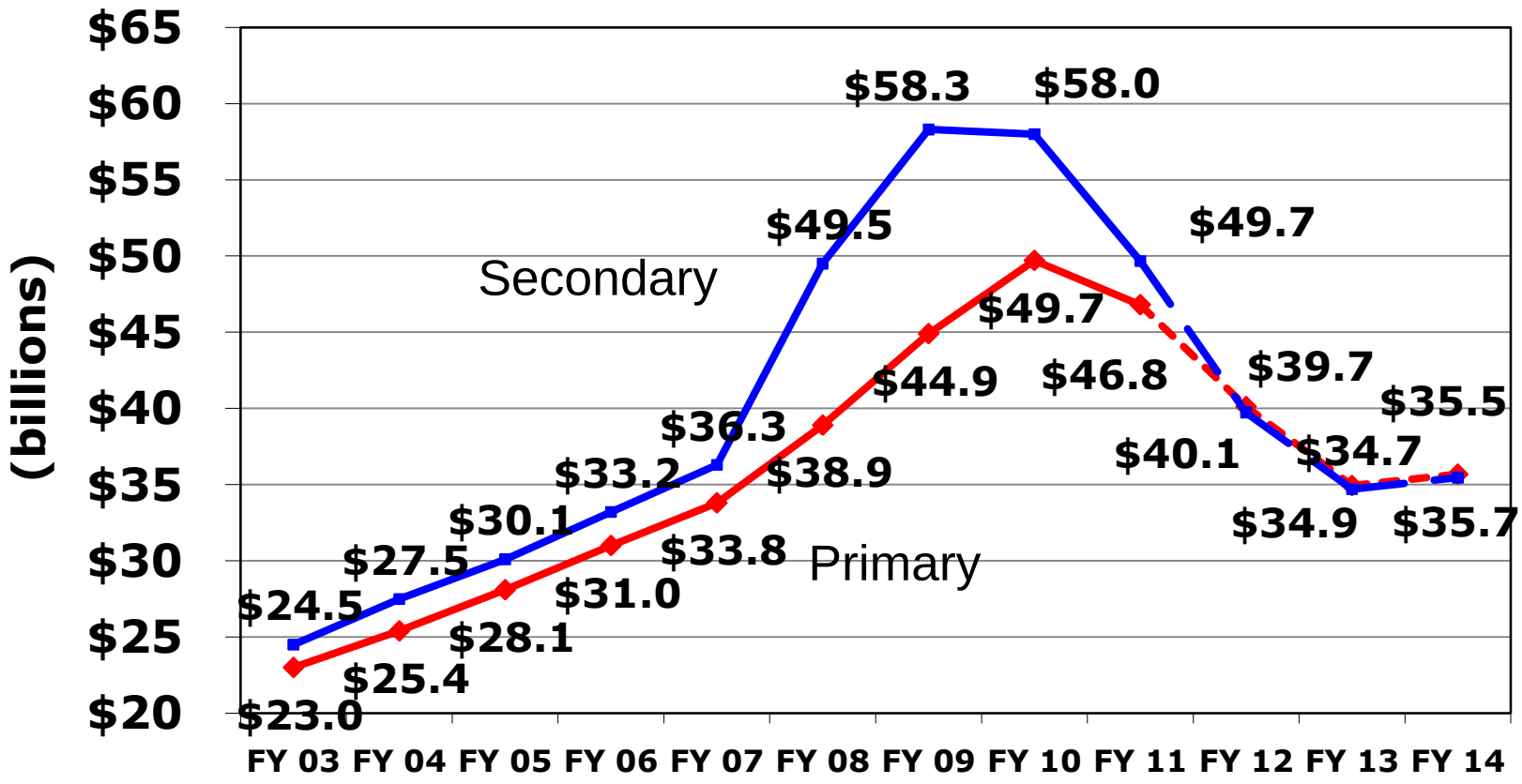
Revenue Trends

Declining Property Tax Values



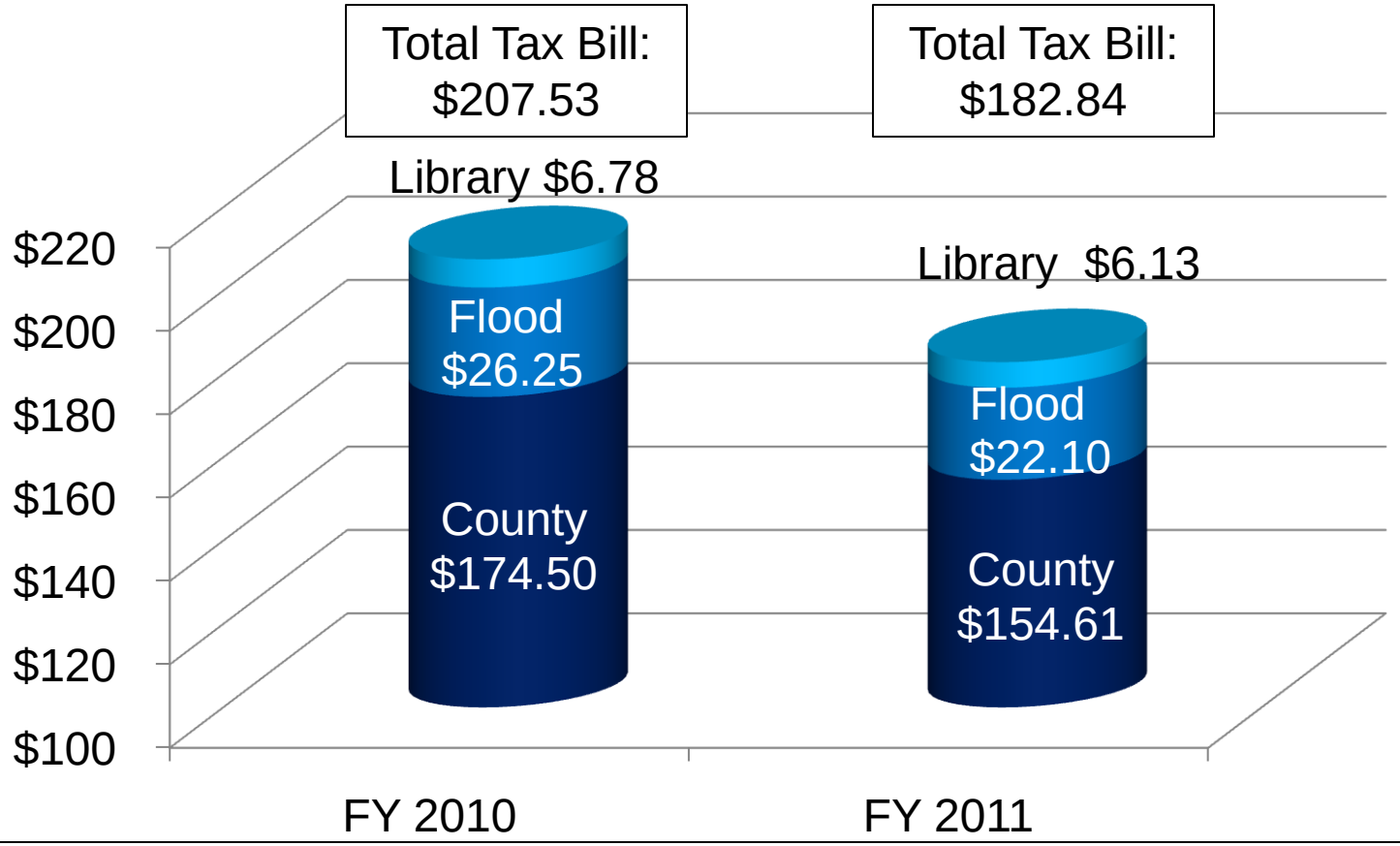
*Forecast: Source Elliott D. Pollack & Co.

Total Net Assessed Value



Forecasts – Elliott D. Pollack pessimistic scenario, April 2010

Homeowner Property Tax Bill
FY 2011 Savings: $24.69 (11.9%)



Residential Median Values (Full Cash): FY 2010: $192,000 FY 2011: $148,800

“Truth in Taxation” Notice

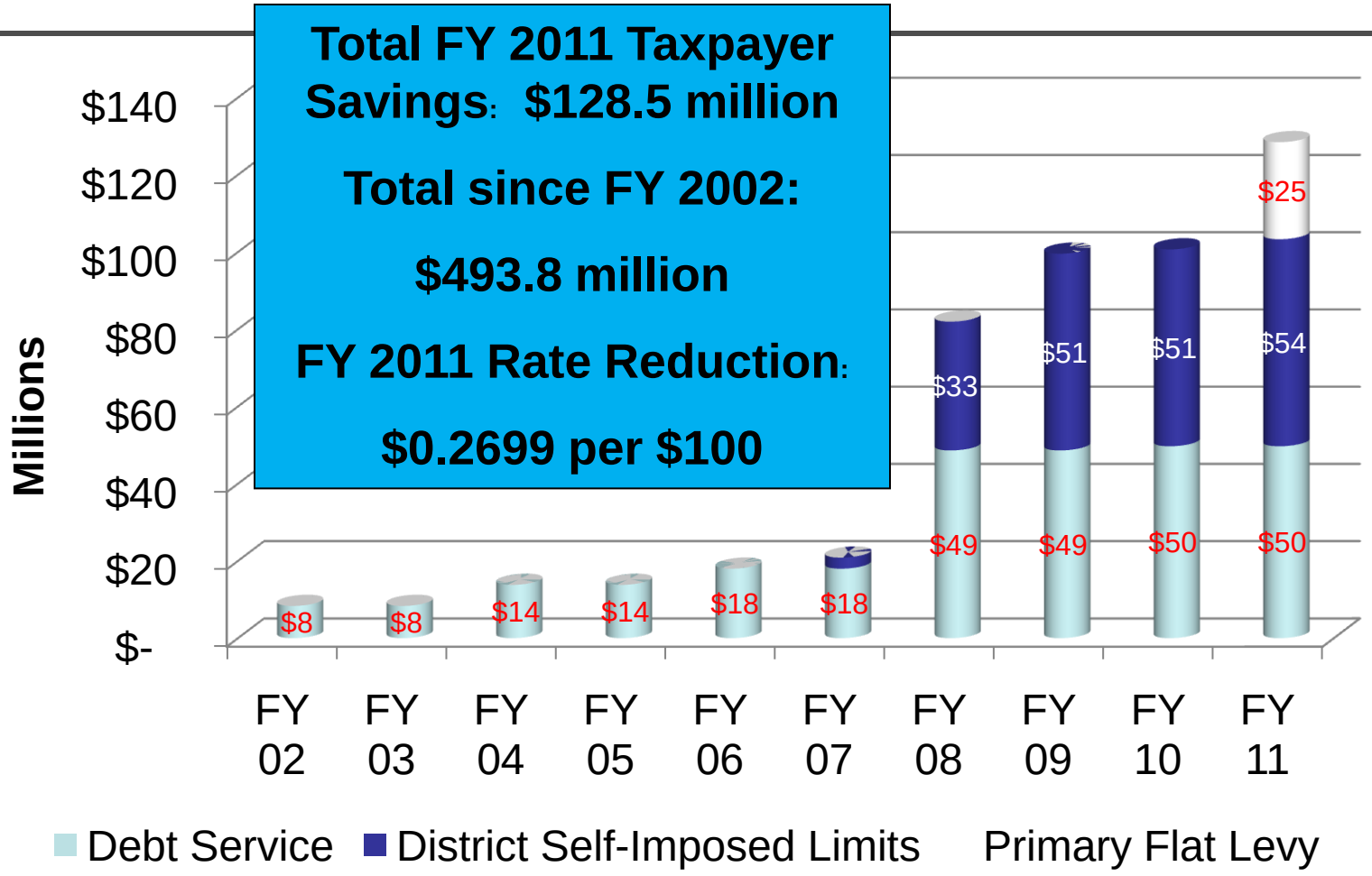
Truth in Taxation Hearing

Notice of Tax Decrease

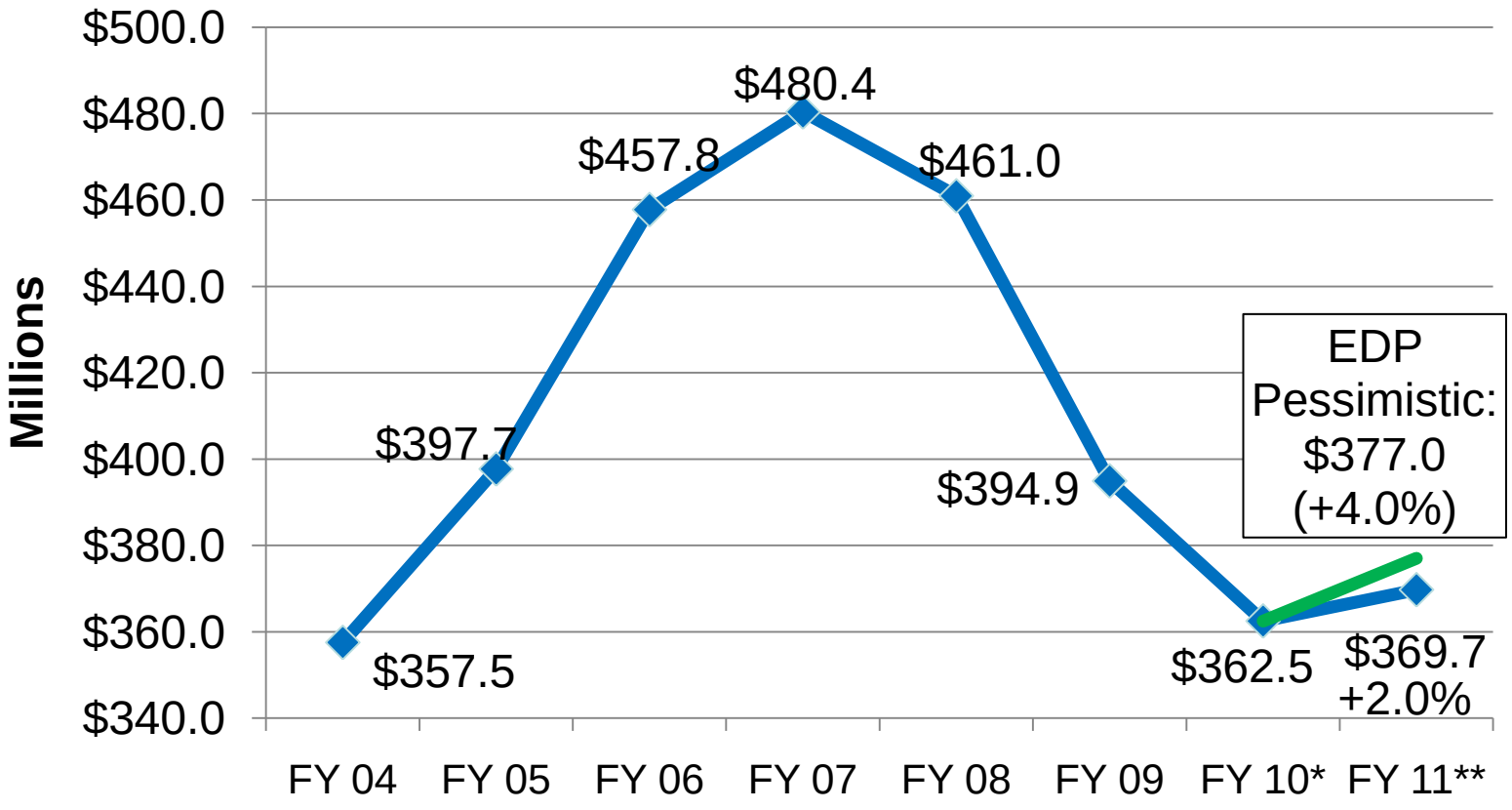
In compliance with section 42-17107, Arizona Revised Statutes, MARICOPA COUNTY is notifying its property taxpayers of MARICOPA COUNTY’S intention to lower Its primary property taxes over last year's level. MARICOPA COUNTY is proposing a decrease in primary property taxes of $14,975,172. For example, the proposed tax decrease will cause MARICOPA COUNTY’S primary property taxes on a $100,000 home to decrease from $108.38 (total taxes that would be owed without the proposed tax decrease) to $105.18 (total proposed taxes including the tax decrease). This proposed decrease is exclusive of increased primary property taxes received from new construction. The decrease is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

All interested citizens are invited to attend the public hearing on the tax decrease that is scheduled to be held at 10:00 AM June 21, 2010 at the Board of Supervisors Conference Room, 301 W. Jefferson, Phoenix, Arizona.

Property Tax Savings

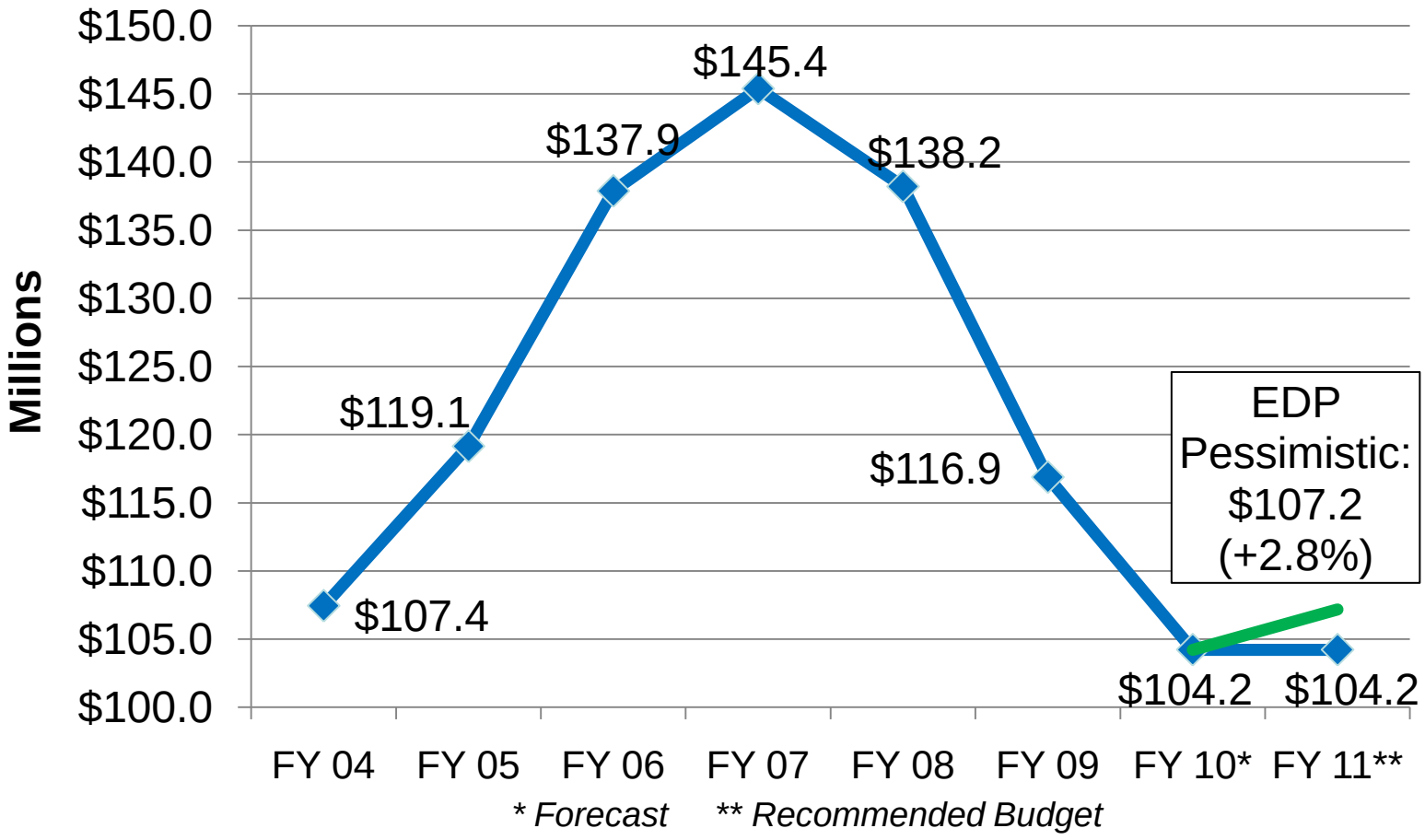


State Shared Sales Tax

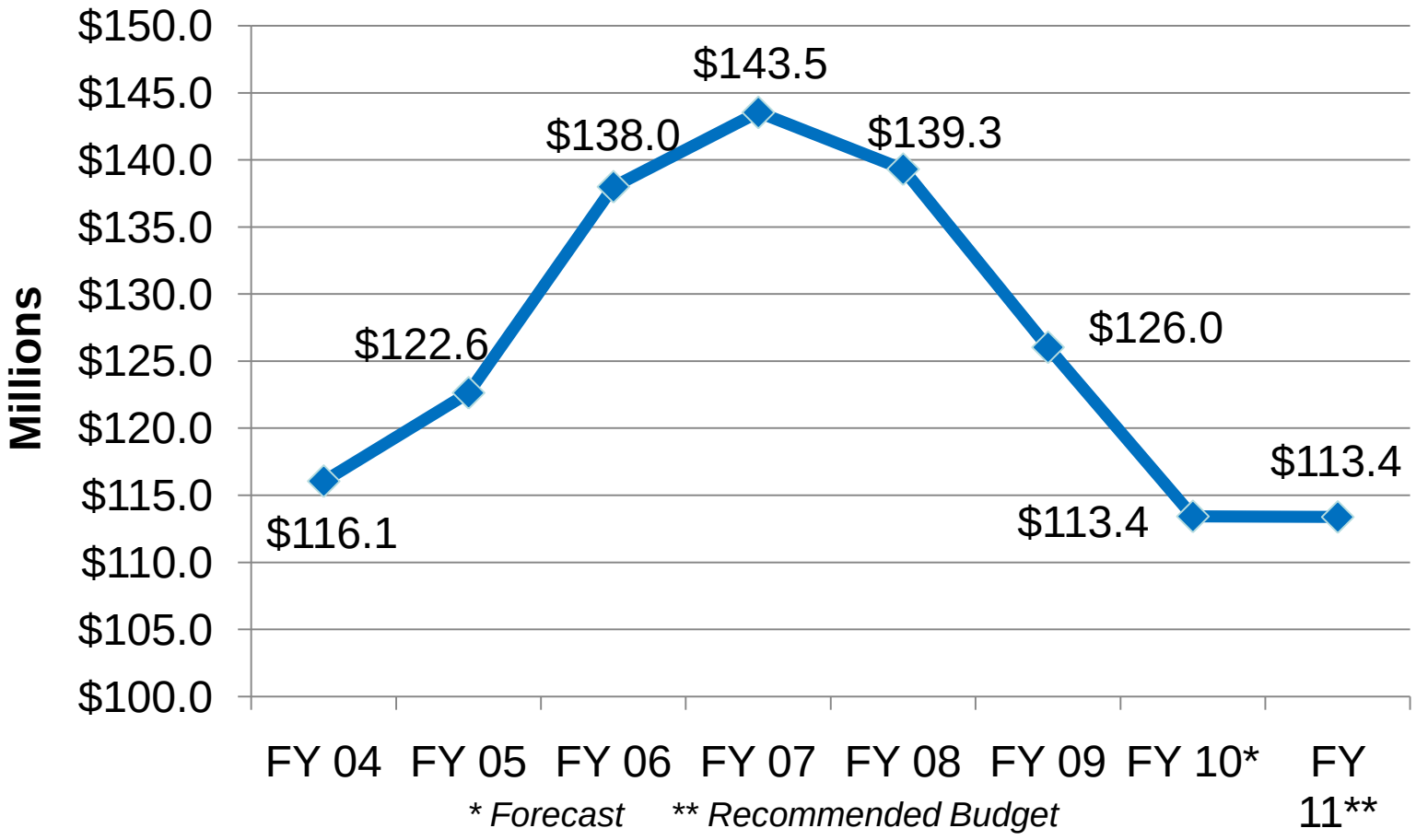


** Forecast* *** Recommended Budget*

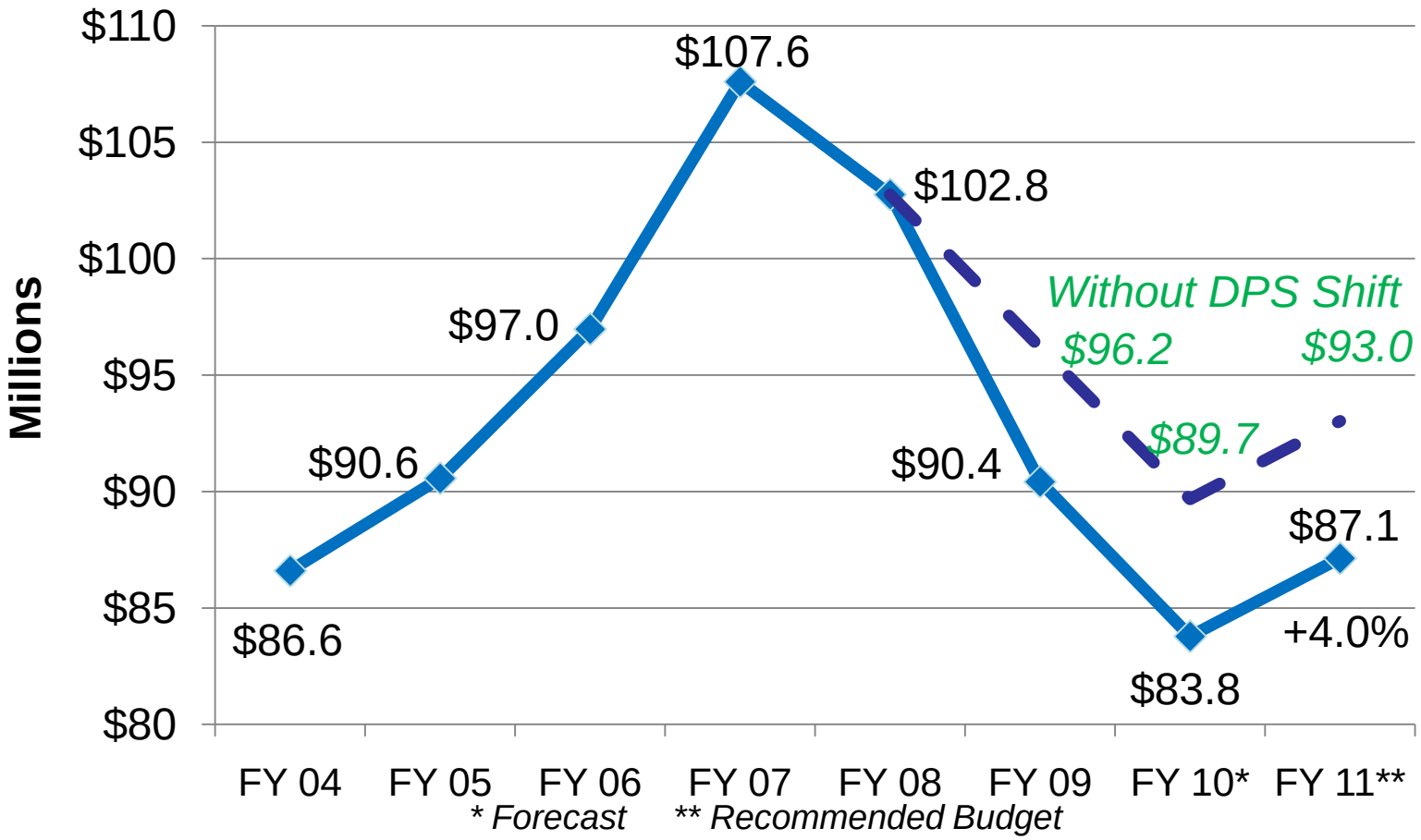
Jail Excise Tax



Vehicle License Tax



Highway User Revenue



Threats

State of Arizona Budgetary Threats

Maricopa County Forced Funding of State Deficit:
$125.6 million

	FY 08	FY 09	FY 10	FY 11	TOTALS
Mandated Contribution	$ 5.50	$24.17	$19.01	$28.60	$ 77.28
Sweep ALTCS Refunds		11.08			11.08
HURF Diversion to DPS	5.89	5.89	5.89	5.89	23.56
Divert Lottery Revenue			0.02	0.25	0.27
25% SVP Payments			2.00	3.14	5.14
100% Judges' Salaries				8.25	8.25
	$11.39	$41.14	$26.93	$46.13	$ 125.59

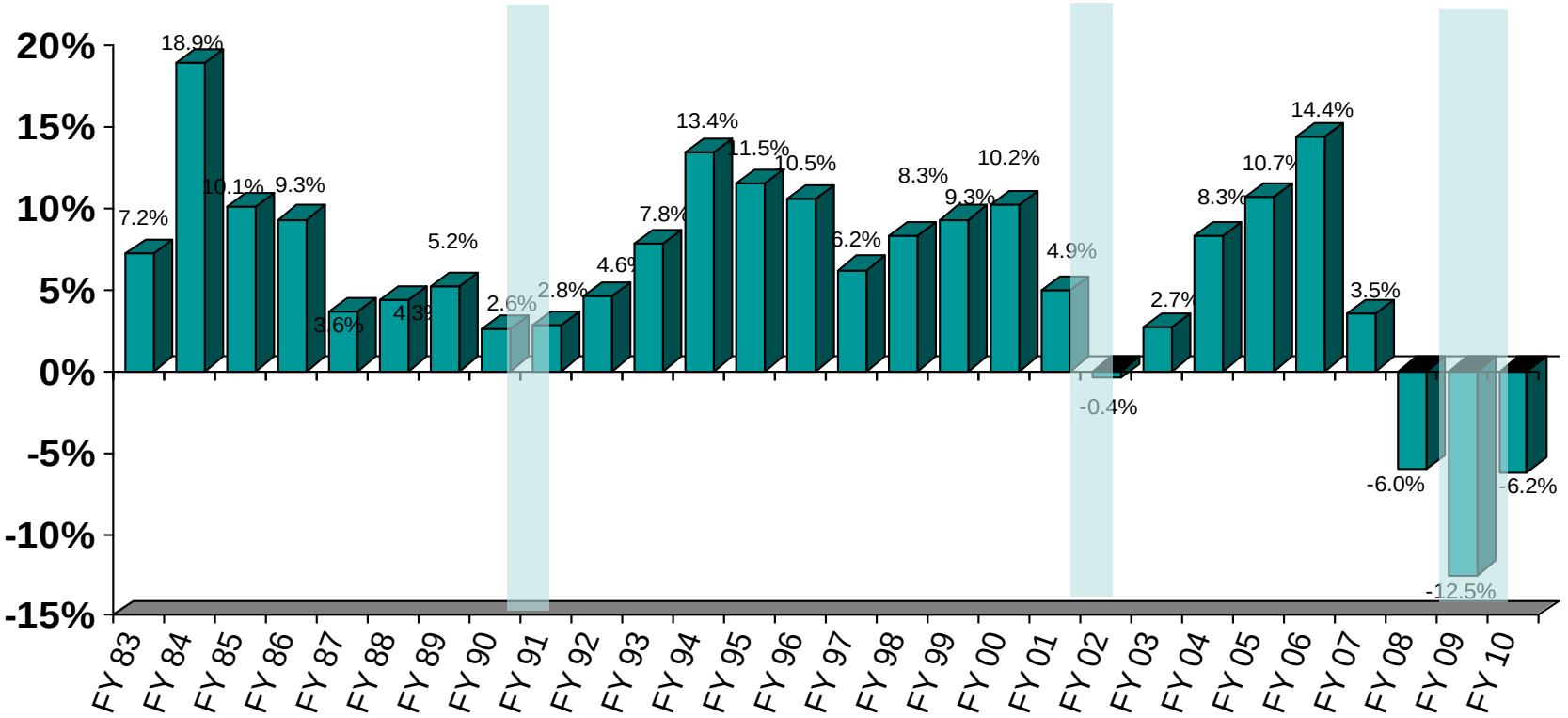
Economic Indicators

Outlook:
Elliott D. Pollack and Co.

We are in a recovery, but we have yet to fully recover. Years not months.

The recovery will still be very weak as <u>consumers will still be a drag on the economy.</u>

Maricopa County Retail and Restaurant & Bar Sales by Fiscal Year
Annual Growth FY 83 – FY 10*



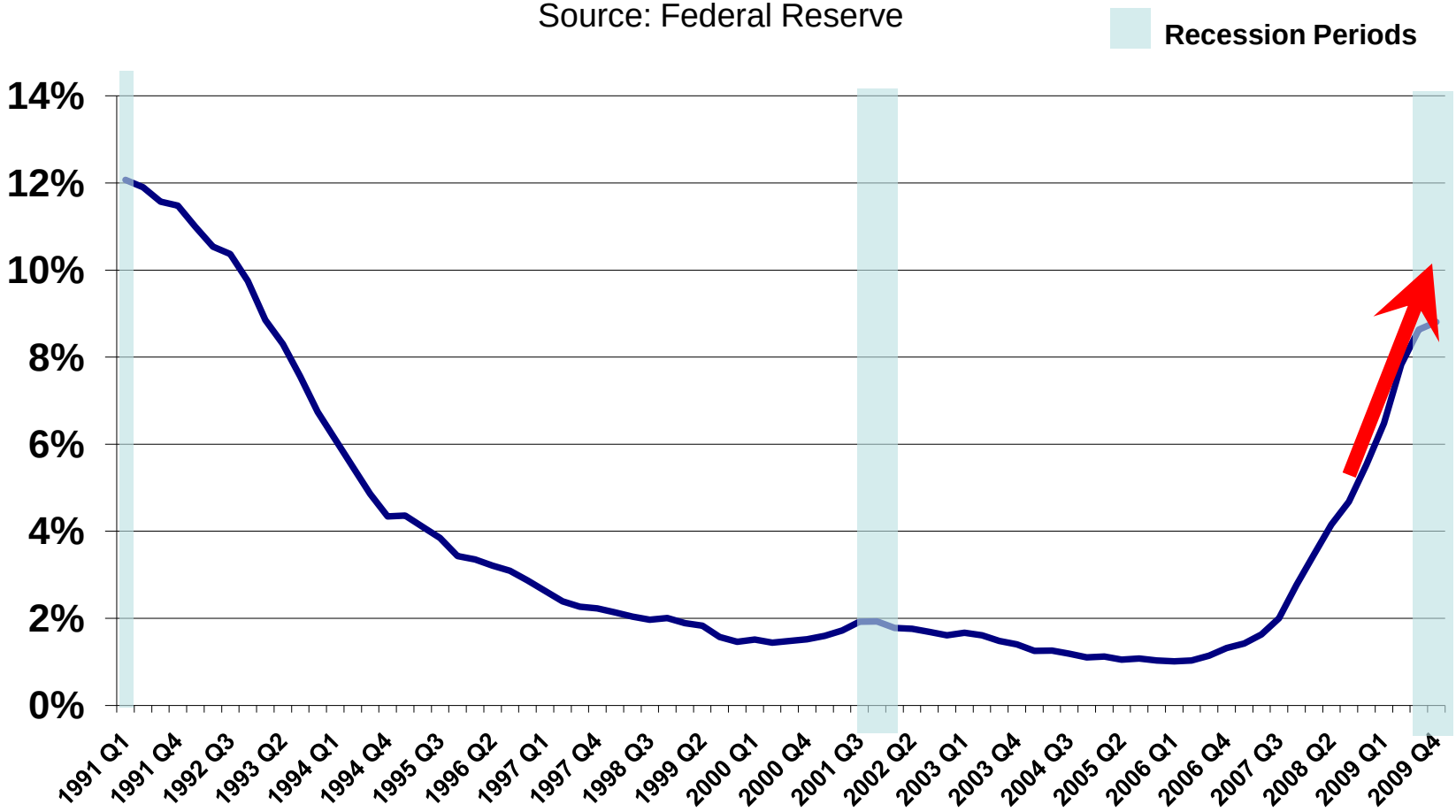
Source: ADOR

* Fiscal year-to-date through February 2010

Recession Periods

Problem Commercial Real Estate Loans Rise Delinquency Rates at Commercial Banks 1991 – 2009*

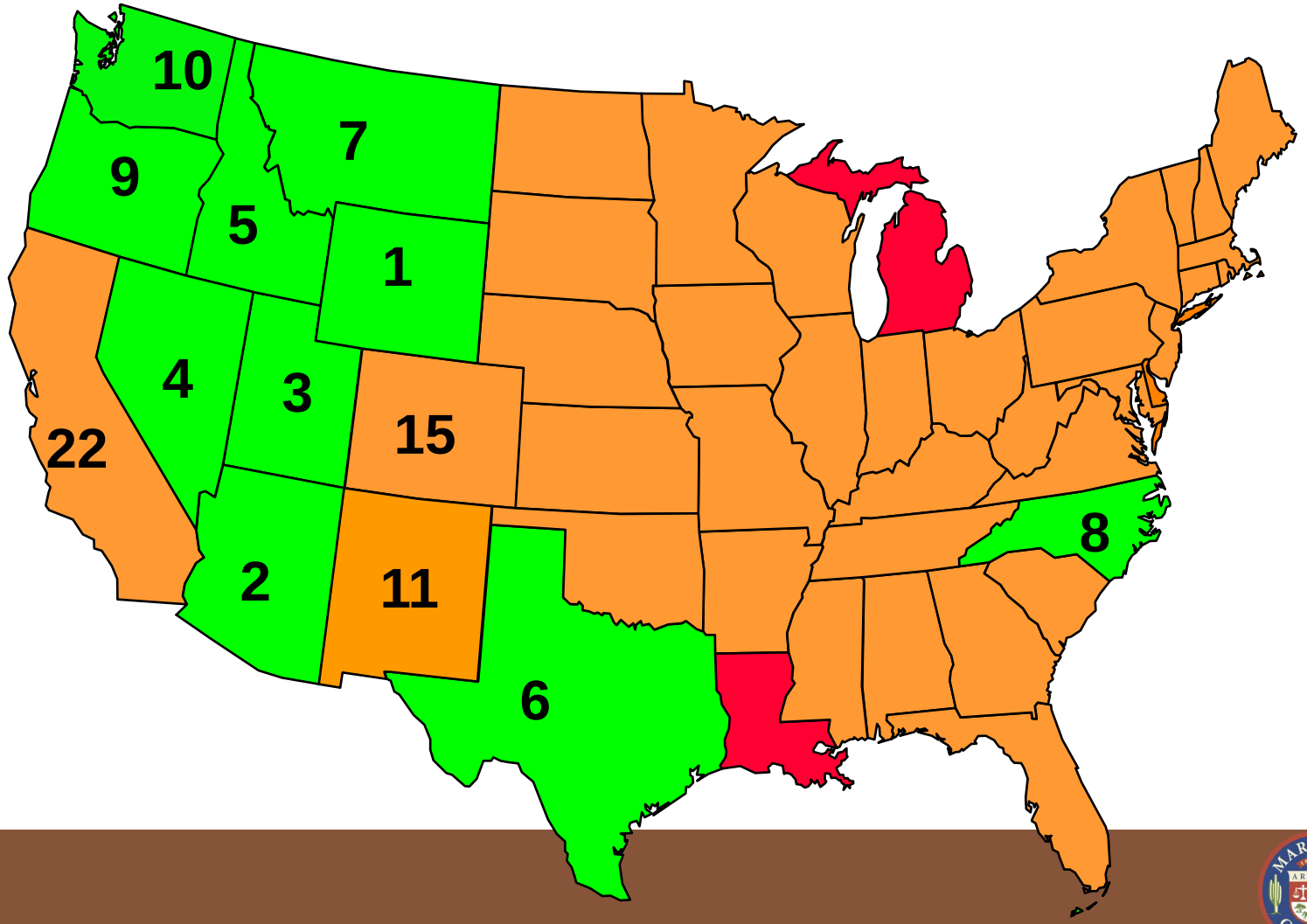
Source: Federal Reserve



* Data through fourth quarter 2009

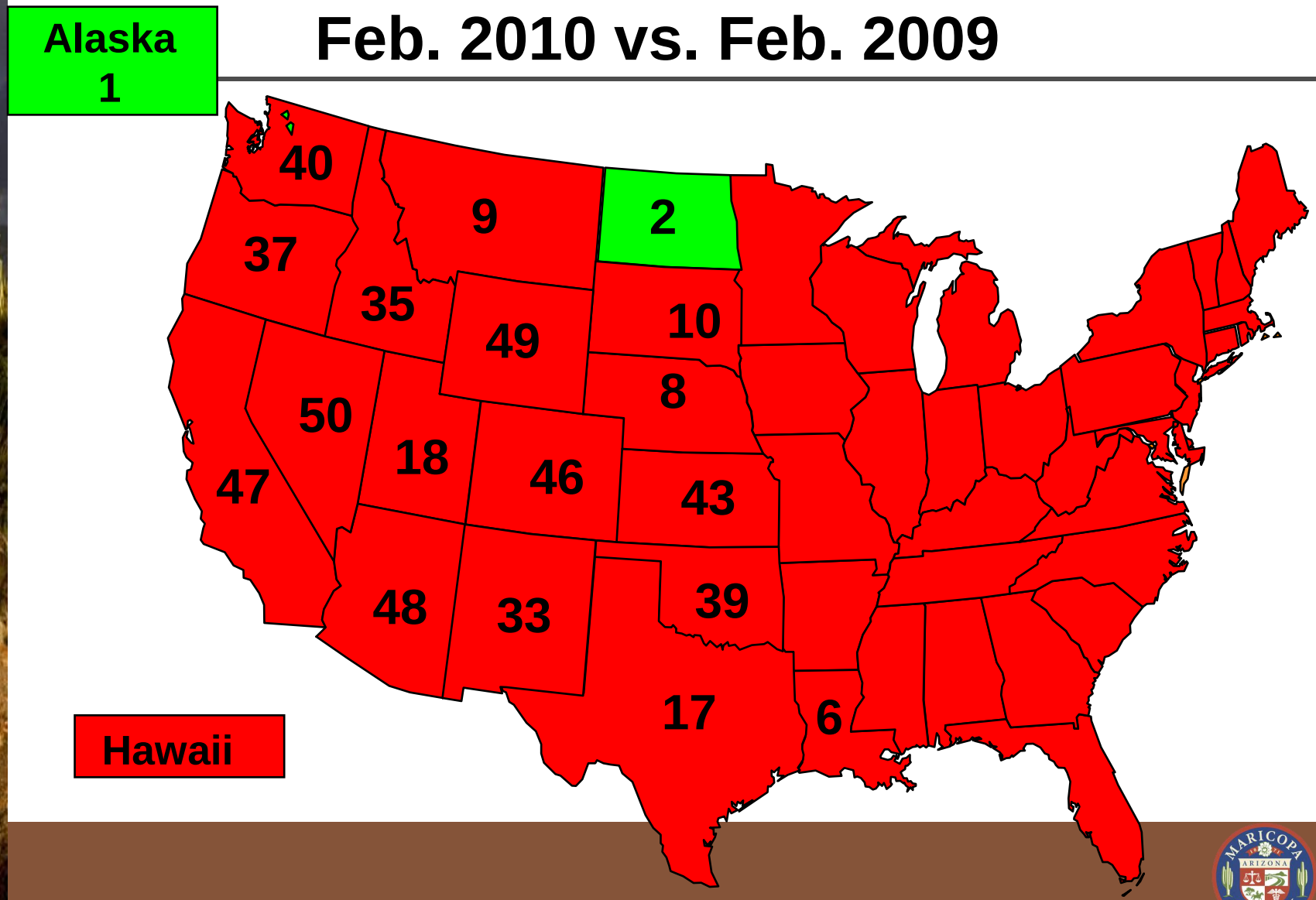
Job Growth 2006

Source: US BLS



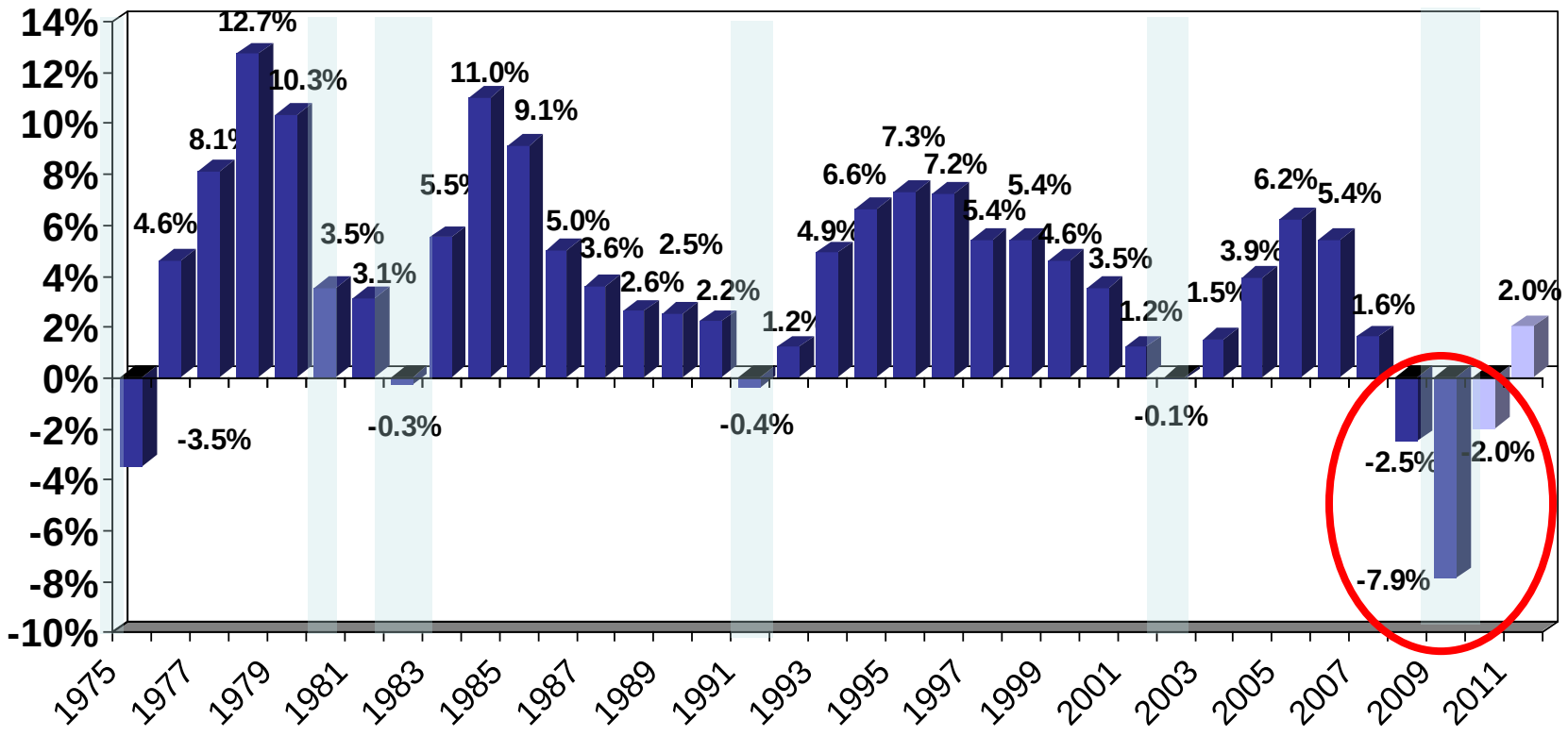
Job Growth Update:

Feb. 2010 vs. Feb. 2009



Phoenix-Mesa Metro Area Employment*
Annual Percent Change 1975–2011**

Source: Department of Commerce, Research Administration

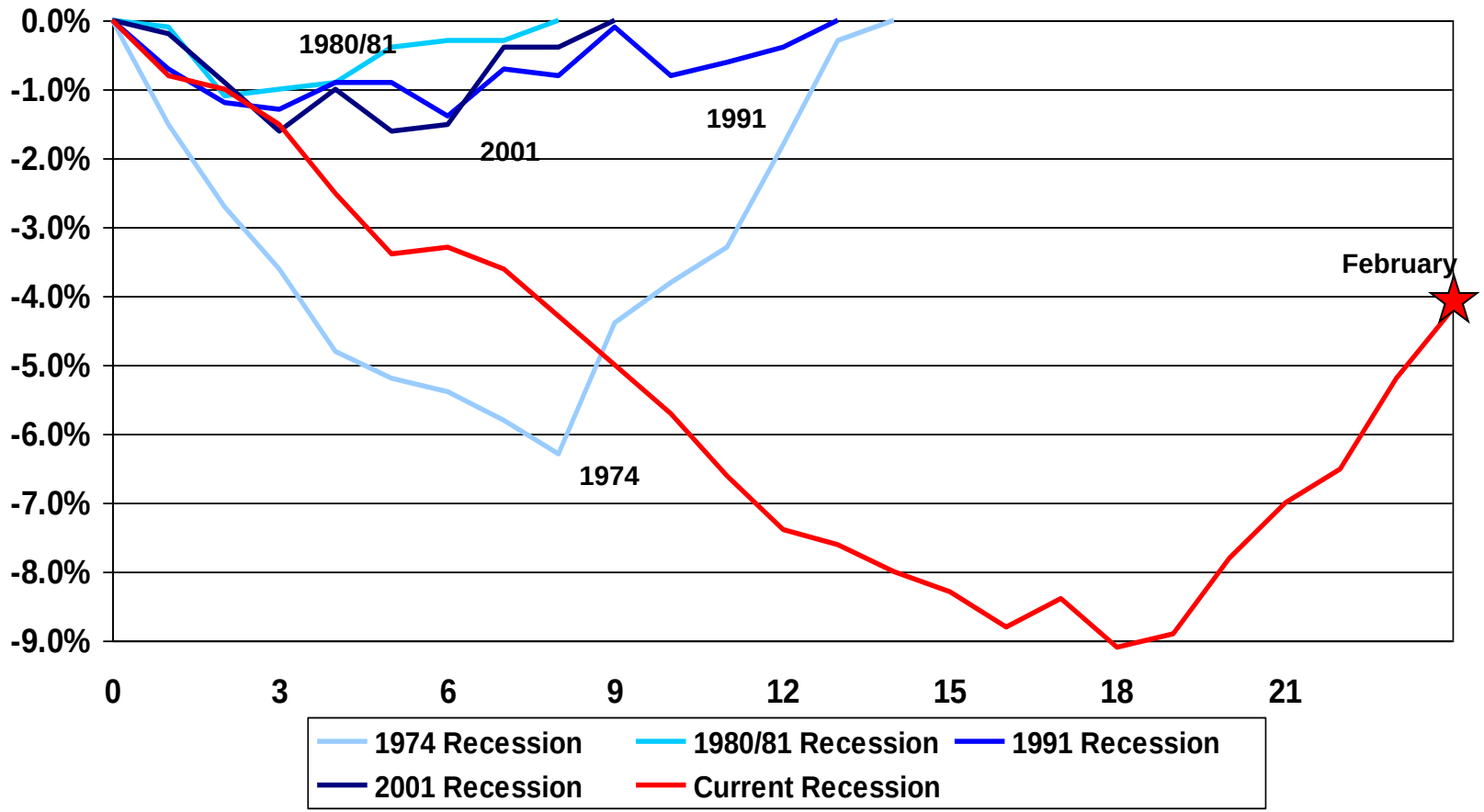


*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

** 2010 & 2011 forecasts are from *Elliott D. Pollack & Co.*

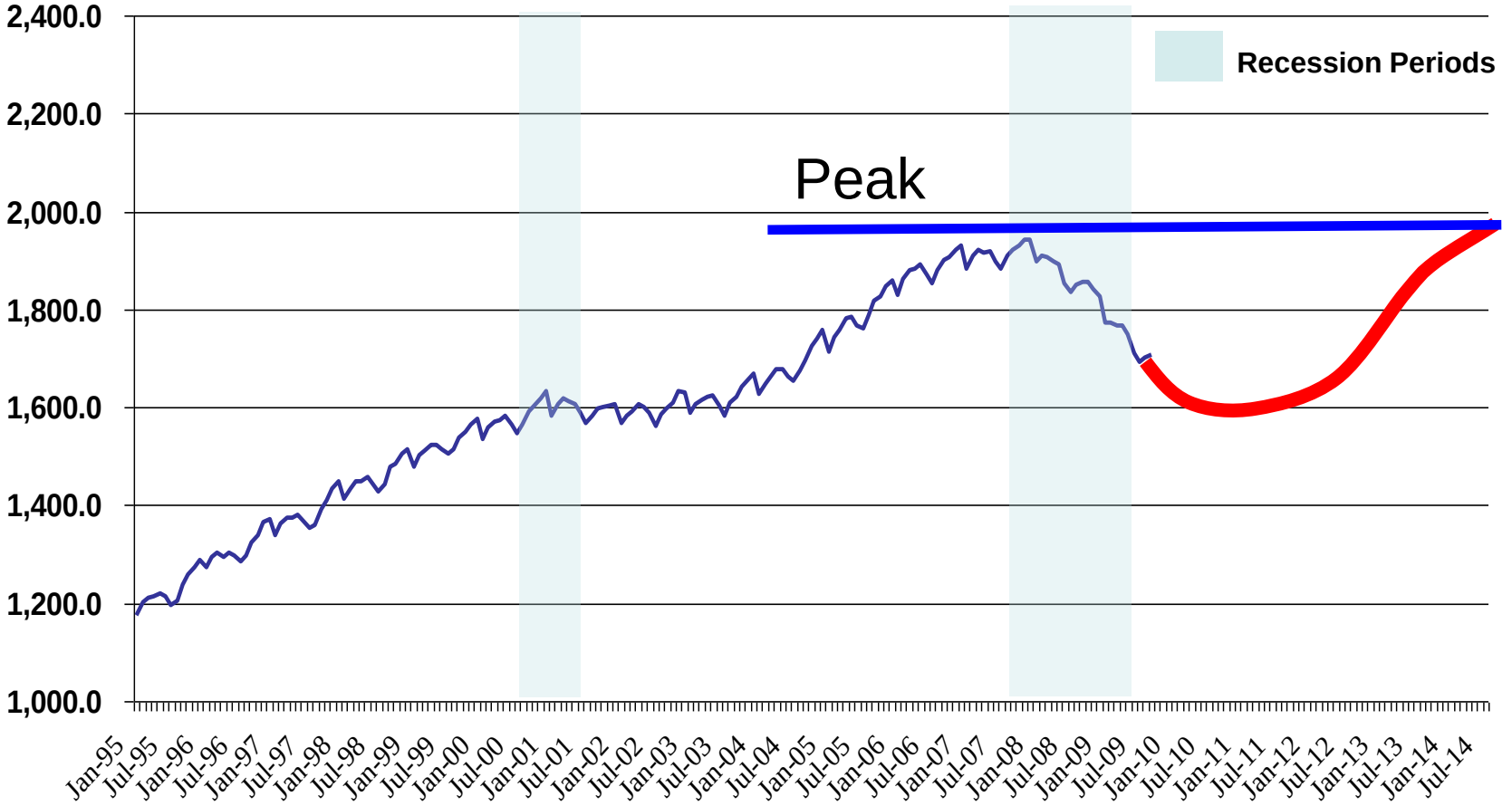
Greater Phoenix Y/Y Job Losses - Recent Recessions

Duration in Months - BLS



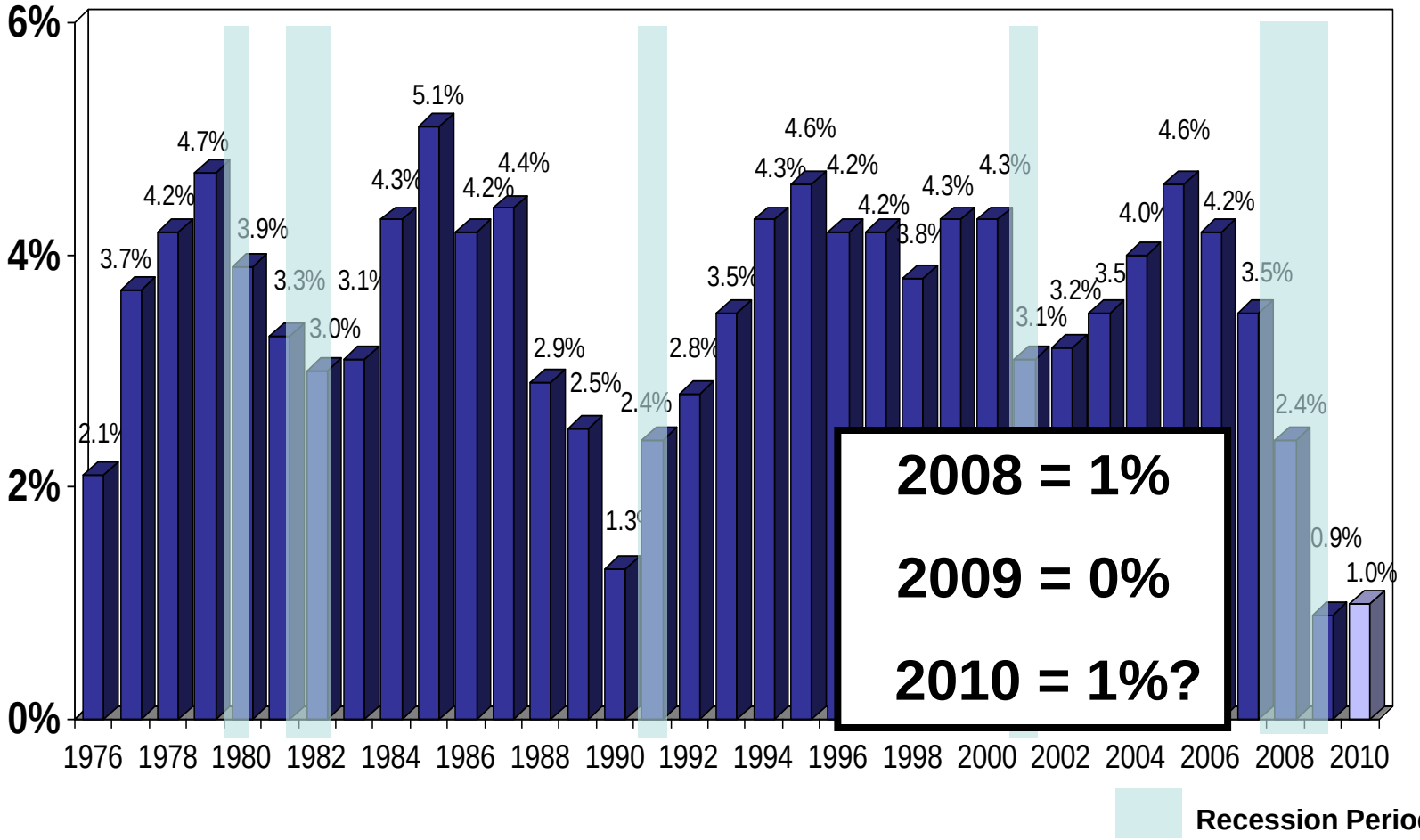
Employment Levels:
Greater Phoenix Back to Peak Before 2015?

Source: ADOC



Greater Phoenix Population
Annual Percent Change 1976–2010*

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



2008 and 2009 are estimates put out by ADOC and may be subject to substantial revision.

* 2010 forecast is from *Elliott D. Pollack & Co.*

Greater Phoenix vs. the Remainder of AZ?

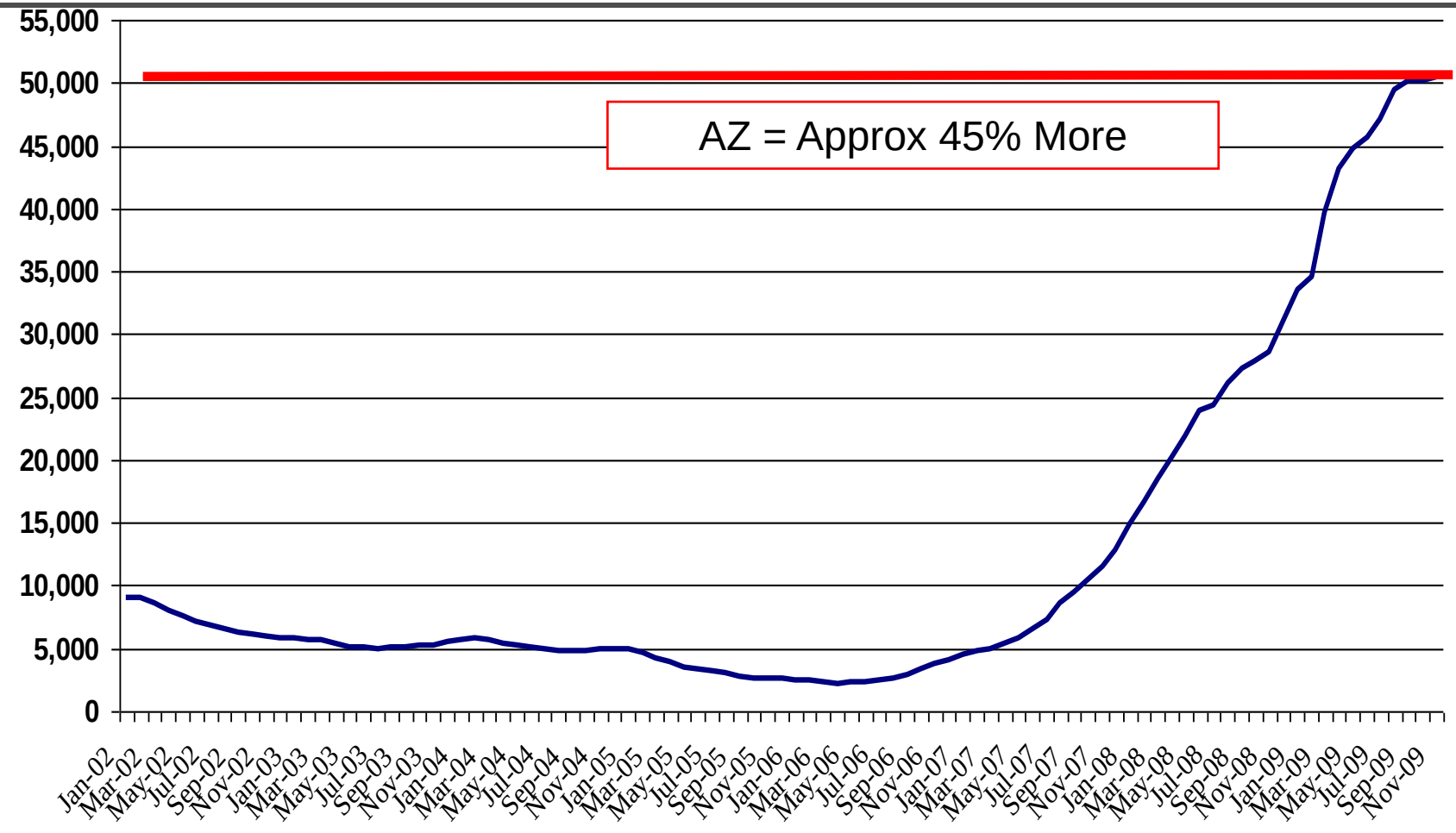
The same issues are at play, but to a lesser degree outside of Greater Phoenix.

The rest of the State is at least 1+ years ahead of the GP area in terms of the recovery.

Government Finances?

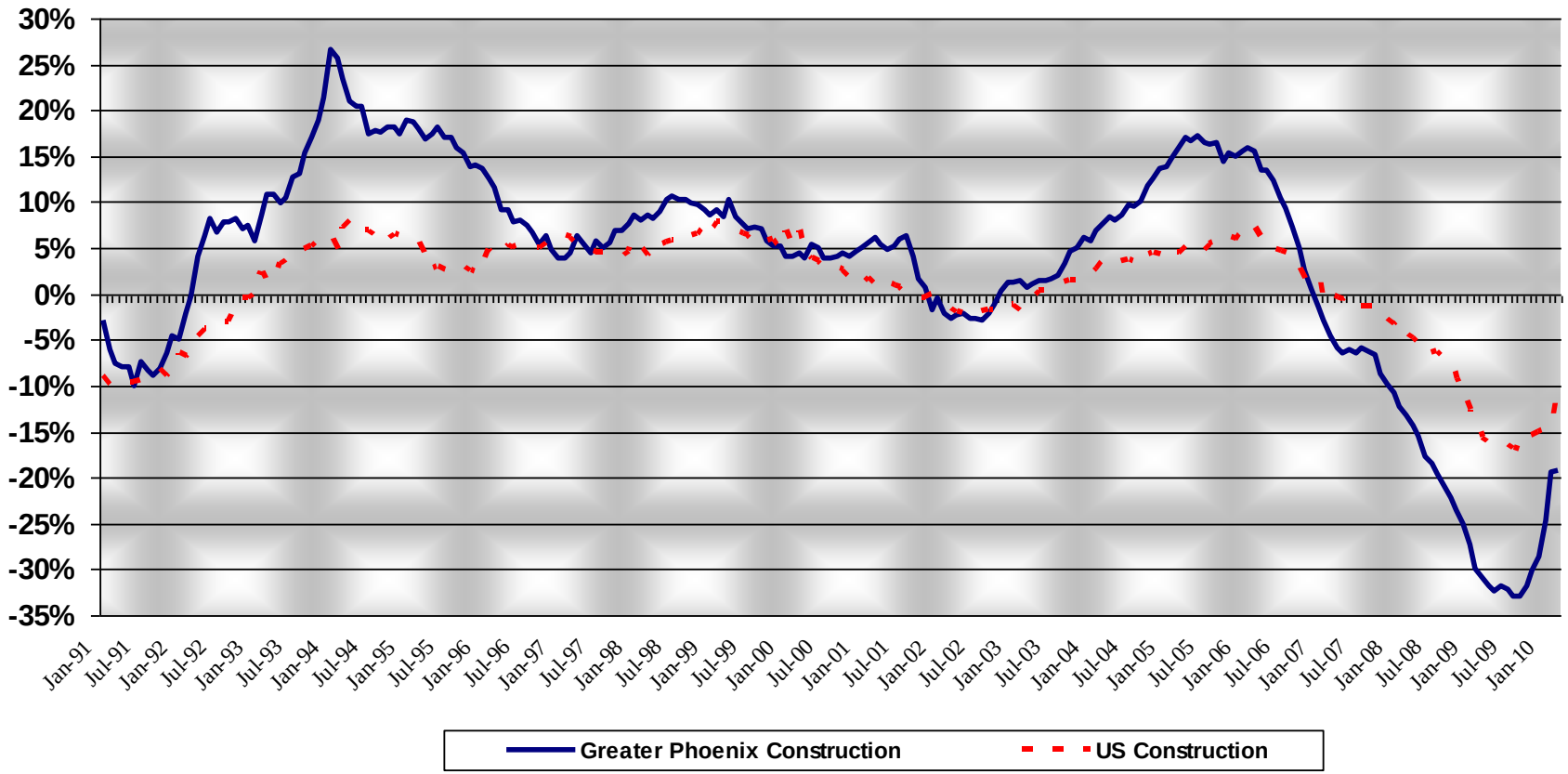
Properties in the Foreclosure Process
Maricopa County 2002 – 2009

Source: The Information Market



*Data through November 2009.

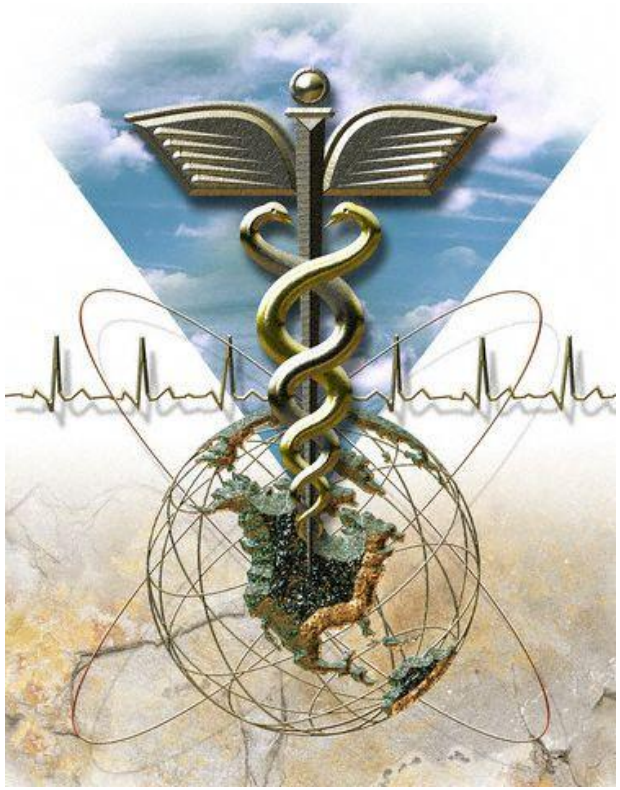
Construction Employment: Greater Phoenix v. U.S.
Percent Change Year Ago
1991 – 2010*



Source: Bureau of Labor Statistics

*Through March 2010

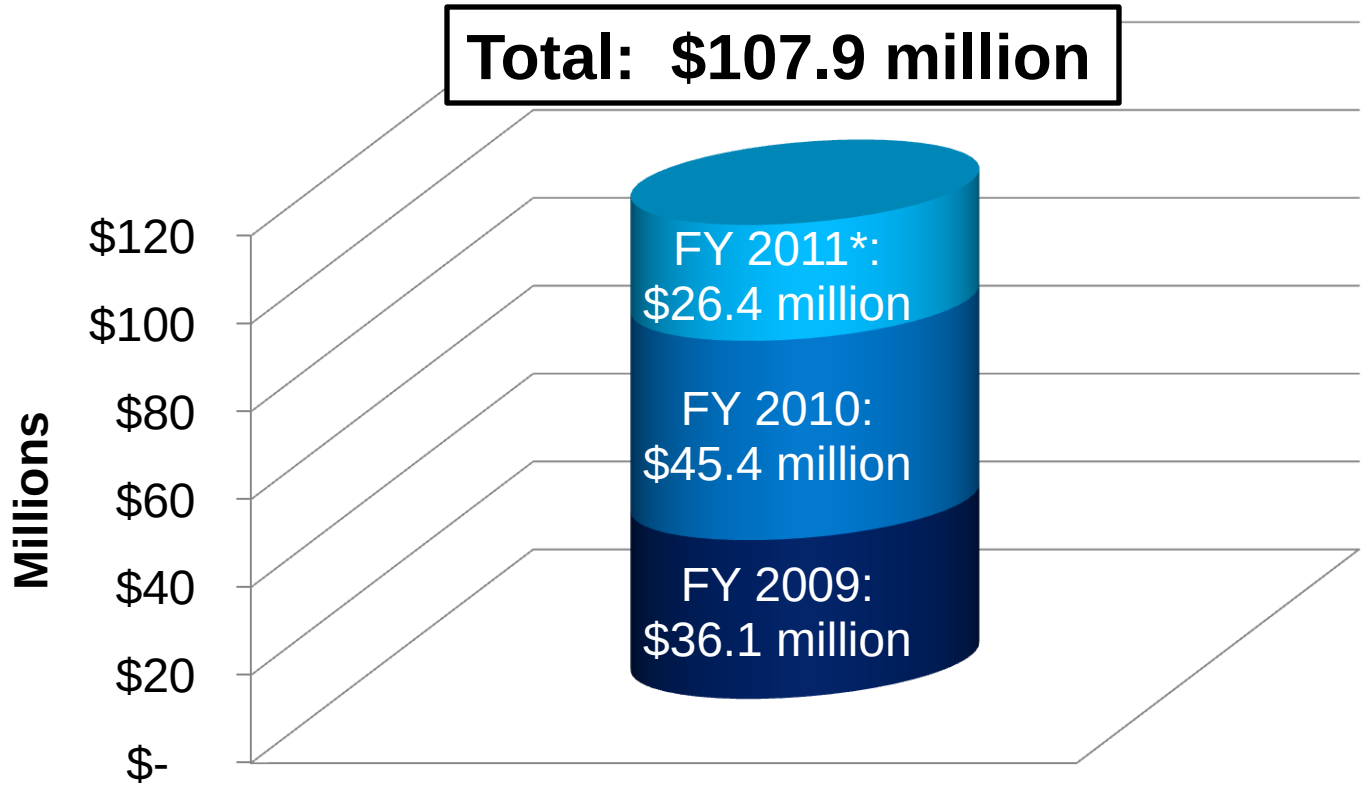
Health Care Programs



Health Care Programs

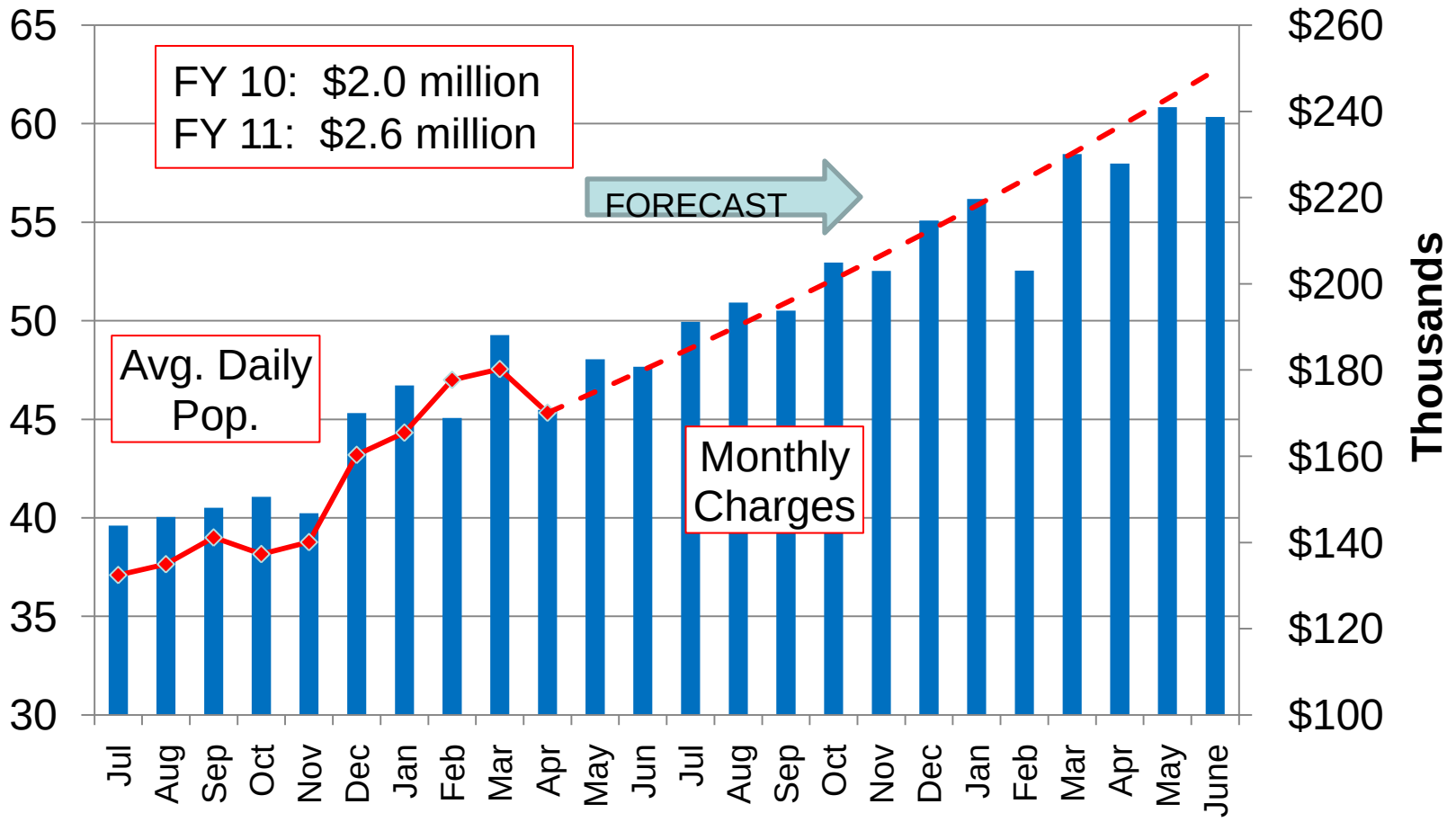
- $1.8 million increase in Arnold v Sarn mental health contribution
- No increase in base ALTCS contribution – for now
- Escalating caseloads and costs for new mandated payment to ASH for Sexually Violent Persons

FMAP Savings



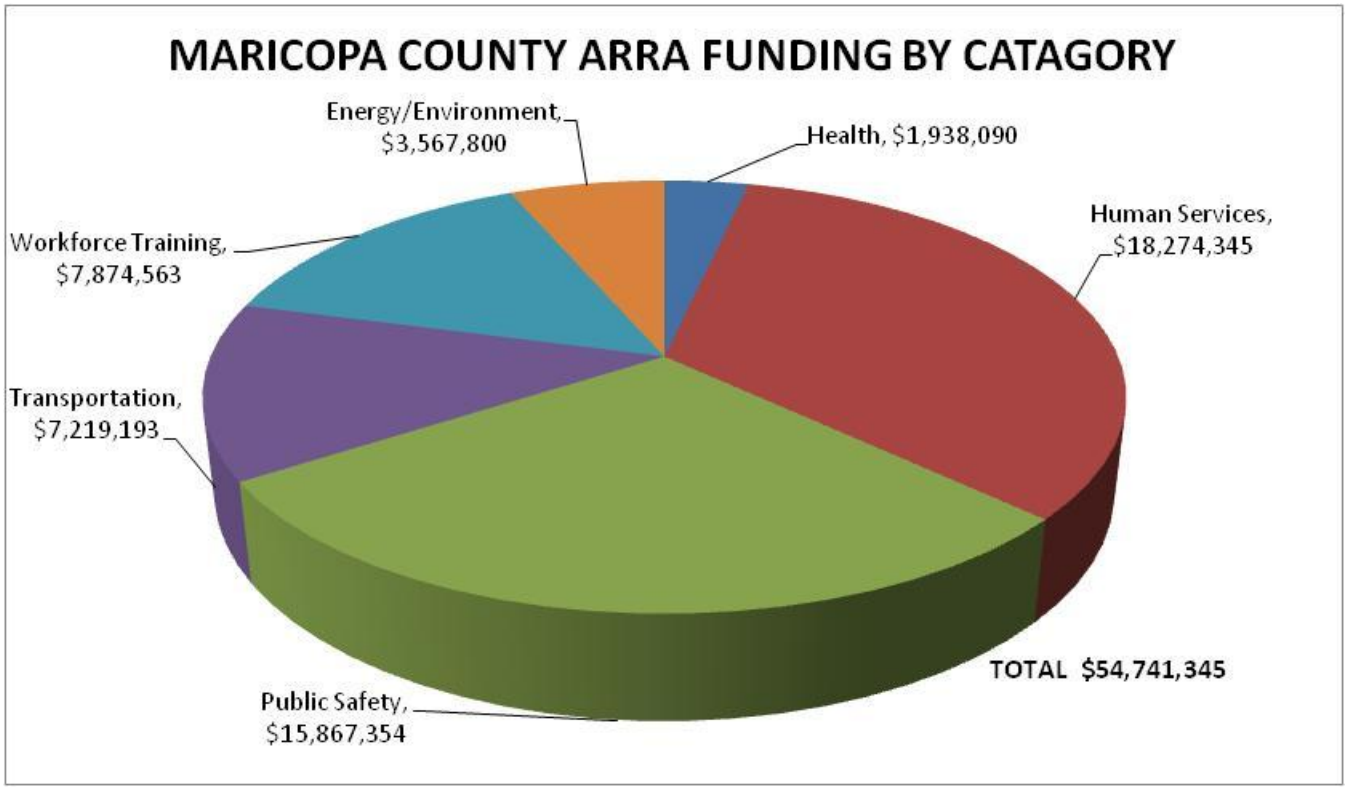
*FY 2011 Federal allocation covers through December 31, 2010, and may be extended.

State Payments for Housing Sexually Violent Persons at Arizona State Hospital



ARRA

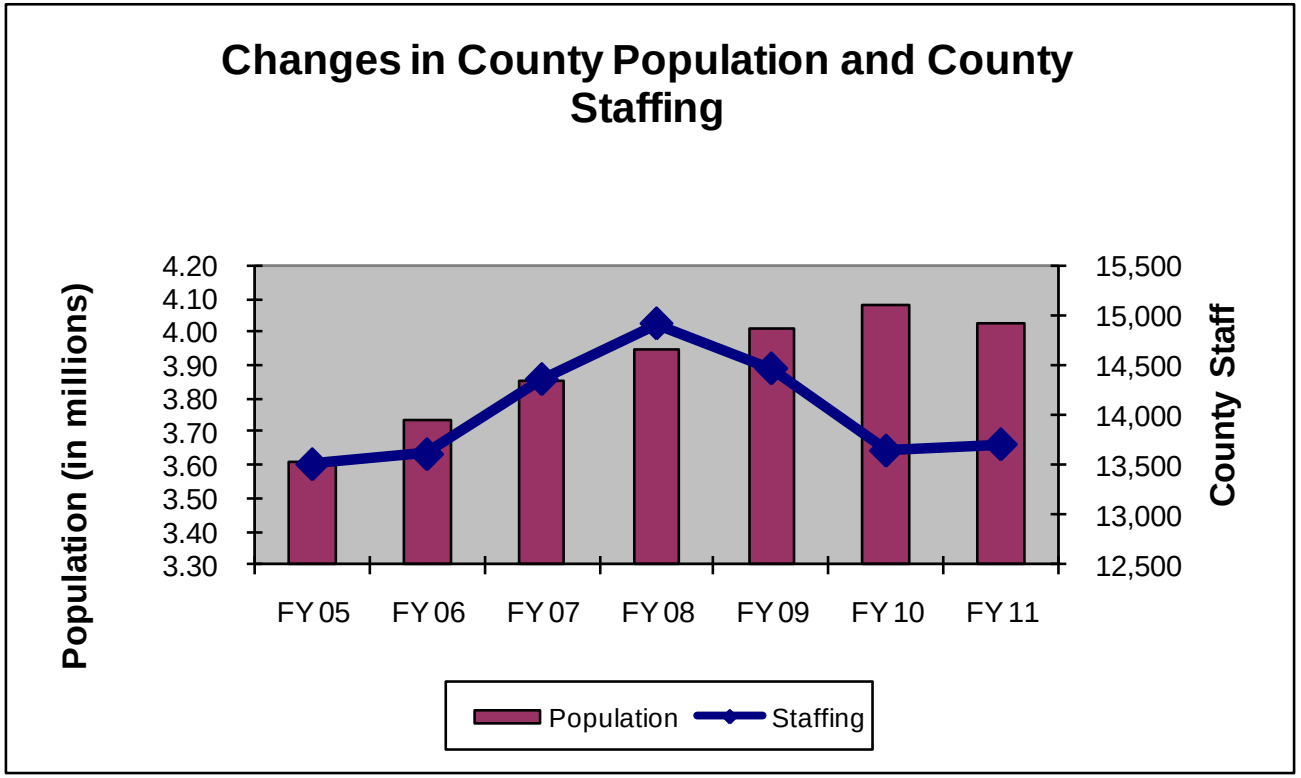
Federal Stimulus Funding



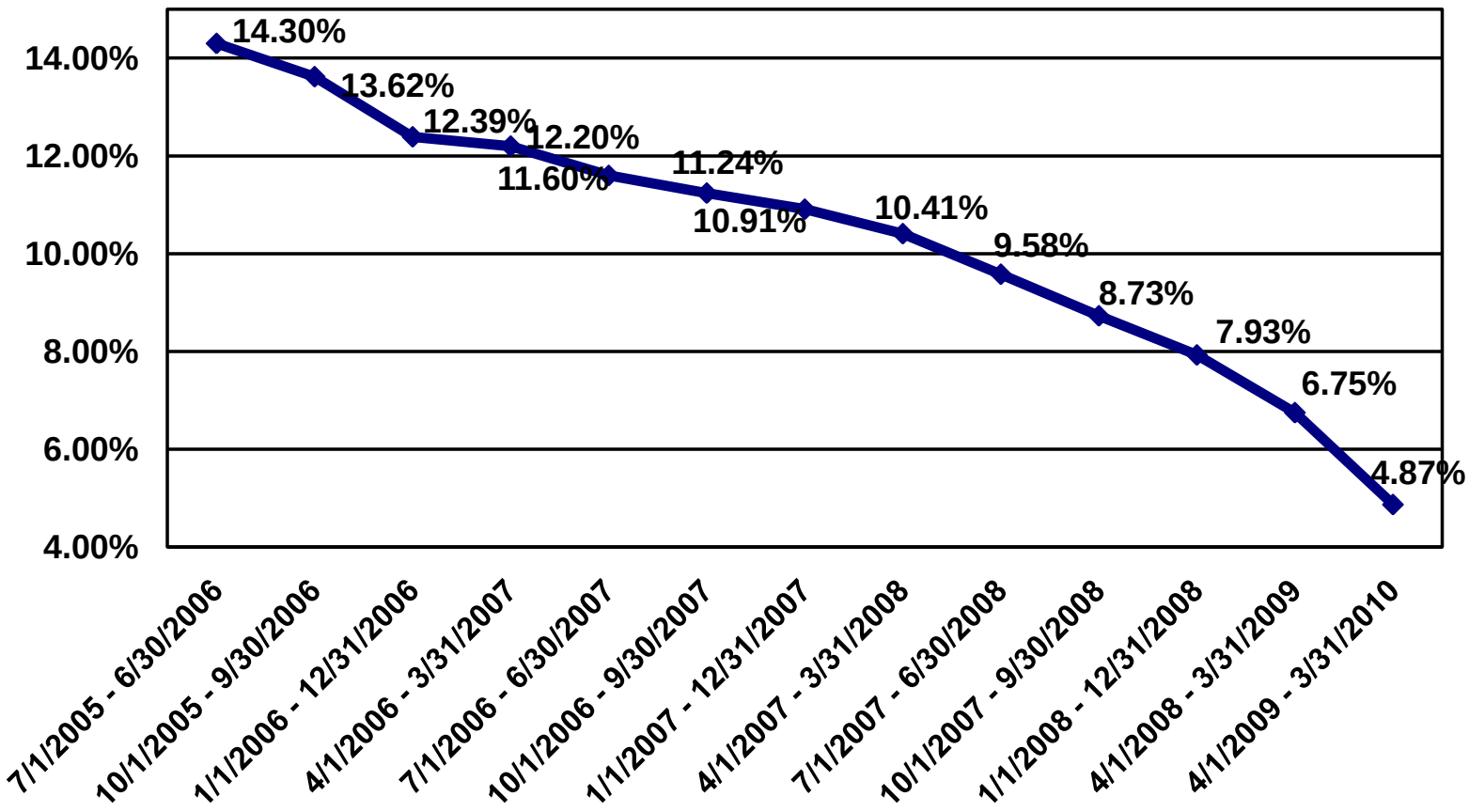
Excluding FMAP

Employee Issues

Changes in County Population and County Staffing



Voluntary Turnover By 12-Month Period



Note: Voluntary turnover for FY 2009-10 3rd Quarter was 1%!

Compensation

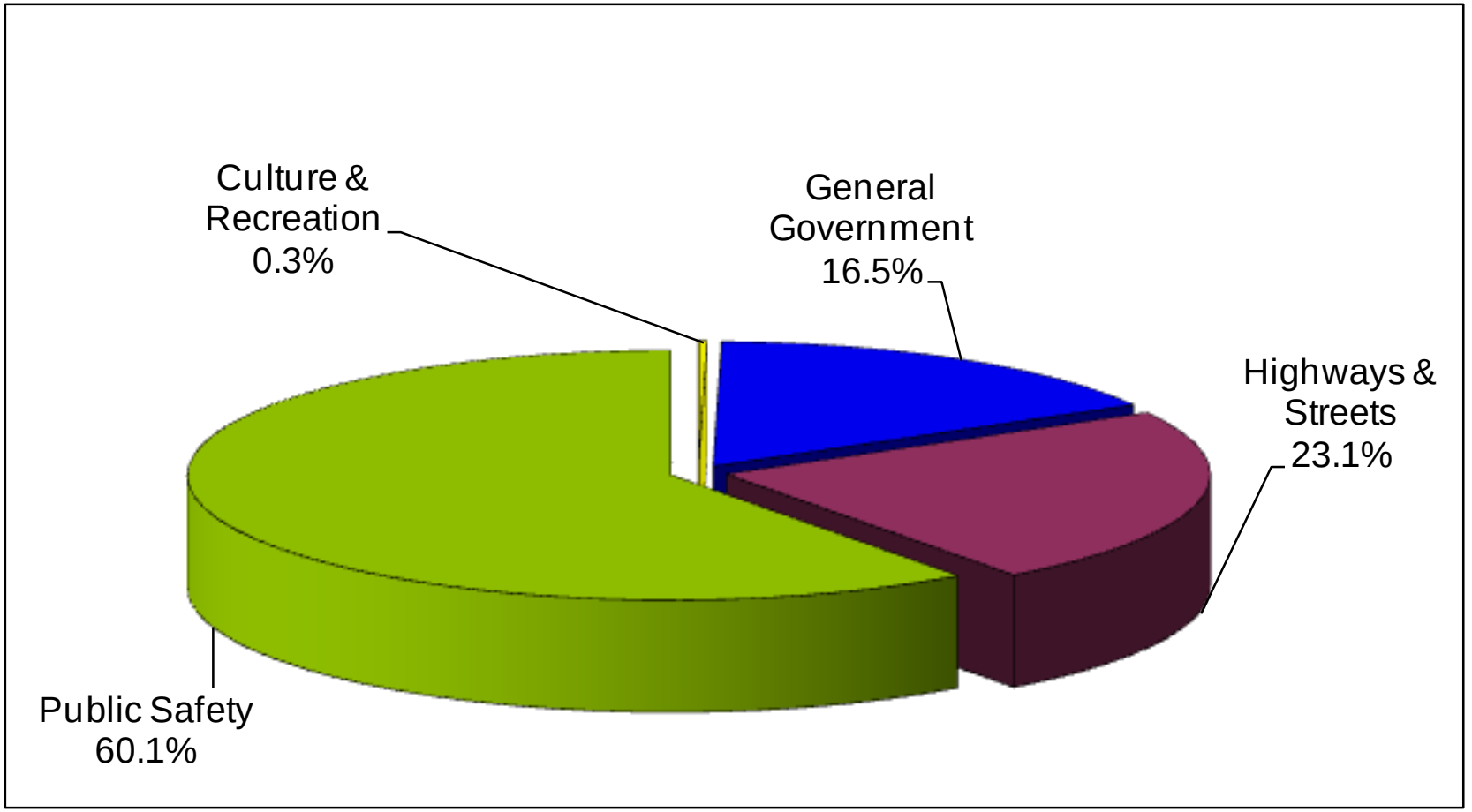
- No funding for Pay for Performance
- Includes funding for continuation of Peak Performers Program
- Includes funding for Education Assistance Program
- Employee Benefits maintained without significant cost increase for employees
- Increased benefit, retirement costs offset by other budget cuts in most departments

Capital Improvements

Capital Improvement Philosophy

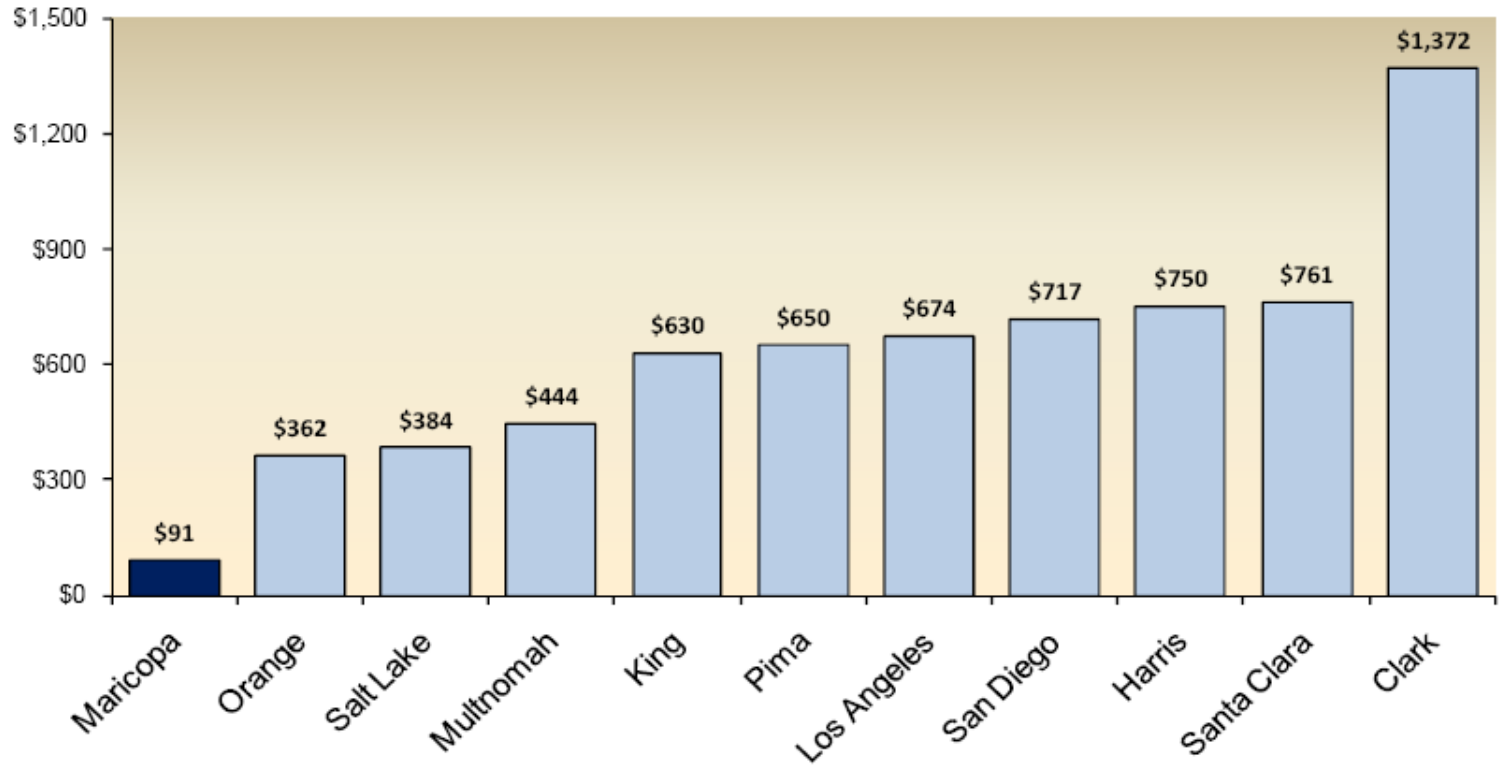
- Modified “pay as you go” policy, which began in FY 1999-00
- Use of cash or a combination of identified operational savings and lease reversions to pay the debt service
- County’s 1986 General Obligation (GO) bond debt was paid off in 2004.
- Previously, the County issued debt because it was economically favorable and to deal with the expenditure limitation. The County is no longer using this approach.

Uses of Capital Funds
FY 2010-11 - $427,874,629



FY 2009 Long-term Debt per Person Comparison to National Benchmarks

Long Term Debt Per Person Is Low Compared to Benchmarks



SOURCE: Maricopa County LTD for Governmental Activities "Note 13— "Long Term Liabilities" and Benchmark CAFRs

Recommended New CIP Projects

General Fund

• First Avenue Jail Demolition and Plaza Expansion	$ 9,251,685
• Santa Fe Depot Remodel	3,972,106
• Security Building Improvements	2,669,424
• Project Reserve*	31,657,923

Detention Fund

• MCSO Transportation Hub	52,139,825

Reserved for property acquisition to replace leased space.

Technology Projects

Infrastructure Refresh Project:

East Court Building – Before & After

Recommended Technology Projects

• County Switch/Phone System	$29,086,200
• Contact Center System	4,953,900
• 911 Center Equipment	8,250,000
• P-25 Radio System	108,909,900
• Infrastructure Refresh Phase 2 Study	500,000
• CHS-Electronic Medical Records	10,000,000

*Numbers presented are the 5 Year project totals.

Transportation Capital Improvement Projects

Department of Transportation Capital Projects	FY 2010-11 Recommended Budget	FY2011-12 to FY2014-15	Five-Year CIP Program Total
	$ 98,872,518	$ 311,304,618	$ 410,177,136

Conclusion

- FY 2010-11 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 21	Final Budget Adoption
August 16	Property Tax Levy Adoption

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Special Districts

Flood Control District Highlights

- The property tax levy declined by $6,893,630
- Overall expenditures of $97.95 Million, an increase of $1,221,775
- FY 2010-11 CIP increased to $60.5 Million
- Five-year CIP projected to be $300.5 Million

Library District Highlights

- Property tax levy is flat.
- Overall expenditures of $28.1M for FY 2010-11 is a $4.8M decrease compared to $32.9M in FY 2009-10.
- New Library Openings:
  - Fairway Branch (May 2010)
  - White Tank Branch (Fall 2010)
- Expansion of Polaris Integrated Automated Library System.
- Summer Reading program: 63,000 children in FY 2009-10, from 45,000 in previous FY.

Stadium District Highlights

Overall expenditures of $10.5 Million.

- Projects started in FY 2009-10 and continuing in FY 2010-11:
  - Chase Field Party Suite Renovations:
    - $1,000,000
  - Chase Field Roof Coating:
    - $1,200,000

  Both projects are in the design phase and will begin after the end of the 2010 baseball season.

- Car Rental Surcharge revenue declining, requiring use of fund balance to meet debt obligations and Cactus League support.

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