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# MEMORANDUM

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Date: May 12, 2017

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **May 9, 2017 Budget Hearing Summary**

As indicated in the May 9, 2017 Budget Hearing, I am providing the Board of Supervisors this summary memorandum regarding issues or questions raised during the hearing.

### Summary by Objects and Differences in Explanations

Attachments 1A through 1P are summaries by object for each of the 15 departments or agencies where increases, decreases or significant variances in year-to-year budget comparisons are provided. They all have some explanation associated with significant variances, which should assist the Board's review of the summary reports.

Attachment 1 is compiled in accordance with the appearance of the budget presentations, beginning with the Superintendent of Schools and ending with the Stadium District and Kino Sports Complex.

As you will see, there are explanations for all except for that of the Assessor. The Assessor's staff declined to provide this information to Budget staff.

### Department/Agency Presentation Materials

Attachment 2 includes the presentation materials provided by 12 of the 15 departments or agencies that appeared before the Board on May 9. This information is also provided in the order in which the department or agency appeared during the hearing. Materials were not distributed by the Assessor, Treasurer or Public Defense Services during the hearing.

### Department/Agency Issues and/or Questions

1. Superintendent of Schools

No issues or questions.

2. Assessor

Questions arose over the Assessor's use of outside legal counsel as opposed to the County Attorney. This practice arose from a representation conflict between the Assessor and the County Attorney. This conflict has been largely resolved; however, there may be occasions where the position of the Assessor may differ from that of the Board of Supervisors on matters related to valuation processes and/or procedures. Outside counsel would be necessary in those instances. The use of outside counsel has declined upon resolution of previous conflicts (from \$86,480 in FY 2015/16 to \$58,184 in FY 2016/17 to date), and it is likely this trend will continue.

Of the eight cases filed by the Assessor as the Plaintiff, seven are resolved; and the stipulated value increases exceed \$30 million annually, resulting in tax increases of more than \$400,000.

3. Public Defense Services

Public Defense Services (PDS) is a relatively new organizational unit. It is a consolidation of all of the County's public legal defense functions, including the Public Defender, Legal Defender, Office of Court Appointed Counsel, Office of Children's Counsel, Mental Health Defender, Dependency Counsel and the Public Fiduciary. These functions were consolidated to reduce costs, improve centralized policy development regarding defense services, and to improve representation in outcomes for public defense clients. For the first time in a number of years, actual expenses will be below budgeted. There appears to be significant additional savings through increased reliance on County-appointed attorneys for dependency cases, as well as enhanced revenue collections from more uniform attorney fee assessments. Expenses related to PDS are largely dependent on other components of the criminal justice system, including the police making felony arrests and the County Attorney, who files felony cases. These are the two largest cost drivers of PDS.

4. Attractions and Tourism

Attractions and Tourism manages 13 County-owned properties, the majority of which are leased or operated by nonprofit organizations. Others function primarily as museum or entertainment venues for residents and visitors. These 13 properties are listed below.

- Ajo Community Golf Course
- Arizona -Sonora Desert Museum
- Colossal Cave Mountain Park
- Crooked Tree Golf Course
- MC Motorsports Park

- Musselman Honda Circuit
- Old Tucson
- Pima Air and Space Museum
- Pima County Fairgrounds
- Rillito Park Racetrack
- Southwestern International Raceway
- Titan Missile Museum
- Tucson Speedway

Attractions and Tourism is funded by the one percent share of Pima County Bed Tax, a tourism related tax. A number of tourism related and/or economic development related activities are also funded from the one percent bed tax. These organizations are listed below.

- Ajo Chamber of Commerce
- El Tour de Tucson
- JobPath
- Sun Corridor Inc.
- Tucson Botanical Gardens
- Tucson Children's Museum
- Tucson Meet Yourself
- Tucson Pima Arts Council/Foundation
- DM 50
- International Sonoran Desert Association

It should be noted that two of the above outside nonprofit organizations – JobPath and Sun Corridor Inc. – are related to job training and economic development and are only partially funded by this revenue source.

5. Community Development and Neighborhood Conservation

The primary issue raised is the level of federal funding for the Community Development Block Grant (CDBG) program, home repair, housing rehabilitation and utility cost assistance for low-income households. At present, the funding level remains the same; however, the new federal fiscal year may bring significant dramatic changes.

6. Community Services Employment and Training

This department is also largely funded through federal grants, and grant continuity and the level of funding is uncertain. Questions were raised with regard to the actual cost of minimum wage compliance. If the number of summer youth worker hours is retained, this amount is \$255,628 and will be set aside in the Budget Reserve for Board direction.

7. Communications, Graphics Services and the Print Shop

No significant changes are anticipated in these areas, except that Print Shop revenues are expected to increase dramatically with their relocation from Mission Road to the downtown. This relocation will be complete by August 31, 2017. The Mission Road facility will then be occupied by the Information Technology Department to transition Information Technology hardware from vendors to implementation and from County departments and agencies back to vendors in the case of leased equipment.

8. Library District

There are no major issues in the Library system, with the exception that both information technology and circulation costs will rise in the future due to the shift from printed materials to electronic information, as well as improved community access to the internet through library computing systems. The issue of collection of fines and fees was raised; this amount is budgeted at \$600,000, and we do not anticipate any major changes. Typically, there is a relatively high write-off of library fines and fees, since the transient population incurring fines has a low compliance record regarding payment.

9. Recorder

The County continues to be underfunded by the State for the Presidential Preference Election (PPE). Some funding has been received, but the Recorder's expenses for the PPE have not been fully reimbursed by the State. The most significant issue currently before the Recorder is the Secretary of State's (SOS's) desire to implement a statewide voter registration program for all counties, even though Maricopa and Pima Counties have successfully operating systems. Previously, Pima County made reimbursements to the State to operate the previous State system the County did not use. In the future, these reimbursements will not be made; and it is uncertain what cost will be imposed on the County to implement the SOS's desired new voter registration system.

10. Treasurer

Object 5142 shows an increase projected at \$166,327, since the Treasurer budgets for postage costs based on the previous fiscal year's actual expense.

11. Behavioral Health

This Department should be appropriately retitled Behavioral Health and Detention Health. The Department provides a variety of contracted medical and mental health services, all of which are managed by the Department. These include nearly \$14 million in medical and

behavioral healthcare for County detention facilities, including the Adult Detention Facility or Jail and the Juvenile Detention Facility. The Department's budget decreased by approximately \$15 million due to previous payments to the Arizona Board of Regents/Banner University Medical System being included in this budget. This payment has been moved to and paid for through the previous year's ending fund balance and is identified in this year's Tentative Budget transmittal memorandum

12. Office of the Medical Examiner

There are no issues within the Office of the Medical Examiner.

13. Health Services

The largest unknown facing the Department is the impact of a repealed and/or modified Affordable Care Act (ACA). Upon implementation of the federal ACA, visits to County Public Health clinics actually declined. It is unknown if this trend will reverse with a repealed or modified ACA.

14. Pima Animal Care Center

The Pima Animal Care Center (PACC) is in transition from an old to a new facility. Two partners, the Towns of Marana and Sahuarita, have chosen to provide their own services as is permitted in the system, since it is a voluntary partnership. County animal care ordinances will be amended and will be before the Board for adoption on July 11, 2017. These amendments will relate to fees, charges and the cost of services for nonmembers of the Animal Care Consortium, to ensure that those members paying for the cost of the animal care system do not subsidize nonmembers.

15. Stadium District and Kino Sports Complex

There are no issues within these organizations. A question did arise regarding the number of facilities operated at the Kino Sports Complex (KSC) and Stadium District. The facilities are as follows:

- Baseball facilities, including practice fields and the stadium, two clubhouses, soccer fields and stadiums north of Ajo, and soccer fields south of Ajo
- The Kino Environmental Restoration Project (KERP), also known as a flood control detention facility
- San Molina Softball Complex
- Mulcahy Recreation Center
- Willy Blake Neighborhood Park and Soccer field north of the KERP

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As a matter of information, the Stadium District debt service payment will end in December 2017. The Stadium will be fully paid off with the final payment of \$2,854,625. This payment has been partially supported by the Car Rental Tax (CRT) and Recreation Vehicle Tax (RVT). The annual estimated CRT is \$1.5 million, and the estimated revenue from RVT is \$37,000. Neither of these taxes will be collected after the Stadium District debt is retired.

CHH/mjk

Attachments

c: Tom Burke, Deputy County Administrator for Administration  
Keith Dommer, Director, Finance and Risk Management  
Robert Johnson, Budget Manager, Finance and Risk Management