MEMORANDUM

Date: May 17, 2013

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

From: C.H. Huckelberry
County Administrator

Re: **May 17, 2013 Fiscal Year 2013/14 Budget Meeting – Questions and Responses**

Attached please find a series of questions posed by District 1 Supervisor Ally Miller, along with responses prepared by staff, in preparation for Supervisor Miller's public budget meeting today. A limited number of hard copies of this information will be available for distribution at the budget meeting.

Please contact me if you have any questions regarding the information contained in the attached document.

CHH/mjk

Attachment

c: Martin Willett, Chief Deputy County Administrator
Tom Burke, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management

Questions and Responses for May 17, 2013
County Budget Meeting

1. General Fund Available Ending Balance Recommended Use

The projected General Fund available ending balance for Fiscal Year 2012/2013 is $44,056,613, an increase of $14,126,026 over the budgeted General Fund Reserve of $29,930,587.

a. You recommend $15m of this balance be allocated to fund the contract payment to the Arizona Board of Regents on behalf of the University of Arizona Medical Center – South Campus. Can you summarize this contract and our relationship with this hospital? Have we already paid this 15m earlier this fiscal year?

We have paid $13,200,000 of the $15,000,000 appropriated by the Board of Supervisors to The University of Arizona Medical Center South Campus for Fiscal Year 2012/13 ($1,200,000 monthly payment), which is really a payment to the Arizona Board of Regents that they use to enhance Graduate Medical Education (GME) programs through the Arizona Health Care Cost Containment System (AHCCCS) and the Centers for Medicare and Medicaid. The State of Arizona, because of their budget crisis, stopped funding the GME program, which allowed others to fill the gap. The County has filled the gap; and through our $15 million contribution to the State to the federal government, we have been able to return $45 million in economic development activities to support The University of Arizona College of Medicine and resident physician training programs that result in a number of physicians remaining in our community after they complete their medical education. (Please see Attachment 1; May 15, 2013 memorandum from Assistant County Administrator Honey Pivirotto regarding our support of The University of Arizona Medical Center—South Campus.)

b. Another recommendation is to allocate $2.8m to fund subsidies to Solid Waste Services, Development Services, and the Stadium District.

i. Why are we still subsidizing these Departments? What are you doing to address this issue?

We are subsidizing these departments and/or agencies because they do not have enough revenues to offset their expenses when operating under minimal conditions.

In the case of Solid Waste services, we are converting to a contractor which should significantly reduce our liability. However, we will continue to be required to provide minimal Solid Waste services at an annual ongoing cost to the General Fund of $700,000 or more.

Regarding Development Services, this fund at one time had a surplus of approximately $14 million. This surplus has been exhausted by the Great Recession. The department has significantly reduced staff from approximately 180 to 60, but in order to continue to provide development services and be in a position to assist the real estate and home buying industries in their recovery, the department needs to continue to operate at a base level. This base level requires a subsidy from the General Fund and has been subsidized on an average of

approximately $1 million annually for the last few years. These funds can be repaid to the General Fund when the real estate and home buying industries recover and their fees begin to generate revenues in excess of expenses.

The subsidy for the Stadium District is related to the failure of Major League Baseball to meet their contract obligations. It is likely that the County will continue to subsidize the Stadium District. However, the community does receive a substantial park and recreational benefit, since thousands of residents and their children enjoy the use of the baseball and park facilities at the Kino Sports Center.

ii. In a February 22, 2011, memo to Finance Director, Tom Burke, you directed him to develop loan documents for these monies to Development Services. Are these subsidies loans that must be paid back given the fact that DSD should operate as an enterprise fund?

Appropriate loan documents will be developed. The only viable potential for payback is the Development Services Fund. Repayment of the Stadium District subsidy will depend on successful passage of a Sports Authority proposition, which is not likely to happen; therefore, I would not hold my breath for Stadium District subsidy repayment.

iii. We understand there is 1.8m left in the White Sox termination fund, what is this money being used for? Why isn't this money being used to offset the subsidy to Stadium District from the General Fund?

We are subsidizing the Stadium District because of the failure of Major League Baseball, specifically the Chicago White Sox and Arizona Diamondbacks, to live up to their contractual obligation to Pima County to provide spring training for 15 years. The County extracted a $5 million penalty from the Chicago White Sox, but the Arizona Diamondbacks left scot-free. The amount of money remaining in the White Sox termination fund is being used to repurpose our facilities in the Kino Sports Complex for soccer, which appears to be our best opportunity to continue to attract sporting events to our community that provide economic development benefits. Using this money to offset the funds subsidizing the operation of the General Fund would provide relief for one year but would not provide any long-term solutions to the problem.

We will likely continue to subsidize the Stadium District for an additional three to four years until the debt service associated with the initial stadium construction has been retired. We are reviewing every possibility for alternative uses for the stadium and its facilities, including soccer. To use the White Sox termination fund to subsidize the stadium would not be investing in converting the stadium to an alternative use such as soccer. Therefore, it would be unwise.

c. You have recommended a portion of this balance fund one-time, lump sum compensation awards to employees based on the length of time they have been employed by the County without an adjustment to address inflation. Would this bonus be provided in a separate paycheck? If not, the bonus will be limited to less than the amounts stated, consumed by taxes at a higher tax rate due to a higher level of income with the regular paycheck.

No, the annual longevity award will be paid as salary and subject to taxes.

d. $22,800,043 of this General Fund ending balance will be the General Fund Reserve for Fiscal Year 2013/2014 which is 4.82 percent of General Fund revenues. What is the impact to our bond rating if we reduce the reserve down below 5%?

Our ending fund balance for next fiscal year is projected to be only slightly below five percent; therefore, it will not have any effect on our bond rating.

e. Coupled with this General Fund ending balance of 44m, you're recommending the 13/14 budget be increased by 34m. This is a 78m increase from actuals (per your projections.) Why?

This question confuses funding sources with funding uses.

The General Fund beginning fund balance for fiscal year 2013/14 is a source of funds for the budget. It is based on FY 2012/13 activity. The FY 2012/13 budgeted General Fund Reserve of $29.9 million was not expended. The estimated fund balance of $44 million is $14.1 million more than the budget reserve amount. This $14.1 million increase results from numerous offsetting increases and decreases in actual expenditures, revenues and operating transfers from the adopted budget. These one-time unreserved funds are available to fund costs in FY 2013/14 and have been built into the expenditure budget as detailed in the County Administrator's transmittal of the FY 2013/14 Recommended Budget.

Expenditures for FY 2013/14 are uses of funds and are funded by a variety of sources. These include the beginning fund balance of $44 million discussed above plus estimated revenues and transfers to/from the fund. When all funding sources are taken into account for the General Fund there was $503 million of funding available to cover expenditures for the following year. Expenditures were budgeted at that amount and include a budgeted General Fund Reserve of $22.8 million.

FY 2013/14 General Fund Expenditures are $11.1 million higher than the FY 2012/13 adopted budget. While the budget is basically maintenance of effort, several items impact the need for increased General Fund expenditures (note that there are like increases in the non-GF departments). A partial list follows:

- **$4.7 million increase in benefits costs**
- **$2.1 million increase in Motor Pool related costs**
- **$3.5 million for one-time employee compensation adjustment**
- **$4.5 million for ongoing employee compensation adjustments**
- **$5.0 million for road repair**

- **$4.0 million for maintenance of effort adjustments for the Sheriff and County Attorney**

The above example increases add up to more than $11.1 million. Parts of these increases in expenditures are offset by various reductions including reducing the General Fund Reserve by $7.1 million (from $29.9 million to 22.8 million).

Short answer: The $44 million beginning fund balance represents a source of funds available for next year and includes the $29.9 million budgeted reserve.

The $503 million of expenditures is a use of funds and equals the $503 million of funding sources available.

f. Where do the General Fund monies come from? Is the budget set up according to the guideline that monies allocated to the County departments must be spent or it will be lost? Is this lost money the General Fund Ending Balance? If not, where does this lost money go and what is it used for? If it is, how do you project this balance? What if the Departments go on a spending spree at the end of the FY? What do you do to prevent Departments from going on a spending spree at the end of the fiscal year?

The schedule "Summary Of Revenues By Fund And Category" on starting Page 1-3 shows budgeted amounts for County General Fund revenues. Approximately 61% of General Fund revenues are related to the collection of current year and previous years' delinquent property taxes and the penalties and interest associated with payment of delinquent property taxes. Intergovernmental revenues, primarily state shared sales, vehicle license, alcoholic beverage license and Pima County transient lodging taxes, comprise 28% of General Fund revenues. Departmental charges/fees for services, cable television rights-of-way licenses and permits, fines and forfeits, and various miscellaneous sources comprise the remainder of General Fund revenues.

At the close of each fiscal year, a General Fund department's spending authority terminates, but unspent funds for that fiscal year are not "lost." Instead, unspent funds remain in the General Fund's fund balance and would "carry over" to the next fiscal year to be reallocated by the Board of Supervisors as part of the following year's budget. The individual department cannot spend or "carry over" these funds, however, unless the Board of Supervisors has allowed such spending when it adopts the following year's budget. Revenues, expenditures and fund balances are monitored closely each month by the departments and the Budget Division so that the financial status of each department and the General Fund as a whole can be tracked throughout the fiscal year.

The budget is established under normal standard governmental accounting practices that require monies unspent in the fiscal year that are General Fund appropriated revert to the County General Fund. These reverted monies increase the General Fund ending balance and are then subsequently re-appropriated by Board of Supervisors action in the following fiscal year. The balance is simply a projection and our best estimate of expenditures as monitored

by County budget staff. To my knowledge, we have not really had any particular department or elected official go on a "spending spree" at the end of a fiscal year. Further, the Procurement Department would be alerted to unusual purchasing requests at the end of the year and would bring them to my attention.

2. Primary Property Tax Rate Increase

You are recommending that the primary property tax rate be increased by 24.05 cents to a total rate of $3.6583. The recommended rate increase will produce $17,510,147 of additional primary property tax revenues.

a. Please explain Real Property Taxes vs Personal Property Taxes.

Real property taxes are for the various classes of property ranging from vacant land to commercial and residential land; and residential has a number of classes from owner-occupied to rental. Real property taxes are based on valuations set by the Assessor, and tax rates are approved by the Board of Supervisors. Valuation includes the value of the property itself (land) and any improvements or buildings that are affixed to the land.

Personal property taxes are for assets that are not affixed to the land but are utilized and fall within a number of classes from business to other physical assets that are not affixed to the property. A good example is a mobile home, which would be taxed as personal property. The valuations of personal property are also set by the Assessor. In the aggregate, personal property taxes levied for Pima County this budget year will be $9,597,211.

b. A portion of these revenues will be allocated to fund the $4,004,104 deficit in General Fund base revenues to base expenditures. Can you give an overview of what makes up this deficit?

The deficit in the General Fund base is the difference in the sum of all base expenditures less base revenues. This deficit is not attributable to any single program or cost center.

General Fund base revenues and expenditures begin with the FY 2012/13 Adopted Budget. Then, various required adjustments are made to the base. Base revenues were based on the FY 2012/13 primary property tax rate of $3.4178 per $100 of net assessed value. This rate combined with the 6.8 percent decrease in the primary net assessed value reduced overall base revenues despite increased in collections for state shared sales taxes. After all adjustments were made, base revenues and operating transfers-in totaled $473,161,846. Base expenditures and operating transfers-out of $477,165,950 represents adopted departmental budgets adjusted for new and amended federal and state mandated expenditures, recurring supplemental requests, annualized as appropriate, that were adopted in the current year's budget, impacts to base pursuant to Board adopted budget policies and prior directives, decreases for one-time expenditures in the current year, increased benefits, motor pool and other costs. The resulting base expenditures and operating transfers-out

exceeded the adjusted base benefits and operating transfers-in, resulting in the $4,004,104 deficit.

c. $4,505,480 of the property tax revenues will fund an across-the-board cost of living adjustment for employees of 1 percent at the beginning of the fiscal year and an additional 2 percent at the beginning of 2014.

i. Why are you recommending doing an across the board pay raise vs a merit increase?

Years ago, the County did provide both a cost of living and a merit raise. Typically, they were in 2.5 percent increments. The data from that period indicates that approximately 75 to 90 percent of all employees received a merit increase, so then was it really merit? There has been great difficulty attempting to sort out and evaluate merit increases. Historically, they have been somewhat unpopular, since employees who do not receive a merit increase claim management favoritism of other employees.

i. Why are you proposing a 1% salary increase for half the fiscal year and 2% for the second half of the fiscal year?

The three-percent pay raise is spread over an approximate six-month period to reduce the annualized cost. The one percent increase was chosen for July 1, 2013 because we are also providing a one-time annual longevity payment in July that will, in most cases, be equivalent to 2.3 percent of the average Pima County salary of $44,179. Therefore, the total increase in pay for tis average salary employee next year is five percent.

ii. If a 3% salary increase was proposed for the entire fiscal year wouldn't the funds to support the proposed bonuses be sufficient to support the salary increase for the first half of the fiscal year?

The countywide cost of the annual longevity pay is $5,317,800 ($3,456,570 from the General Fund); and if allocated to annualized increases, it would be sufficient to pay for a significant portion of the first year of the three percent salary increase starting in July, but the annualized longevity pay is paid from one-time County funds, not recurring revenues; therefore, we simply dig a fiscal hole for the following year that we would have to raise property taxes to fill.

iii. Are unclassified employees, Elected Officials, and The County Administrator eligible for this COLA?

Unclassified employees are eligible for an annual pay increase. Elected officials' salaries are capped by the Arizona Legislature, and they are not eligible for an increase. The County Administrator is subject to an employment contract. What about Superior

Court, Juvenile Court, and Clerk of the Court employees? Are they state or county employees? **They are all County employees. Only judges have half of their salary paid by the State.**

iv. Have you considered that the mandatory contribution for the Arizona State Retirement Plan increases from 11.14% to 11.54% effective July 1, 2013, in essence cutting in half the proposed 1% for July 1, 2013?

Yes, please note that the employee cost share of benefits is a cost that employees have historically always borne and to begin having the County pay for the employee side of the retirement system or their pensions would be aggravating the already serious fiscal problems associated with funding pensions in the long term. Please also see Attachment 2.

v. How will you fund a cost of living adjustment for fiscal year 2014/2015?

No cost of living adjustment has been proposed for Fiscal Year 2014/15.

d. $5m will be allocated to accelerate preservation and rehabilitation of County roads. Late last year the County found $20 million for road work. While in Green Valley recently you stated that there is $5 million for road work in this year's $1.2+ Billion budget. How can the County ignore perhaps its most important function of providing safety and infrastructure and one of our largest investments with less than ½ of 1% of the budget going toward road maintenance?

The "very quickly" found money was $10 million from the County General Fund ending fund balance, $5 million from the recurring General Fund appropriation and $5 million from the HURF fund balance. The County is not ignoring road or repair issues, but the County is relatively powerless to compel the Arizona Legislature to return the monies that have been taken or to increase gasoline tax revenues that would do the same.

3. Pima County Roads/Transportation

a. Why are Pima County roads in such a deplorable condition? What are the higher spending priorities that have resulted in such poor roads?

Primarily because the Arizona Legislature began diverting HURF monies away from the County as early as 2007 to balance the State budget and has continued to do so for a number of years. The County managed relatively well with regard to operating and maintenance requirements, including pavement preservation, until this time. (Also see the recent Transportation Funding Report transmitted to the Board of Supervisors.)

There are spending priorities for all County programs. Not everyone is interested in roads. Some are interested in healthcare, community services and other functions of the County.

b. Our constituents hear a lot of acronyms and abbreviations when it comes to our road monies - HURF, VLT, RTA, TIF, and Urban HURF? Can you explain briefly what these are, where they come from, and how are they allocated? Which monies can be spent on repairs vs capacity improvements?

HURF is the acronym for Highway User Revenue Fund. It is an aggregate of gas tax and other vehicle and transportation-related taxes. They are collected and allocated at the state level. The general allocation is for the State of Arizona to maintain state highways; the state receiving 50 percent of the funds; cities and towns receiving 30 percent of the funds and counties receiving 20 percent of the funds. Among the counties, these funds are distributed by 50 percent to the unincorporated population and 50 percent to origin of fuel sales. Historically, these funds have been disproportionately heavily weighted toward Maricopa County, given its central location for fuel sales and distributions within the State of Arizona.

The Vehicle License Tax (VLT) is a tax based on the value of a vehicle assessed at the time of registration and is distributed among the same beneficiaries; the State, counties, cities and town. A portion of the VLT is distributed to the HURF and a portion to the General Funds of the state, counties, cities and towns.

The Regional Transportation Authority (RTA) is a funding source using excise taxes or a half-cent sales tax to provide transportation improvements in accordance with an expenditure plan approved by the voters in 2006. The funds are for very specific projects, primarily roadway capacity and widening projects, and a significant portion of the tax, approximately 27 percent, supports transit operation expansion almost exclusively in the City of Tucson.

The Transportation Impact Fee (TIF) is a statutorily-authorized impact fee the County can collect on new development toward the improvements of the highway system, primarily for capacity improvements or expansion that are directly related to the impacts of trips on the highway system caused by new development. TIFs are highly constrained by statutory rules and regulations regarding their use and expenditure.

Urban HURF is an allocation or sub-allocation of HURF and allocates an additional amount of HURF to the State's largest urban areas, specifically Maricopa and Pima Counties. The Urban HURF allocation is distributed 75 percent to Maricopa County and 25 percent to Pima County. These Urban HURF funds have been allocated to supplement a variety of capacity and highway improvements within the Pima County region for all jurisdictions.

These funds, particularly HURF and VLT are allocated by statute. The RTA funding is allocated by the approved expenditure plan presented to the voters. TIFs are allocated based on a very strict statutory construction of impact fees for counties and Urban HURF is distributed by the metropolitan planning organization, or the Pima Association of Governments. All of these revenue sources can be spent on either capacity improvements or repairs with the exception of impact fees. They can only be spent on capacity.

c. How much is remaining from the 1997 HURF Bonds? Do you plan to issue the remaining bonds and, if so, how much?

Of the $350 million authorized in 1997, there are $89.4 million of bonds remaining to be issued. We plan to issue the remaining bonds upon demand for capital improvements associated with the program. If demand is not required, the bonds will not be issued; and therefore, the debt will not be incurred. For FY 2013/14, we anticipate issuing $16 million of HURF debt.

d. How much, as a percentage of the transportation budget and the total county budget, has the legislature diverted from HURF funds.

For the completed FY 2012, the amount of legislative sweep from the HURF that would have been spent in pavement repair and maintenance was $7,983,212. The aggregate budget for transportation during the same period was $44.9 million. Therefore, the percentage was 17.8 percent of the County Department of Transportation (DOT) budget which was swept by the legislature. This is a significant amount of total County budget spent on transportation. This would effectively be asking the DOT to cut their budget by nearly 20 percent in any given year. Regarding the total budget, it would be a very small number compared to the total aggregate County budget.

e. What is the income from the current gas tax and how much of it will be spent directly on road improvements and road maintenance?

The current gas tax at 18 cents per gallon raised $455 million statewide. The total HURF statewide for 2012 was $1,210 million. Therefore, the actual gas tax component of HURF was 37 percent of HURF. In Pima County, the total HURF in 2012 was $44.8 million. Using the same percentage means the actual gas tax received by Pima County was approximately $16.8 million, and all of it was spent on operating and maintaining the transportation system in the unincorporated area of Pima County.

f. Exactly how much are we spending on pavement preservation? Not including salaries, equipment, overhead, etc. But actual road repair. (Please provide the breakdown of DOT Budget – salaries, equipment, overhead, vs actual road repairs.)

The funding source for roadway improvements is limited. All that is available is being spent on transportation.

DOT's Operations Division budget is $13.1 Million, which equates to $6,350 per mile for routine maintenance. This amount includes the salaries and other operating expenses. No pavement preservation is included in this budget because pavement preservation activities are included in the capital program. The current pavement preservation activities are funded with

the County Administrator allocations of $20 Million in HURF and General Fund monies over 15 months. DOT is spending the entire $20 million on contracted pavement preservation/ rehabilitation projects. There is minimal overhead associated with inspection staff.

g. We live in the Riverside Terrace neighborhood, which was built in the early 1960's. The streets have never been maintained until recently when two cul-de-sacs were paved and a small edge alongside one property owner's home. The remaining highly traveled streets are crumbling. When can we expect the rest of the neighborhood to be paved? Is this in the budget? Why did only a few homes benefit from the recent work (homes on the cul-de-sacs of Roller Coaster and Hudson Place and one home along the corner of Pomona and Klamath)?

Unfortunately, over 70 percent of arterial and local streets in District 1 are in the poor or failed condition. With the department's limited funding for pavement preservation, we are restricted in the number of roads that can be repaired. If the Board approves additional funding for pavement preservation for DOT in next year's budget, the department will develop a list of roads to be addressed, and the list will be presented to the Board and County Administrator for approval.

Regarding the reason the cul-de-sacs in Riverside Terrace were chosen, the pavement of the roads is in very poor condition, and the cul-de-sacs take triple the abuse of a through street due to three contract trash companies in these areas each week. Much of the damage to the roads is due to the trash trucks.

h. As listed on the Summary of All Activity by Fund, what is Transportation Unreserved Fund Balance of ~18.268m? What is the ~21m Interfund Transfer out?

The beginning unreserved fund balance is the net of prior years' revenues, expenditures and net operating transfers. The net $21 million Interfund Transfer out represents $5 million of General Fund transfers into DOT for pavement preservation and $8.6 million transfers to capital projects and pavement preservation and $17.5 million for debt service.

4. General Questions

a. What cost reductions have you identified in the 2013/2014 Recommended Budget?

None. As I indicated in my budget transmittal memorandum, this budget is a maintenance of effort budget, which does not increase program or expand services; but at the same time, it does not continue to enforce budget cuts in County agencies or departments.

b. What can you tell us about the Object Name **Construction Projects** which will cost a total of $182,438,731?

The more than 200 projects are listed in detail on Pages 6-8 to 6-13.

c. What can you tell us about the Object Name **Payments to Governments** which will cost a total of $84,515,485?

Includes mandated payments to the State of Arizona for AHCCCS and ALTCS, payment to Arizona Board of Regents to operate the University of Arizona Medical Center – South Campus, State Mandated Indigent mental health program payments, etc.

d. What can you tell us about the Object Name **Outside Hospitals Clinics** which will cost a total of $58,471,976?

$10.8 million for the Adult and Juvenile health care contracts and $47.8 million for payments made under the new Health Benefits Trust Fund.

e. What can you tell us about the Object Name **Depreciation Expense** which will cost a total of $52,172,300?

Enterprise and Internal Service Funds function like business entities and their accounting in much like a private business. Like such entities, they are required to depreciate capital assets. Annually, this is recorded as a non-cash depreciation expense. Departments that depreciate assets include Regional Wastewater Reclamation Department, Fleet Services, Telecommunications, Parking Garages, Print Shop, etc.

f. What can you tell us about the Object Name **Non-Medical Consultants** which will cost a total of $26,917,286?

Consultant Services for a wide variety and range of services not directly provided by County employees. Ranges from service contracts to auditors to Information Technology consultants.

g. Does the County do a yearly audit of all disbursements? When was the last external or independent audit done?

The County is audited annually by the Arizona Auditor General, and the results of these audits are published annually on the Auditor General's website, as well as the Pima County website.

h. What would happen if Pima County reduced all Department budgets by five percent?

Over the past few years since the beginning of the Great Recession, County departments and agencies have been required to reduce their budgets by 12 to 15 percent, with the exception of the Sheriff's Department that has only been required to reduce their budget by 2.5 percent. For the most part, there has not been any serious impact on services levels provided by County departments or agencies to the public. We are at the point where any further budget reductions will begin to adversely affect the County's ability to deliver services.

Since the criminal justice system is the largest single component of the County budget, it would be severely impacted. As an example, the Sheriff's proposed budget for FY 2013/14 is $132.2 million. A five percent reduction would mean a $6.6 million reduction in the Sheriff's budget. Sheriff's Lieutenant (and soon to be Captain) Karl Woolridge indicates a five percent departmental budget reduction would have the following impacts:

- **Deputy response time will increase significantly for emergency and nonemergency calls.**
- **The reduction or elimination of deputy assignments in outlying substations for Greater Catalina/Golder Ranch Village, Robles Junction, Corona De Tucson, etc.**
- **The reduction or elimination of deputy assignments in Support Operations Division for traffic investigations, DUI, motorcycle enforcement, air operations, K-9, regional SWAT, and border crimes.**
- **The reduction or elimination of deputy assignments in Criminal Investigations Division for night detectives, narcotics enforcement, cold case, and intelligence.**
- **The elimination of responses for property crimes such as burglary and auto collisions where there are no injuries.**
- **The reduction of deputy assignments in Civil Enforcement which will decrease the collection of delinquent personal property taxes.**
- **The reduction of deputy assignments in court security which will increase public safety risk.**
- **The referral of mental health arrestees to other agencies and the elimination of the Mental Health Support Team.**
- **The potential furlough and layoff of law enforcement and corrections personnel.**
- **A decrease in operating costs at the Jail by implementing more lock-downs, reducing daily meals to two servings, and eliminating other inmate services. These actions could result in federal violations, lawsuits, and intervention.**
- **Elimination of other support areas related to personnel safety and risk management.**

i. What is the process for budgeting and which ones do zero based budgeting?

There is a process to perform zero-based budgeting in place within the County budget system. It has not been utilized since the Great Recession due to the fact that in all previous cases the development and execution of a zero-based budget by a particular department has resulted in increased funding allocations for that department. Given the fact revenues were declining, there are clearly not going to be any additional revenues to allocate to County departments or agencies. Zero-based budgeting process was suspended through the Great Recession and remains suspended.

j. Does the County still give funds to Humane Borders and Planned Parenthood? If so, why and where are these items in the Budget?

Yes, the County provides funding for Humane Borders. This funding of approximately $26,500 is provided in the Contingency and Community and Economic Administration budgets. It should be noted that the public cost associated with compliance with State law

that requires an autopsy on every individual found deceased in Pima County with cremation is $2,700 per individual. The public allocation to Humane Borders has always been viewed as a cost effective response to our statutory obligations regarding autopsies, as well as the cost of cremation, which simply means that if Humane Borders, through their auspices, can significantly reduce the number of autopsies and cremations the County is required to perform, then their efforts are budget neutral to the County and, in fact, are likely saving the County money. In addition, the expenditure of these funds has been litigated in the courts, and the courts have ruled this is a valid public expenditure.

It is also important to note that the autopsy cost does not include the many hours Forensic Science Center staff expend on attempting to identify remains and locate relatives.

There is no current contract with Planned Parenthood. The last contract, which was for the Teen Advocacy Group, expired June 30, 2012. Our previous funding of Planned Parenthood, however, was for the purpose of family planning and pregnancy prevention and not to provide funding for abortions.

k. Over the past year there has been a great deal of discussion regarding the Community Performance and Art Center (CPAC) in Green Valley, in which the County has a multi-million dollar investment. The Community Performing Arts Center Foundation, the entity that currently resides in the building, has had various financial struggles over the years and the Center is once again at risk. What plans does the County have to financially support the Center now and into the future to avoid the loss of such a jewel in the community? A vacant building would cause additional expense to the County budget while a better alternative would be to use those funds to ensure the success of CPAC for years to come.

The CPAC has been a bond capital program in Green Valley that has been supported by the community and the functionality of the CPAC is at an awkward stage in the sense that it is too small to support large venues and too large to have inexpensive operating and maintenance costs. The County's options are essentially to subsidize the operation by providing direct support for annual expenses related to utilities and building maintenance. We do not have any firm plans and are considering a number of options regarding uses and future costs. (See my May 14, 2013 memorandum to Facilities Director Reid Spaulding (Attachment 3). The least desirable option would be to simply close the facility and have a vacant building. However, the Board of Supervisors will need to provide very specific funding direction regarding the CPAC during budget discussions as no funds are presently allocated to support this function.

l. How does the County Administrator justify spending money to oppose the Rosemont mine, when many County residents either favor or have an open mind on Rosemont?

The only money spent with regard to Rosemont Mine has been related to our typical role in commenting on any federal environmental impact statement proposal. In this particular case, the County did spend additional funds that normally would not have been spent to develop a

physical model of the mine as we felt such a model was appropriate to clearly identify the impacts and alternatives to the public. This model has been extensively used in the public process. In addition, some funds were spent for groundwater modeling experts due to the serious potential impacts of the proposal on Cienega Creek and Davidson Canyon; both designated critical waters of the State. All of the County responses and costs have been absorbed within County departments and are viewed as a normal and typical responsibility of a public agency in commenting on a major action that may have significant adverse impacts on the residents and taxpayers of Pima County.

m. What are the following?

i. Interdepartmental Salaries – Charged Out/Credit, Charged In/Debit

This object represents the charge out of salaries for employees that are budgeted in one department but provide direct services for other County departments. Salaries are budgeted within the home unit of the position. Time relating to capital projects is charged out to the projects in the Capital Projects Fund. Many services in the County are centralized such as Finance, Information Technology, Human Resources, etc. and the direct services they provide are charged to departments as appropriate using these objects as a Charge Out. The department that receives the services budgets the cost as coming into their department, as appropriate, as a Charge In.

ii. Interdepartmental Fringe Charged Out/Credit

Same rationale as above except these charge outs represent benefits costs that are directly charged to/from departments.

iii. Labor Distribution Fringe Charged Out/Credit, Charged in/Debit

Same rationale as above except these benefits charges are moved between departments via a labor distribution set up in the accounting system.

iv. Labor Distribution Salaries Charged Out/Credit, Charged In/Debit

Same rationale as above except that these salary charges are moved between departments via a labor distribution set up in the accounting system.

n. What is Vacancy Saving?

All departments experience turnover of personnel but don't necessarily know which positions will become vacant over the course of year. Vacancy savings allows the department to fully budget for all positions required in a fiscal year and the offsetting vacancy factor acknowledges that positions will become vacant.

o. In a recent memo, Mr. Huckelberry provided the Board of Supervisors with a press release from Fitch Ratings that assigned the securities in Pima County an AA rating. The press release also cited the state-sponsored pension and health-insurance programs for its retirees are weak – ranging from 50 – 56% funded. Can you discuss this and what are you doing to address this? What is the total value? How much are we funded? What is the 56% funded number?

The recent four-part article in the *Arizona Republic* is a good place to start with regard to obtaining more information on the state of the pension system in Arizona. The County belongs to four pension plans covering various employee groups and elected officials. All four are State programs.

The most underfunded program is for elected officials. It has been viewed as being funded at approximately 58.6 percent of liabilities, followed by the public safety retirement system that covers Pima County's deputies and County Attorney investigators, which is funded at 63.7 percent of liabilities, followed by corrections officers, which is funded at 67.8 percent of future liabilities; followed by most of the remainder of County employees who are in the regular State retirement system, which has a funding ratio of 83.35 percent to liabilities.

The Fitch rating agency knows well the pension liability issues throughout the country and always includes a footnote on pension liabilities in their ratings in Arizona. As to what we can do about it, it is not much, other than pay the premiums that are due from the State. Reform of the State pension system is an obligation and responsibility of the Arizona Legislature. The Board of Supervisors has absolutely no control over contribution rates, benefits or other financial structures associated with the Arizona State Retirement System (ASRS). The County has no liability or obligations related to the four retirement programs other than payment of ongoing contributions that are set annually by the State.

5. Budget Schedules

a. Summary of All Activity by Fund

What is Other Special Revenue of 80,936,957? What is ~57m interfund transfer?

As mentioned previously, the Summary of All Activity is a highly summarized report in a format required by the State Auditor General. The $81 million referenced above represents expenditures associated with grants, special programs administered by County departments and other smaller operating budgets. Descriptions of these special revenue fund and grants expenditure budgets are summarized for the various departments on Pages 1-15 through 1-20. More detailed information for fund balances, revenues, operating transfers and expenditures associated with these funds are detailed following the main operating budget for a particular department. For example, Pages 4-29 through 4-58 describe the County Attorney General Fund budget, special revenue fund budgets and grants budget. Besides Ms. LaWall's General Fund budget, the County Attorney administers the Bad Check Program, Consumer Protection, Antiracketeering, Employer Sanctions, Fill the Gap, Victim Restitution, Victim

Witness and grants program. All these programs are described as part of the overall County Attorney budget.

The $57 million Interfund Transfer out represents the portion of the $88.3 million detailed on pages 1-7 through 1-9 not included in Transportation, Regional Flood Control, the Stadium District and the other Special Revenue Funds identified on Page 1-2.

b. **Summary of Revenues by Fund and Category** (Beginning on Page 1-3)

i. Intergovernmental

1. How do you project an increase in Sales and Use Tax?

A number of state and local forecasts, including a forecast from the Arizona Department of Revenue, are used to project sales taxes or use taxes in the future year. In addition, Pima County reviews these forecasts and projects probable sales and use taxes for the County in a future year. The County is typically conservative in its forecast of sales and use tax revenues; and increasing sales and use tax revenues reflect a rising level of economic activity.

2. Please explain City Participation?

Oftentimes, the County and other jurisdictions provide joint services and share the costs. If the County is providing that service, the revenues received are recorded as City Participation revenues. An example of a joint effort involving the County and the various municipalities is Pima Animal Care. The County provides the employees, services, licenses, facilities, etc. to perform this function. The various municipalities reimburse their share of the costs of these services in proportion to the services provided.

ii. Charges for Services

1. General Government – what is this and why is it up ~1m

General Government Charges for Services Revenue is actually decreasing by approximately $1 million. General Government Charges for Services include various fees charged by the Clerk of the Superior Court, Forensic Science Center, the Justice Courts, etc. Additionally, $772,000 is received from the Regional Flood Control District for tax assessment and property tax collection.

2. Contributions/Pub Enterprs – What is this and why is it up ~3m

Pima County uses an Internal Cost Allocation Plan to recover indirect costs from Enterprise, Internal Service and some Special Revenue Funds. The County recovers indirect costs based on a combination of actual costs and usage

information from prior years. The Indirect Central Cost Allocation Plan for the FY 2013/14 anticipates that indirect costs will total $14.7 million or an almost $3.0 million dollar increase from FY 2012/13. This increase is due to a number of factors, one of them being the allocation of $2.6 million of Geographic Information System (GIS) Costs. In prior years, these GIS costs were charged to specific departments that primarily used the services. This shift of $2.6 million is a wash.

iii. Investment Earnings – What is this and what attributed to the increase?

Investment earnings are composed of interest, dividends and net changes in the fair value of applicable investments as invested by the Pima County Treasurer and the State Treasurer. Departments estimate investment earnings based on forecasted balances and anticipated interest rates. For the past several years, interest rates have been volatile and at record lows. This has caused some difficulty in estimating returns. In the case of General Government Revenues, the County is anticipating an average yield of 0.55 percent or $155,000 on an assumed monthly average cash balance of $35 million for pooled investments of the General Fund. Investment earnings of $75,000 are also forecast for other instruments to be paid to the General Fund.

iv. Rents and Royalties Misc. – What is this and what attributed to the increase?

Rents and Royalties reported in the Miscellaneous category represent rental related revenue collected from non-County tenants that lease space at County owned facilities. Rents derived from buildings operated by Facilities Management are anticipated to increase by $298,083 due to additional tenants occupying the Abrams Building, including the newly relocated Accelerate Diagnostics. Information Technology anticipates a $36,069 increase in rents based on step increases in antenna and wireless cell tower leases. Kino Sports Complex budgeted an $85,000 increase in rents associated with reimbursement for electricity costs from the YMCA. Natural Resources, Parks, and Recreation budgeted a $2,000 increase in rents from Rillito Park and Continental Green Valley. The Office of Sustainability and Conservation royalty revenue from the Arizona Centennial Book decreased $1,000 to $4,000 for FY 2013/14.

v. Can you explain the Intergovernmental category as listed in E&T, DEQ, Health, Stadium and Other Special Revenue Funds and Grants?

Intergovernmental revenue represents revenues received from other governments for general financial assistance used in performing specific functions or as the sharing of tax proceeds.

Employment and Training, Intergovernmental. These amounts represent various Federal and State Grants: Formula Allocations for Emergency and Community Services $2,849,643; Special Community Service Grants, $357,586; Workforce Investment Act, $6,994,996; One-Stop Innovation Grants, $2,411,287; Sullivan Jackson HUD Grants, $2,065,998; Sullivan Jackson Center Innovation Grants, $297,843; State Summer Youth, $60,000; Las Artes Public Art Innovation Grants, $225,835; State Equalization Funds, $1,132,471, Pima Vocational High School Innovation Grants, $164,000

Environmental Quality Intergovernmental represents various Federal and State Grants received by the department. A partial listing is follows:

- **$192,000 is State grant for Travel reduction and public education.**
- **$16,111 is a state grant for monitoring of wells for TCE (trichloroethylene) contamination.**
- **$528,229 is a Federal EPA grant for the Air Quality Monitoring program.**
- **$ 71,000 is a Federal EPA Grant for Beryllium Monitoring, Minor Source Polluters and Activity Permits, Inspection and Permit Fees for Title V program.**

Health, Intergovernmental. There are three components to the Health Department: Health Services, Pima Animal Care Center and Grants. Approximately $8 million of the interdepartmental is from Federal and State health grants and $3.9 million represent inter-jurisdictional charges for Animal Care services to City of Tucson, Marana, Sahuarita, etc. pursuant to intergovernmental agreements.

Stadium District – Intergovernmental. Arizona Car Rental Surcharge Revenue, $1,493,000; Arizona Recreational Vehicle Space Surcharge Revenue, $ 159,000

vi. Debt Services Property Taxes – Is this reduction of 4m due to the levy going down?

Yes. The secondary net assessed value for Debt Service is expected to decrease by 6.07 percent from the FY 2012/13 value. By keeping the tax rate the same, the recommended levy for FY 2012/13 is $4,270,661 less than in FY 2012/13. This reduction in the tax levy translates into lower property tax revenues.

vii. RWRD Capital Contributions what is this?

Capital Contributions (previously termed Memo Revenue) received by the County from Developers is recorded as non-operating revenue. These noncash Capital Contributions, which are physical assets constructed by the developers and transferred to the County, are not available to fund department operations.

viii. Fleet Services Charges for Services – What is this and why is it going up?

These are the internal charges to departments of the County for the use of assigned County owned vehicles. Prior year rates charged to the departments were based on two year old costs and cost per vehicle was actual mileage times the appropriate rate. For FY 2013/14, budgeted mileage rates were increased as the first of a multi-step calculation to estimate budget mileage rates with more current costs. In addition, County departments will be charged for the greater of actual monthly mileage or a minimum of 625 miles per month.

ix. Print Shop Charges for Services – have we ever considered outsourcing?

At times it is necessary to outsource jobs that our Print Shop cannot complete for whatever reason (too busy to meet client schedule, does not have the capability or capacity, can be completed for less cost by outside vendor, etc.).

x. Health and Benefits Trust Fund – Charges for Services – is this the premiums?

Yes. This is the new self-insurance internal service fund to provide health related benefits to Pima County employees and their families through a plan of medical, pharmacy, dental, and life insurance, and various wellness and employee assistance programs. These revenues represent charges to employees and the County as employer, for their contributions to the fund for premiums, claims and other costs of the plan.

xi. Telecommunications Charges for Services why is this going up?

These are the internal charges to departments of the County for the use of network ports and telephone lines, and the rental and use of wireless radios on the County-owned telecommunications and wireless systems. The telecom port charge has increased by $2 per month (5.7 percent) and the number of ports is estimated to increase by 661 ports (7.3 percent). The Wireless radio system is expected to convert over to the new PCWIN County-wide emergency radio system in April 2014. These costs are budgeted by each department of the County based on the number of network ports and the number of wireless radios expected to be in use for the year.

c. 1-7 General Fund
What are these? Can you help us understand these?

i. Rural Metro Radio Loan

Rural Metro is a for-profit corporation. Under the interoperable public safety radio communication bond question, public agencies, fire districts, cities and towns radio systems could be purchased with the bonds. The County cannot purchase radios for a for-profit public safety provider; hence, Rural Metro has agree to reimburse the County

our cost of purchasing radio equipment for Rural Metro, and the line item is a reference to the purchase payments being made through a lease/purchase agreement for Rural Metro to reimburse the County for the cost of PCWIN interoperable radio communication devices.

ii. Economic Development and Tourism Is this TREO?

Economic Development and Tourism is a budget unit and organizational unit within Community Services and is funded with one percent of the bed tax. As allowed by statute, the County levies a six percent bed tax similar to cities and towns with three percent of the bed tax designated for the Visitor Tucson organization, two percent to the Stadium District and one percent for economic development. Tucson Regional Economic Opportunities, Inc. (TREO)'s services contract is managed by Economic Development and Tourism, and the appropriation to support TREO is funding partially from this fund and partially from the General Fund.

1. How much are we funding TREO next year? How are we measuring their performance?

   $450,000. Performance measures reporting are defined in the Professional Services Agreement.

2. Please explain Jo Snell's role on the newly formed Chamber of Commerce in Telluride, CO. How many hours is he contracted to work for Pima County and how does this out-of-state position affect that commitment? Is Pima County paying his travel expenses to Colorado?

   I have no information regarding this item; your inquiry should be directed to TREO. Pima County is not paying for any travel.

iii. Employment and Training

The goal of Employment and Training is to reduce poverty and unemployment through job training and job search assistance; provide youth with basic education and work experience along with employability classes; target youth at risk to turn away from gang violence; and assist residents with shelter, job search, and employability classes through the homeless program. More information can be found on Pages 3-25 through 3-28 of the County Administrator's Recommended Budget Book.

iv. Health and Pima Animal Care General Fund Support.

The Health Services Department provides a variety of services to the community of which only $4.1 million of the departments $13,639,972 of the cost of providing these services are paid for by revenues such as license, permits, various health fees and reimbursements. The remainder of the department's functions and costs are funded by the General Fund via an inter-fund transfer.

Pima Animal Care provides animal control related services to unincorporated Pima County and various jurisdictions. The various jurisdictions are billed for the cost of services provided and the remainder represents the net cost of providing services in the unincorporated areas. These costs are funded by the General Fund via an inter-fund transfer.

v. Improvement Districts Formation Fund

A special revenue fund to provide funding to cover the expenses of working with property owners seeking to create new improvement districts.

vi. Loan Repayment for Parks Special Programs

A 1998 development agreement with Starr Pass Resort resulted in the donation of 200 acres to the County to expand Tucson Mountain Park and also entered the County into a revenue sharing agreement whereby the resort remits to the county an Environmental Enhancement Fee (EEF). The funds collected go toward the management, maintenance, and expansion of Tucson Mountain Park. In 2010 the Sweetwater Canyon property was purchased for $1.6 million using monies loaned by the General Fund to be repaid from the revenues generated by the Starr Pass EEF. The loan balance is $1,269,309.

vii. PHS Transition Fund

The PHS Transition Fund is the fund created at the time the County closed the Pima Health System AHCCCS contract. The County divested itself, approximately one year, from the business of being an AHCCCS provider with acute and long-term care contracts. As part of being in the business for these contracts, the County was required to maintain equity to assure continuous solvent business transactions. Once the County went out of the business of providing these services, the equity funds of Pima Health System were released from the contract obligations. The County has used the PHS Transition Fund to fund a number of health-related activities or other public purposes. The $18.5 million remaining in the fund is being transferred to the General Fund as part of the funding sources for the FY 2013/14 budget.

viii. Stadium Ball Fields Maintenance, Debt Service, Hotel Tax, KERP

1. Stadium Ball Field Maintenance – To pay for a portion of the Stadium maintenance costs relating to other County park facilities located near and maintained by the Stadium.
2. Debt Service - payment on Stadium District Debt. Funds are transferred from the District to the County's Debt Service Fund for payment
3. Hotel/Motel Tax Surcharge – A special tax levied on individual who secure accommodations in any hotel, motel, or other organization that offers accommodations located in any jurisdiction that does not levy a municipal occupational license tax. The Stadium District receives 34% of Receipts from this Hotel/Motel Tax. Proceeds to the District are expected to total $2,223,600 in FY 2013/14.
4. Kino Environmental Restoration Project (KERP) – A cooperative project of the U.S. Army Corps of Engineers, Pima County, and the Regional Flood Control District which was designed to: create native ecosystems, harvest urban storm water and control flooding. The Stadium District maintains the detention basis and will receive $189,602 from the General Fund to cover its costs.

d. 1-8

i. IT Enhancement Fund Capital Projects what is this?

The IT Enhancement Fund is a fund established with General Fund money set aside and earmarked for capital investments regarding Information Technology modernization.

ii. Sheriff Commissary Operations What is this?

The Sheriff Commissary Fund is a fund established through the sale of products to inmates in the Pima County Adult Detention Facility.

e. 1-9

i. DOT Capital Projects Pavement Preservation can we have a list of these projects? What is a Capital Project vs Pavement Preservation monies?

The allocation of pavement preservation funds, in particular the $5 million recommended for such from the General Fund, will be made after the Board of Supervisors adopts the budget. The allocations will be made by the Board.

ii. Stadium District - what is the total maintenance cost for this Department?

$2,727,267

iii. Debt Service for Stadium how much is owed?

Remaining Principal $12,705,000; Interest $1,544,383 costs this year. Over the next five years, all debt will be retired.

iv. Capital Projects

1. RFCD What is this 6m for?

The $6,000,000 is transferred in from operation and funded mainly from Flood Control District Tax levy revenue. This amount is used to fund all or part of the various capital projects listed on Pages 6-9 and 6-10 of the recommended budget book.

2. DOT Grants Intergovernmental Revs what is this? Fed and State grants?

Intergovernmental Grants Revenue for Transportation capital projects are primarily Federal awards and consist of bicycle safe routes, ARRA, etc. and may pass through the Arizona Department of Transportation. These funds are received within the grant fund and then transferred to fund specific capital projects within the capital projects fund. A listing of Transportation capital projects budgeted for FY 2013/14 can be found on pages 6-8 and 6-9 of the recommended budget book.

f. **1-15**, Non Departmental General Fund what is this 437m?

This amount primarily represents $430 million of General Government Revenue which consists of property tax collections, intergovernmental revenue (state shared sales taxes, vehicle license taxes, etc.) licenses and permits revenue, County Administrative Overhead, etc. as well as hotel/motel tax collections of $3,270,000, Photo Traffic Enforcement revenues of $2,666,310, Vehicle Impound Program revenue of $485,000, etc.

General Government Services

1. Assessor

a. The Actual 2011/2012 expenditure for Salaries and Wages was $5,163,784. The Adopted 2012/2013 expenditure for this category increased by $1,176,868. Based on the YTD Thru Feb 28, 2013, figure, the Assessor is projected to have $1,187,885 remaining in this category. Yet the Recommended 2013/2014 expenditure is only $335,071 less than the 2012/2013 adopted figure. Why wouldn't you recommend decreasing this category by approximately $1m given the elimination of the 7 vacant positions?

In an attempt to keep costs down, the department defers the hiring of positions for appraising property and this deferral results in lower actual expenditures in Salaries and Wages. The

Recommended Budget is estimated for full staffing with a reduction in vacancy savings to cover pay periods with less than full staffing.

b. Can you explain what caused the almost 60% reduction in projected revenue in FY 12/13 from FY 11/12?

The department is being conservative. Generally they have excess revenue each year. This year, FY 2012/13, after 10 months, actual revenue is $4,474 whereas the budget is $3,000.

c. Can you please explain the Shift Differential? My initial thought is a position within the Assessor's office is a 9-5 salaried position? This is not budgeted for FY 13/14.

Shift Differential is based on the starting and/or ending time that an hourly (not salaried) employee works as detailed under Personnel Policy No. 8-102.G. No shift differential is budgeted for the next fiscal year.

d. What caused the drastic increase in Temporary Help?

The Assessor indicated a need for these services. We will follow up with his office to obtain detailed information.

2. Clerk of the Board

Can you please explain why you are not recommending the Clerk of the Board's Supplemental Request for an Agenda Management System with Hosted Live Stream and On Demand Video? I feel this package would increase transparency in our local government.

I am not recommending the Clerk of the Board's supplemental request, nor am I recommending any supplemental budget request for any department in the County, given our budget conditions. As I stated previously, the present budget is a maintenance of effort budget; not an expansion budget. To approve the Clerk of the Board's supplemental request would be to expand services. If I were to recommend expanding services, I would do so primarily in justice and law enforcement, not in the Clerk of the Board's budget.

3. Communications Office

a. When and why was this Department formed?

This office was formed approximately two years ago to improve information to County constituents regarding County services. This office has more than met the number of public service announcements and communications with the public regarding County services and has expanded exponentially. I believe the function of this office is absolutely necessary in the current age of instantaneous communication.

b. There is a full time Director on payroll and a former Director on 47% time, why does this Department need two Directors/10 employees?

The Communications Department does not have two Directors; it has one, Jeff Nordensson. The former Director, Sam Negri, is on medical leave; and if and when he returns to work, it will be a part-time position as a writer, not a director.

c. The Recommended Budget includes a decrease of revenues of 30.7% due to decreased utilization of department services by other departments, why do you think this is? Why is the YTD Thru Feb 28, 2013, column blank? Has this Department had zero revenue? This goes along with Question A – Why would a Department that has decreased utilization require two Directors? Revenues have decreased every year since 2009 from $148,523 to 90,457 to 21,725 to unknown in 2012/2013. How can you project$76,586 revenue for FY 2013/2014 in a down economy with the history of declining revenue?

As with all new organizations in a state of flux, the revenues are best estimates. Utilization in the past has been a function of independent authority of department agencies and directors to acquire these services outside the County system through contractors. This is not allowed and all communication and graphic services must be contracted through the County. Such substantially and significantly increased revenues and work for the Communication Department, as well as sent a message that County agencies and departments are not freely allowed to contract for such services with others.

e. Do you plan to recommend to the Board a renewal of the Bolchalk/Frey contract? If so, why?

The Bolchalk/Frey contract was a pass-through contract to allow the County to purchase advertising services at a reduced rate. Anything that allows the County to receive reduced fees from private sector vendors will be recommended by my office.

4. Contingency

a. Can you talk a little about what the Contingency Fund is? How is it different from the General Fund? How do you determine the amount to recommend for this fund?

The Contingency Fund is just that – a reserve for unanticipated expenses of the County. The amount is generally a guideline suggested by the Government Finance Officials Association at five percent. Generally, the amount targeted is a minimum of five percent.

b. What is the difference between an unreserved fund budget and the reserved fund budget?

Unreserved fund balance means there are no contingencies that have required for a specific allocation of the fund balance to cover reserves. This is the opposite. We know of specific contingencies or liabilities the County must pay and, therefore, the fund balance is reserved.

c. The budget report says no supplemental requests were submitted. Who would submit a supplemental request to this fund?

No one would submit a supplement request for this fund. The budget report automatically states for all departments whether a supplemental request was submitted.

d. Can you explain briefly the FY 2012/2013 Adopted Expenditures listed on page 2-26?

The $34.6 million consists of $29.9 million General Fund Reserve, $3.3 million contingent subsidies for the Stadium, Development Services and Solid Waste, $774,000 for the Board Contingency Fund and $515,000 for carryovers from the prior year.

e. What is the Budget Stabilization Fund?

The Budget Stabilization is used to budget for potential subsidies to non-General Fund departments that might not be expended by a department. For FY 2013/14, there is $2.8 million for potential subsidies and $1.25 million for potential expenses that may or may not be incurred.

f. Last year, the adopted budget amount was roughly 34.6 m, yet YTD Thru Feb 28, 2013, only ~10k has been spent. Were there no emergencies or unforeseen needs during the year? Do you expect there will be a large ending balance and what do you have planned for this balance?

As explained above, $29.9 million was budgeted as a contingency expense for the General Fund Reserve. The $3.3 million of subsidies has been distributed as a cash operating transfer to cover expenditures in Stadium, Development Services and Solid Waste and is not an expenditure within this unit.

g. 2013/2014 Requested budget amount is roughly 1m, yet Recommended is $26.6m – who requested this $1m amount and why are you recommending so much more?

Requested amount does not include one-time funding for the $22.8 million for the General Fund Reserve, nor the $2.8 million of potential subsidies. Subsidies are not determined until after the departmental requested budgets are submitted.

5. Debt Service Fund

a. Can you explain what this fund is?

The debt service fund is the aggregate fund contained in the budget that pays all of the County's debt service obligations, whether they be from general obligation voter approved bonds or voter-approved Highway User Revenue Fund (HURF) bonds, or Certificates of Participation (COPs). Each of these debt instruments is unique to the class of infrastructure being provided. Pima County has managed its debt well, as evidenced by the recent report from the Arizona Auditor General. Our debt is short-term and targeted, with a maximum debt term of 15 years. Ninety percent of our debt is paid off within 10 years of issuance.

b. What is a Certificate of Participation debt?

Certificates of Participation (COPs) are lease-purchase agreements that are divided into fractions and sold to multiple investors, similar to stocks, usually in $5,000 denominations. COPs are tax exempt agreements that fund capital improvement projects, with the underlying project assets serving as collateral for investors who receive a share of whatever revenue is derived from the lease or lease-purchase.

c. What is the total debt of Pima County?

The total debt of Pima County by category is shown in Attachment 4 as reported to the Arizona Department of Administration as of June 30, 2012, which is an annual filing. This detailed listing of debt represents our debt obligations, which have been either voter authorized, as in the case of general obligation and HURF bonds, or an obligation required by state, federal and environmental rules or laws. For example, all of sewer revenue and sewer obligation debt is related to complying with effluent discharge requirements of the federal Clean Water Act as enforced by the Arizona Department of Environmental Quality (ADEQ).

d. Sewer bonds used to be voter-approved, how and why was this changed?

Please see my March 27, 2013 memorandum to Supervisor Miller (Attachment 5.)

e. Can you provide a detailed list outlining GO, COPS, Sewer Obligations, etc?

Provided in the annual Arizona Department of Administration annual filing in Attachment 4.

6. Elections

a. What was the ~1m in State Revenue?

The amount was anticipated revenues from the State of Arizona to purchase elections equipment and to reimburse the County for elections costs associated with State obligations or questions.

b. I see Federal Revenue Operating is zero YTD. What is this?

In the past, there have been federal election funds allocated to elections. There are no funds allocated at this time for this purpose. This is why the amount in zero.

c. Why is there over a 100K increase in R & M Building Services?

The increase in operating expenses for R & M Building Services was related to the securing of polling places throughout the County. The County is required to pay for many of these polling places, and the cost of securing and acquisition is increased by this amount over the previous year.

7. Facilities Management

a. What is R&M Building Services? From what we've spent YTD we should have ~1.2 m remaining. Yes the recommended for 13/14 is only ~300k less. Can you talk a little about this?

The year to date at the time of the budget preparation is through February. Facilities Management has undertaken significant repair of community centers in parks located throughout the County.

b. What were the Proceeds Sale Other Fixed Assets of $1.6m in 2011/2012?

This was the portion of the Posada del Sol nursing home sale related to the assets provided by the General Fund.

c. Can you talk a little about why some County Departments pay rent for space in certain County buildings?

The increase in operating expenses for R & M Building Services was related to the securing of polling places throughout the County. The County is required to pay for many of these polling places and the cost of securing and acquisition is increased by this amount over the previous year.

8. Finance

a. Can you explain the 5.2m reduction for services provided directly to County Departments? What is this?

This is the amount that is charged out to departments for specific services directly provided to departments by Finance as opposed to countywide financial services, which are allocated as overhead.

b. Why was roughly 1.4m added to Salaries and Wages in 2012/2013? It appears there will be a roughly 1.4m remaining based on YTD expenditures.

True, if straight line calculation holds. Vacancy savings and changing departmental personnel needs would account for under budget actuals.

Yet, the recommended expenditure is almost 200k more than last year. Can you talk a little about this?

The budgeted Salaries & Wages amount is the funding necessary for personnel to cover departmental needs for the coming fiscal year.

c. Please explain what the Improvement Districts Formation Fund is.

It is a special revenue fund to provide funding to cover the expenses of assisting property owners in creating new improvement districts.

9. Fleet Services

Why was Motor Vehicles-Capital reduced by roughly 1.4m in 2012/2013? YTD Fleet Services has nearly spent their entire amount for this fund. Do they project any further expenditures in this area this FY?

This budget reflects the replacement of County vehicles per Fleet Service replacement schedule and budgets will vary from fiscal year to fiscal year depending on the number of replacement vehicles. In addition, the County will purchase the budgeted vehicles when needed which may occur unevenly throughout the fiscal year.

10. General Government Revenues

a. Is this the General Fund? This is where our revenues are recorded?

General Government Revenues comprise the largest portion of General Fund revenues collected each year (nearly 92 percent), with fees for service and fines and forfeits making up the remainder of the General Fund's anticipated $466,676,706 in overall revenues for FY 2013/14.

General Government Revenues is the unit in which primary property taxes (i.e., current year real and personal property taxes, delinquent real and personal property taxes, and penalties and interest associated with payment of delinquent real and personal property taxes) are posted to the General Fund. General Fund intergovernmental revenues for this unit include state shared sales, vehicle license tax, alcoholic beverage license and Pima County transient lodging (hotel/motel) taxes, along with federal payments in lieu of property taxes (i.e., PILT). License fee revenues from cable television use of County rights-of-way are posted to this unit, as are General Fund administrative overhead charges to departments and interest revenue earned on General Fund balances invested each month by the Treasurer.

b. Can you explain the Capital Projects? What is this?

All capital projects are identified on Page 6-8 through 6-13.

c. What is Debt Service and how is it different than the Debt Service Fund?

Debt service is the amount paid annually for principal and interest payments on outstanding debt. The Debt Service Fund is the fund that holds the debt service tax revenues and the operating transfers received from the General Fund for COPs debt.

i. Can you talk briefly about the other Operating Transfers on page 2-90 starting with Economic Development and Tourism?

Is this a reference to Page 1-7, which shows operating transfers with Economic Development and Tourism?

ii. Should the Health Department GF Support be listed as a subsidy as SW, DSD, and Stadium are? If not, how is this different?

The inter-fund transfer to Health Services is considered a General Fund Subsidy and is required to fund a significant portion of the department each fiscal year. The subsidies for Solid Waste, Development Services and the Stadium District are budgeted in the Contingency Fund and are normally only transferred if certain criteria are met. The General Fund contribution to the Health Department is required by A.R.S. § 36-185, which states that the "board of supervisors shall provide monies necessary to cover the cost of maintaining the [local health] department for the ensuing fiscal year."

11. Information Technology

Roughly $2.7m will be recovered from the GIS cost through an administration overhead charge. Can you explain what this is?

This is the cost of maintaining the County's GIS mapping function used by multiple departments. It was previously charged to various public works departments as a direct charge.

12. Non Departmental

a. Can you explain what this is?

This is to budget and provide for expenditure and/or revenue authority for specified General Fund programs, projects, and items for which no direct responsibility has been assigned to any single department. As shown on Page 2-116, it includes such items as the proposed employee compensation adjustments of $8 million, $3.3 million for Visit Tucson, $1.2 million for photo traffic enforcement, and the $2.1 General Fund departments premiums for the Self Insurance Fund.

b. Revenue and expenditures for Photo Traffic Enforcement are listed in this category. Can you explain briefly the County's participation in the Photo Traffic Enforcement Program?

The County only has photo enforcement speed cameras and no red light cameras. The County's historic law enforcement issues on the transportation system are related to speeding, not red light running; hence, the installation of speed cameras. The amount of citations issued at the fixed speed camera locations has declined dramatically, as has the average speed on County arterials. The installed speed cameras have effectively done their job. The current contract with the vendor expires in December 2013 and likely will not be renewed, signaling the possible end of the Photo Traffic Enforcement Program in Pima County. However, the Board will have to vote whether to end the program.

c. Does the $3.2m in Transient Lodging Excise Tax come through the County to be paid to Metropolitan Tucson Convention and Visitors Bureau? How does this work?

The Transient Lodging Excise Tax is authorized by State statute which has specific distribution formulas. It is a six percent tax and three percent is distributed to the tourism bureau of the County now called Visit Tucson, having changed their name from the Metropolitan Tucson Convention and Visitors Bureau. Two percent of the "bed tax" goes to help retire the Stadium District debt and one percent is provided for economic development and funds a number of economic development activities of the County.

The Transient Lodging Excise Tax receipts collected from any hotel, motel or organization providing accommodations located in any jurisdiction that does not levy a municipal occupational license tax are to be used to promote tourism. Pima County contracts with Visit Tucson to provide this service. The amount budgeted for revenues equals the amount budgeted for expenditures.

d. What are the Border Coalition dues of $12,608?

There is a national border county coalition, of which Pima County is a member. Pima County has the longest exposed border to Mexico of any county in the United States. The organization is designed to affect federal policy regarding border issues, ranging from jail incarceration of undocumented immigrants to providing medical care through hospital emergency rooms.

The U.S./Mexico Border Counties Coalition consists of the 24 county governments in four states that share an international border with Mexico and serves as a technical and policy forum for developing and advocating for solutions to the unique problems and associated costs to counties that result from their close proximity to the international border with Mexico.

e. Does Pima County pay almost $100k to be members of the County Supervisors Association? What are our membership benefits?

The County pays dues annually to the County Supervisors Association of Arizona, whose headquarters is located at the State Capitol. Its membership consists of the 61 County Supervisors in Arizona. The staff of the Association facilitates communication, research, and advocacy on federal and state issues of common interest to the 15 Arizona counties. The Association also serves as a clearinghouse for development of best management practices among counties.

f. Can you briefly explain the Mandated Payments of 58,577,293? Is this all going to Arizona Health Care Cost Containment System?

The State of Arizona mandates that counties contribute by specific allocation or formula County General Funds to support the State's indigent health programs, whether for acute care for those who qualify for the AHCCCS program, long-term care related to the elderly or mental health. The entire amount, $58.6 million*, is a State mandate and must be transferred and paid to the State. If not, the State will intercept the County's state-shared sales tax revenues.

***AHCCCS, $14,951,800; Arizona Long Term Care System, $41,151,293; AHCCCS Disproportionate Care, $1,115,900; AHCCCS Expanded Coverage Control, $1,358,300.**

13. OEMHS

a. I heard Supervisor Miller delay the purchase of the 1.5 million Ron's Produce building. What are you doing to address the excess space at the PECOC? What are the yearly maintenance and operations costs of this building? How is it funded?

A plan detailing the proposal to use excess space at the Pima Emergency Communications and Operations Center (PECOC) is being submitted to the Board of Supervisors today (Attachment 6). The annual maintenance and operational costs of the building are similar to other County buildings; and on a square foot basis will be approximately $10 to $11 annually, which will be funded by revenue sources in proportion to the uses. For example, the Information Technology occupation of the building is a General Fund expense and will be paid by the General Fund. The actual Pima County Wireless Integrated Network (PCWIN) will be an expense that will be paid by PCWIN, which has been developed as a special revenue fund

since there are a number of entities and agencies outside of the County that will utilize and benefit from the services of PCWIN.

b. As a follow up – D1 recently received Reid's memo outlining a suggestion to move RFCD from 92 E Congress to Admin West, I remember PCRFCD used to be in Public Works. Why did they move to 92 E Congress? What year did this happen and why?

97 East Congress was purchased by the RFCD in January 2005 because the RFCD had run out of space in the Public Works Building. The present plan is to renovate the Fifth Floor of Administration West when Information Technology is relocated to the PECOC, relocate RFCD to Administration West and sell 97 East Congress.

14. Office of Sustainability and Conservation

Consolidation of 3 departments into this single Department resulted in a net increase of 1.1 FTEs. FY 2012-13 adopted budget for Salaries & Wages is $869,825. Based on Salaries & Wages YTD, the projected 12 months salaries/wages for FY 12/13 will total $507,890 –a difference of $361,935 from the budgeted amount. This (projection) is only 58% of your budgeted amount. The 2013-14 requested amount for salaries is $836,364. Why is this still $328,474 above projected salaries/wages for FY 13? What other factors went into this budget request besides the addl FTE?

The budgets should have reflected interdepartmental salary charge outs of approximately $300,000 for five FTEs providing direct services to other departments.

15. Procurement

What can you tell us about the $3,000 in recommended revenue? Where might this come from?

This revenue comes from charges to contractor and vendors for copies of County procurement rules and procedures and other training materials.

16. Telecommunications

a. Can you tell us what the ~1m increased expenditures over FY 12/13 are?

As explained above, there are 661 more ports to maintain, during the year there will be overlap between the existing wireless radio system and PCWIN.

b. Why did interdepartmental salaries change from actual $44,995 to $72,950 adopted in 12/13 and now $104,437 in 13/14 recommended budget?

The increase is due to PCWIN going live during Fiscal Year 2013/14.

c. Why did office supplies increase from $348 to $5200 in 12/13, and yet now $4750 recommended for FY 13/14?

d. Non capital FTEs of 28, with an increase of 2, 11/12 actuals were $1,602,811, and 13/14 requested is $1,822,004...is that is an increase of $220,000 for 2 FTEs?

The budget for FY 13 is $1.7 million. For FY 14, the 2 additional FTEs impact salaries by $100K. The increase in BUDGET over the actual from two years ago is affected by the vacancies. The YTD of $1.15 million annualizes to $1.7 million as budget for the current year.

Can you talk about the Voice Over Internet Protocol increase? Is the equipment owned or leased?

Owned.

Community Resources

1. Community Development & Neighborhood Conservation

a. On page 3-2 it states the Recommended Budget includes $4.9m for outside agencies. What is this?

Outside Agencies is a collection of nonprofit entities that provide social and public services to address the most critical needs throughout the County. Outside Agencies are organized into five service categories: 1) Youth, Young Adult, and Family Support; 2) Senior Support; 3) Support, Shelter, and Domestic Violence Services; 4) Community Services; and, 5) Emergency Food and Clothing. The total amount of funding for Outside Agencies is $7.9 million, of which $3.2 million is for Visit Tucson. The General Fund allocation supports a number of agencies shown on Attachment 7. Allocations to these agencies are made by an Outside Agency Review Committee (OARC), which consists of members appointed by the Board and the County Administrator. The OARC reviews all requests and then recommends specific funding. The Outside Agency allocation for FY 2012/13 is shown on the attachment. The OARC is beginning to formulate its recommendation for FY 2013/14.

b. Can you please explain what the Object Name Payments to Agencies is? Based on the YTD figure, there should be ~1.1m remaining. Yet, the recommended expenditure for 13/14 only went down approximately 22k. Can you talk a little about this?

Payment to Agencies is payment to the community agencies funded through the Outside Agency Program. This report is as of February 28, 2013. To date, the department has spent $3,442,223.

Can you explain Non-Medical Consultants listed on page 3-12? Not even 30% of this expenditure has been used YTD yet the recommended amount for 13/14 has increased. Can you talk about this?

This is a Grant funded department and the payment cycle can lag at the start of the year and spending picks up as the year progresses, this report is as of Feb 28. To date, they have spent $1,734,349.

2. Community and Economic Development Admin

What is the difference between Payments to Governments and Payments to Agencies? 2012/13 161k was given to Payments to Governments and 13/14 161k is recommended to Payments for Agencies.

In the legacy system, this was reported as one object, and is now identified as two separate objects. It was budgeted in error as Payments to Governments in FY 2012/13 and has been corrected to reflect accurately as Payments to Agencies in FY 2013/14. The funds are for: $73,893 for the County contracts with United Way to assist in the implementation of the Employee Combined Appeal Program (ECAP); $22,000 Humane Borders provides for placement and maintenance of emergency water stations under public health and safety authority on desert trails near southern county border; $36,000 for LULAC Youth Conference which provides youth development and education services under public safety and economic development authority; and $30,022 to provide payments in support of various other agencies as requested by the Board and County Administrator.

3. Community Services Employment and Training

Can you tell us what the ~$2.5m decrease in expenditures from FY 12/13 are? **As a granted department, expenditures are impacted annually by what federal grants are awarded.**

For Salaries and Wages, the 2012/2013 Adopted was roughly 1m more than 11/12 Actual. Why this jump last year? According to YTD, projected they should have this amount remaining.

We need clarification for this question. To which function of CSET does this relate?

c. Why do you expect Shift Differential and Temporary Help to double? What is Temporary Help?

Shift Differential and Temporary Help are not expected to double the $322,958 reflects Temporary help as of February 28, to date that amount is $667,108. Temporary help is Intermittent positions.

d. Why does the Department expect their Software Under $100,000 expense to more than double?

The department is planning to upgrade their Windows Operating system on staff computers and in the Learning Labs. The AIMS and GED tests are being replaced so the department must upgrade its educational and test prep software to be compatible to the new testing environment. Computer based assessment tools are being replaced and with Web based assessment tools.

e. Under Non-Medical Consultants, it appears the actual number is always very low, yet adopted/recommended is quite high, for example in 2011/12 the actual was $25,547 yet adopted the following year was $180,000. Can you explain this to us?

Periodically, a Request for Proposals (RFP) is done to obtain subject experts who can facilitate workshops, work on special programs, or assist in planning for grants. The department decreased this line item for FY 2013/14, but continues to recognize the need to anticipate this expense.

f. On page 3-27 for Grants, there seems to be quite a jump from Actual 11/12 to Adopted 12/13 for Community Services Case Management, Job Training and Training Supplies, and Job Support Services. Based on the YTD projections, these adopted expenses will not be reached. Why this jump? Two of these recommended expenditures will drop for 13/14, but why will Case Management increase by almost 2m?

The increase is a result of the consolidation of two line items; Payment to Sub Grant Recipients and Community Services Case Management. The department is reporting in a manner to better reflect where the funds are expensed. The year to date expenses are as of February 28, and actuals year to date are $4,132,541.

g. Federal Revenue Operation is in the red $130k, can you explain this? Adopted was $17.6k.

As new Revenue codes were used, the $130,000 in question was backed out of this code. The adopted amount was actually $17.6 million.

h. Federal Grant Revenue is up 1.2m, can you explain this? Adopted was zero.

For the FY 2012/13 Adopted Budget, the department budgeted for anticipated grants but did not have a breakdown of what type of grants would be received. They have attempted to better identify the breakdown for the FY 2013/14 budget.

i. Federal Grant Revenue Pass Through State is up almost 5.5m, adopted was zero. Can you explain this?

New revenue codes were established after the FY 2012/13 Adopted Budget. As revenues are received, they are accounted for in the new revenue codes.

4. County Free Library

a. Can you tell us what the ~$1m increased expenditures over FY12/13 are?

The $1 million increased is described on Page 3-34. It is primarily due to an increase in book purchases and computer equipment offset by a decrease in personnel costs.

b. How are funds allocated to each branch?

Funds are allocated to each branch based on their utilization and operating expenses. The County Administrative Overhead is the cost associated with the County providing all support services to the Library District, including management, accounting and finance, human resources and personnel, procurement, risk management, facilities management, and all other administrative support functions.

c. Can you explain what makes up the $2,797,497 in County Administrative Overhead?

The County Administrative Overhead is the cost associated with the County providing all support services to the Library District, including management, accounting and finance, human resources and personnel, procurement, risk management, facilities management, and all other administrative support functions.

5. Kino Sports Complex

How is this different than Stadium District? Does the Stadium District encompass more than just the Kino Sports Complex?

The Stadium District is effectively defined as the baseball stadium itself and the surrounding baseball fields that once supported Major League Baseball Spring Training. The Kino Sports Complex is larger and includes the Stadium District, the recreation center north of Ajo Way and the Kino Environmental Restoration Project also north of Ajo Way. In addition, the Kino Sports Complex includes soccer fields, a park north of the juvenile detention facility, as well as soccer fields south of The University of Arizona Medical Center South Campus.

6. Stadium District – Can you tell us what the ~$400k increased expenditures over FY 12/13 are?

As detailed on Page 3-78, the increase includes personnel costs relating to additional events and field work and repairs and maintenance.

7. Natural Resources Parks and Recreation

As the county has approved more and more commercial and multi-family development along the Rillito River Trail, what provisions have been made to the Natural Resources and Parks department to deal with increased trail use and maintenance brought about by more density and diverse uses? This includes funding for graffiti abatement. Has their budget been appropriately increased? Are the full costs (impacts) of development on operating departments taken into consideration when developments are approved? Where would we find this in the budget document?

The trail maintenance program is funded through the Regional Flood Control District (RFCD) as a budget transfer to the Natural Resources, Parks and Recreation Department (NRPR). More and diverse uses do not increase cost. In fact, they likely reduce costs. The County has no particular authority, particularly in the area of parks, to impose certain fees on development that may attach to and become beneficiary of the river parks system.

Regarding the budget for NRPR for river park maintenance, NRPR complains that the budget is not large enough, and the RFCD complains that the river park maintenance budget is overfunded. The truth is that they are appropriately funded. The NRPR budget would be where the river park maintenance expenditures would be imbedded.

Justice and Law

1. County Attorney

a. Salaries and Wages went up in 12/13 ~1.5m from 11/12, why this jump? Yet YTD projected we should have ~1m remaining.

FY 2011/12 actual dollars spent in Salaries and Wages are approx. $1.3 million less than the FY 2011/12 budgeted amount. This could be due to the following reasons:

- **Unfilled positions.**
- **Keeping positions vacant for the purpose of reallocating dollars to operating expenses in order to keep expenses under budget.**
- **FY 12/13 adopted Salaries and Wages amount is the authorized budget expenditure limit that the County Attorney's office is authorized to spend. FY 12/13 has not closed; at this time, the County Attorney's office is projecting to spend on budget for their salaries and wages.**

b. Grants Salaries and Wages are similar, went up in 12/13 ~1.4m from 11/12 Actual, why this increase? We should have 1.9m remaining.

c. Other Misc. Charges for Law Enforcement Antiracketeer had a 1.2m jump in 12/13 Adopted from 11/12 Actual, why this jump? Based on projected YTD expenditures we could have 1.7 remaining.

The County Attorney is the fiduciary agent for all funds held in the anti-racketeering revolving fund by local law enforcement agencies participating in the fund. Funds allocated to and expenditures by local law enforcement agencies are dependent on actions initiated by each local law enforcement agency. Revenues may be allocated to an individual law enforcement agency or shared among agencies conducting joint investigations.

- **The County Attorney Anti-racketeering Fund, Sheriff State RICO Fund, Sheriff CNA Anti-racketeering Fund, and Sheriff Federal RICO Fund share a pool of anti-racketeering dollars along with all of the local law enforcement agencies participating in the fund. These dollars are received, recorded and administered by the County Attorney.**

d. Why have I heard in the past the County Prosecutor sponsoring the John C Scott show on 1030 AM radio? I must assume it is being paid for by the taxpayers and one has to ask why the prosecutor needs to advertise on the radio. From the crime stats in my neighborhood I suspect she has plenty of business.

The Honorable Barbara LaWall, Pima County Attorney, provided the following information:

The Pima County Attorney's Office is a multifaceted operation that operates on many levels: pursuing justice, prosecuting criminals and protecting our community. Each of these areas is equally important and each is designed to support the primary mission of my office, which is to protect the public safety and keep our community safe from those who threaten and endanger them.

As the elected County Attorney, I am accountable to the citizens of Pima County and always strive to keep them well informed of our innovative programs, initiatives and of the outstanding results we produce on a regular basis. To accomplish this, I utilize a variety of communication tools: a Pima County Attorney's Office webpage, Facebook, Twitter, periodic public reports and newsletters, and, most recently, have utilized radio programming.

All of these together have been used in place of filling a General Fund position of communications director or public relations officer, a position in my office that has been vacant since 2005. They are considerably less costly than staffing a position. Through the wide-ranging and highly innovative programs of the Pima County Attorney's Office, we have been able to cultivate strong community connections and better and more closely work with citizens to make Pima County a safer place to live and work.

One of the media formats I recently began to use to communicate with the community is radio broadcasting. I partnered with Good News Communication in January of this year to provide six separate 2-hour time slots on KVOI radio on the local John C. Scott radio show. The shows broadcast approximately once every 4-6 weeks.

To date, we have conducted three such informational discussions on topics that are very important to our community. On January 8, the focus of our radio program discussion was Tucson Remembers January 8. The broadcast featured the significant role and support our Victim Services Division provided to the survivors and families resulting from this crisis and horrific shooting event.

In February, the radio show topic featured our innovative and ground-breaking Drug Treatment Alternative to Prison (DTAP) program funded by both Bureau of Justice Assistance and SAMSHA. This is a new program to Arizona, the first of its kind, and has demonstrated both reduced recidivism and reduced costs of imprisonment and is a program that is being looked at nationwide.

In April, during Victims' Rights Week, the broadcast provided an overview and history of the evolution of crime victims' rights and the importance of victim rights in the criminal justice system. Another topic that was immediately relevant at the time of that broadcast was the impact of the Pioneer Hotel Fire on victims and family members affected by this historically important event in Tucson and how technology has evolved in the investigation and prosecution of arson cases.

To date we have expended only $2,800 *which has been paid for from non-taxpayer funds*. Specifically, that funding source is derived from court ordered forfeitures and seizures of criminal proceeds obtained under the Racketeer Influenced and Corrupt Organizations Act commonly referred to as RICO. Each of the radio broadcasts can be listened to via a link on my webpage.

2. Justice Court Tucson

a. Are you planning to seek a reimbursement to the General Fund of 22 million which was allocated to the Justice Court?

Yes, we have asked the Presiding Judges of the court system, particularly the Justice Court Presiding Justice and Court Administrator, to develop a facilities fee that will be attached to every case filing within the Justice Court system to repay the court cost of completing the building that is in excess of bond funds that were approved for this purpose. This would include the $22 million General Fund transfer that was made to finish the shell construction contract of $48 million. The difference between the $22 million General Fund transfer and the $48 million construction cost was funded through the bonds that remained from the original $79 million allocation.

b. Did we have an IGA with the City of Tucson? If so, was there a termination clause with penalties?

There was no intergovernmental agreement with the City of Tucson. We simply trusted them, since it was a joint proposal from the joint courts in 2004, and the City of Tucson

actively participated in a joints courts design committee for nearly 10 years, specifying and requiring certain design parameters to be included in the building to meet their needs. It was only at the last minute that the City of Tucson abandoned the joint courts project. Next time we will have a contract.

c. What are the yearly maintenance and operations costs of this building? How is it funded?

As originally designed, the annual operating and maintenance costs were estimated to be $15 per square foot, or $4.8 million annually. Utilities and security staffing are the two largest components of such costs. Three separate components of security are required, including contracted security (Securitas) for the entry screening; Sheriff's Deputies for prisoner transport, onsite detention and escort; and Consolidated Justice Court security staff for courtroom and roaming security. With the City's departure and concurrent loss as to the number of constructed courtrooms and personnel, we have consequently lowered our annual estimated operations and maintenance cost to $10 per square foot, or $2.8 million annually. The funding source for the Consolidated Justice Courts is the General Fund.

3. Legal Defender

a. I consistently see Legal Defender, Isabel Garcia, during regular business hours at various political rallies; can you please explain why you allow a direct report to do such activities during the work day at taxpayers' expense?

I have asked the Legal Defender, Isabel Garcia, to directly address the allegations that she was seen at various political rallies during business hours and was providing these political activities paid by the taxpayers. I believe she can best explain her time accounting to the public.

b. Can you explain the high motor pool charges of almost $42k?

The department uses County vehicles to conduct investigations, attend depositions, interview witnesses, travel to crime scenes and meet with clients at the Pima County Adult Detention Center.

4. Public Defender

Can you please explain the high motor pool charges of over $80k?

The department uses County vehicles to conduct investigations, attend depositions, interview witnesses, travel to crime scenes and meet with clients at the Pima County Adult Detention Center.

5. Sheriff

In calendar yr. 2012, the sheriff's dept. had $2,594,381.00 in Overtime costs. Why?

In reality, the actual overtime costs (General Fund and Grants) for Calendar Year 2012 for the Sheriff's Department equal $2,504,708. Of this amount, $1,399,066 reflects General Fund overtime, while the remaining $1,141,642 can be attributed to grants. It should be noted that many of the Sheriff's grants are awarded to pay for overtime associated with specific programs (High Intensity Drug Trafficking, border security, etc.).

General Fund overtime is necessary to ensure that patrol response times are reasonable and for inmate/staff safety at the Pima County Adult Detention Center. Population at the detention center has increased during this timeframe.

In FY 2011/12, General Fund overtime ended the year under budget by $323,281, while in the current fiscal year (FY 2012/13), the department is projecting a year end savings of $172,564. These savings have allowed the Sheriff to reallocate funds to various accounts that are running higher than budget.

Health Services

1. Health

Can you tell us what the ~$2.7m increased expenditures over FY 12/13 are?

The increase includes the reorganization of the medical services function resulting in the transfer of 24 positions from the former Department of Institutional Health into the Health Department.

2. Solid Waste Management

It should be noted that the County is in the process of contracting out its Solid Waste function. The budget for Solid Waste is currently configured as if it were to remain managed and run by the County. The Solid Waste budget should be treated as a work in progress and will likely undergo major revisions in the coming months. The answers that follow are based on the budget as currently configured.

The General Fund is subsidizing this Department $800,000. Can you please explain Other Operational Supplies of $550,000 which is almost ~200k increase from 2011/2012 (The increase in this line item is due to an increase to meet requirements for landfill cover, R&M Machinery & Equipment Services of $668,860 which is a $100k increase from 11/12 (The increase is due to aging equipment and the shift from leasing equipment to owning equipment (capital leases) and anticipating repair and maintenance for owned equipment.), and Motor Pool Charges of $849k which is an almost $400k increase from 11/12?

The increase in this line item is due to an increase to meet requirements for landfill cover and R&M Machinery & Equipment Services of $668,860, which is a $100,000 increase from FY 2011/12. [The increase is due to aging equipment and the shift from leasing equipment to owning equipment (capital leases) and anticipating repair and maintenance for owned equipment.]

Public Works

1. Capital Projects

What is this?

Capital projects are General Fund and Special Revenue Fund projects that have a minimum cost of $100,000 and may have a duration that extends over multiple fiscal years. These projects are accounted for and recorded in a Capital Projects Fund. Budgetary purposes disclose Internal Service Funds (TeleComm and Fleet) and Enterprise funds (Regional Wastewater Reclamation Department) capital projects in the listing but totals are subtracted out because projects from these funds remain in their respective funds rather than the Capital Project fund itself. Please see Pages 6-1 through 6-13 include a list of projects in the County's Capital Improvement Program.

2. **Development Services** – Can you please talk about the Motor Pool Charges of ~205k?

These are the internal charges to County departments for the use of assigned County owned vehicles. This department is responsible for building inspections, and the inspectors must travel to the building sites.

3. Regional Flood Control District

Can you tell us what the ~$1m increased expenditures over FY 12/13 are?

4. RWRD

a. Can you discuss the increase in Engineering Services? 2011/12 was $263,647; YTD - $91,267; Request 2013/14 - $2,672,794

An increase in object engineering services is due to the recording of the contractor overseeing the operation of the new Design-Build-Operate Roger Road plant going online the end of FY 2012/13.

b. Can you discuss County Administrative Overhead? 2011/12 was $3,721,380; YTD - $2,419,024; Request 2013/14 - $4,544,788

The overhead is impacted by including the GIS allocation (which was previously a direct charge to the department) and by the closure of Pima Health System, one of the larger non-General Fund departments that bore a significant portion of overhead.

c. As listed in the Summary of All Activity by Fund, what is the ~36m Interfund Transfers Out for RWRD?

d. What are the debt pay down details for ROMP?

As acknowledged, the County has made significant capital improvements in the wastewater treatment facilities by implementing the ROMP program. When completed, it will have the capacity to add an additional 160,000 units of residential connections. These additional units, at the present connection fee, will generate $650 million in revenue, offsetting the debt that has been incurred.

e. In Calendar year 2012, RWRD had $988,768.87 in Overtime. Why?

Overtime for FY 2011/12 had an unfavorable variance of $63,443. An unfavorable variance exists since existing vacancies that were not filled caused increased hours for positions that float among RWRD plants and lift stations. An increase in FY 2013/14 is projected due to similar circumstances. The expenditure is required for proper coverage for a utility that operates numerous facilities and functions on a 24/7/365 schedule (regulatory requirement). RWRD must maintain operational aspects of two major water reclamation facilities during this budgetary cycle, (regulatory requirement). During this same timeframe, RWRD has experienced reduction in its FTE's through attrition and automation.

f. Assuming most of the capital improvements were planned in mid-2000s, we have put in place substantial capital plant improvements and incurred substantial bond debt. What percentage of capacity are the plants operating at? If they are low, do we need any more expenditures? What impact does the Marana (and implicit growth rates) have on future capacity projections?

Future capacity concerns/issues/projects are normally driven by economic factors that are impacts of the growth rate. This will always be variable. The treatment facilities currently operate overall at roughly 67 percent of capacity in total (though some plants operate at higher capacity). The County needs to complete the ROMP expenditures mandated by the ADEQ permit requirements. As discussed above, completion will provide additional capacity for approximately 160,000 new residential connections. As discussed above, the sale of the Marana facility will not impact operations or revenues.

The sale of the Marana facility to the Town of Marana has absolutely no impact on the County's rates or capacities, since the Marana facility represented less than one half of one percent of the total connections to the public sewer system and also represented the second

most costly treatment facility for the County to maintain. Transfer of the Marana facility to the Town of Marana will be a positive fiscal impact for the County.

Final

a. What types of performance metrics are in place to ensure Departments are meeting their mission?

Each department or agency has metrics tailored to their particular mission or function, and these are closely monitored by department or agency heads with oversight from County management.

b. In view of the size of this budget, why did you not recommend to the Board that study sessions be held?

The choice of having budget study sessions is purely that of the Board of Supervisors. Many members of the Board have tenures of 16 years or longer and are very familiar with the intricacies and details of the County budget and do not require study sessions to understand the budget.

c. Similar to other jurisdictions like Oro Valley and Marana, why don't we begin the budget process earlier and include study sessions, so this is not be a last minute crash course? Supervisor Miller would like to have earlier involvement next year, is there any reason why you cannot do an earlier review along with your staff in developing this budget next year?

The budget process is identified and publicized in a budget schedule that is issued in November, eight months before the budget is scheduled for adoption. This schedule allows any participant, including the public, to follow the budget development process in Pima County. As can be seen from the schedule in Attachment 8, it is a lengthy process, not a last-minute crash course.

ATTACHMENT 1

MEMORANDUM

Date: May 15, 2013

To: C.H. Huckelberry
County Administrator

From: Honey Pivirotto
Assistant County Administrator

Via: Janet K. Lesher
Deputy County Administrator
Medical and Health Services

Re: UAMC–South Campus (also known as Kino Community Hospital)
History and Background

I. History of County Owned and Operated Kino Community Hospital

Pima County has had a commitment to the health and welfare of the residents of this community for over 100 years. The County has strengthened that commitment over the last 35 years with the development and expansion of what is now the Kino Campus. In 1974, Pima County voters approved bond funds to replace the County General Hospital on Sixth Avenue with a new hospital on the south side of Ajo and Country Club. Kino Community Hospital opened its doors on Ajo Way in 1977, just a short time before the State implemented the Arizona Health Care Cost Containment (AHCCCS) program, the State's Medicaid program. In November 2000, Arizona voters approved Proposition 204, transitioning the financial responsibility of providing health care to the indigent population from the counties to the State. Consistent with federal requirements, AHCCCS began offering individuals relying on public support for health care the opportunity and ability to choose any physician or hospital for their care, eliminating the need for a County Hospital focused solely on meeting the County's obligation to provide health care to an indigent population.

This development, along with increasingly complex reimbursement systems from the Federal, State and commercial payors; challenging regulatory requirements; and the lack of a dedicated physician base at the hospital, significantly complicated the County's ability to maximize the value of Kino Community Hospital (KCH). By 2004 Pima County was losing in excess of $30 million per year operating the hospital. Community reliance on the hospital for services was limited. On any given day, the hospital inpatient census was less than 10 medical/surgical patients and 50 level one acute psychiatric patients. The Intensive Care Unit was closed. The emergency department was functioning as a crisis center for patients with behavioral health conditions and those requiring detox services since the hospital was required by licensing to have an emergency department available 24 hours a day along with the same availability for behavioral health expertise.

Stakeholder meetings held with community constituents to examine the future role for the hospital conveyed a strong desire by residents of the community and leadership of other hospitals for the hospital to remain open. Access to care for the residents of the community surrounding the hospital was a clear concern as the hospital's primary service area was, and continues to be, federally designated as medically underserved and a health professional shortage area for primary and dental care. Loss of the hub of behavioral health services was a community wide concern as the entire County was and continues to be a federally designated health professional shortage area for behavioral health. The other hospitals wanted to avoid the shift of emergency department and inpatient behavioral health services to their sites. It was clear there was strong support for the continued presence of a hospital in the community south of Broadway.

It was increasingly clear from stakeholder input as well as the financial burden of funding significant losses without a strategy to attain financial stability and the fact the bond rating agencies identified this situation as a concern when rating County bonds, it was determined the County required a different strategy for the hospital. The optimal strategy was determined to be a lease of the hospital to a third party with the necessary resources and competency to assume the license for its operation and transform the site into a viable entity.

II. Decision to Lease the Hospital to the University of Arizona Physician Faculty Practice

It was at this time that University Physicians, Inc. (UPI), the physician faculty practice for the University of Arizona, College of Medicine (UACOM), was engaged in identifying strategies for expansion of the physician training programs at UACOM and introduced their vision of how to leverage the hospital and more readily accelerate achievement of the three prong goal of clinical services, teaching and research for the University of Arizona.

UPI had provided services at KCH over a number of years and recognized that the 203-bed hospital presented an unprecedented opportunity for the University of Arizona to accelerate expansion of its training programs in a way that was not possible at its primary teaching hospital, known as University Medical Center, due to space constraints. UPI identified several potential limitations at KCH, including the need for expanded physician clinic and ambulatory services space as the clinic built on the site was not adequate to support a 200+ bed hospital. Additionally, the provision of inpatient psychiatric services was occurring in units constructed for medical/surgical patients limiting the ability to reestablish those services effectively for the community and assure those revenue streams were available to improve the likelihood the hospital could achieve financial stability. The hospital needed separate specially designed units for its inpatient psychiatric patients that were separate from the units to be used for inpatient medical/surgical services.

After exploring the concept UPI presented, the County published a legal notice indicating its intent to lease the hospital facility and requesting interested parties submit a proposal to the County. Only UPI responded to the lease notice. Their proposal identified the need for joint investment in the infrastructure of the hospital as well as the recruitment of physicians and other operating costs associated with revitalizing the operation over a 10 year period.

After careful analysis and much consideration, the Board of Supervisors voted for the County to transfer the state license authorizing operation of the hospital to UPI and entered a 25-year lease of the hospital and property with an option to extend the lease for another 25 years. The Board's approval of the initial lease included a funding commitment totaling $127 million over ten years. The lease contained certain performance measures, maintenance of a set of essential services, continued provision of behavioral health services essential for the County to meet its statutory obligations related to involuntary psychiatric civil commitments defined in Title 36 and a set of service expansion goals supporting revitalization of the hospital services.

UPI operated the hospital under its property lease with the County using various names for the hospital from June 16, 2004 until June of 2010. During this period, the County provided funding of nearly $127 million as specified in the lease. Among the UPI accomplishments were recruitment of physicians; expansion and addition of critical services; reopening the Intensive Care Unit (ICU) essential to care of the most critical patients; reestablishment of the base hospital status for the emergency room for it to become a full participant in emergency patient care with the other local hospital emergency rooms and other actions pivotal to a vibrant clinical setting at which training could be accredited for physicians, nurses and allied health personnel. UPI accelerated dialogue with the leadership of the established academic medical center and the primary teaching hospital, University Medical Center, about the need to fully integrate the second hospital now operated by the physician faculty into the single hospital academic medical system to achieve a more robust and effective two hospital operation.

III. Establishment of the Two-Hospital Integrated Academic Medical System

In June 2010, agreement was reached with the respective corporate leadership and Boards that the physician faculty practice; the health plan known as University Family Care; the hospital on the Kino Campus which had been renamed University Physicians Hospital; and the primary teaching hospital, University Medical Center, would reorganize into a new company representing a single academic medical system with a new corporate and operational framework. This new corporation would utilize strategies and synergies from their combined strengths and assets of $1.2 billion to maximize efficiencies and outcomes for the entire system. This single corporate entity was subsequently named the University of Arizona Health Network (UAHN) and represents a two-hospital academic medical system. The two hospitals are now known as: UAMC – South Campus and UAMC – University Campus rather than UPH Hospital and University Medical Center, respectively. The reorganization accompanied a request to the County to provide additional funding to support further collaborative expansion and workforce development at the South Campus hospital. In turn, UAHN made a firm commitment to integration of activities across both hospitals in order to both reduce operating losses and maximize revenue streams.

IV. Restructuring of County's Property Lease and Funding Commitment

Relying on UAHN's commitments and the expectation an integrated hospital system with the support of all parties would further enhance the benefits of the initiative and reduce future reliance on County funding, the County chose to separate its lease for the property from its funding commitment. The County restructured its lease for the south campus property and developed a separate funding agreement.

The Pima County Board of Supervisors subsequently approved a two year Intergovernmental Agreement (IGA) with both the Arizona Board of Regents (ABOR) and UAHN. In this three-party IGA the County committed a total of $50 million ($15 million more for FY 2010 operations; $20 million for FY 2011 and $15 million for FY 2012). The IGA prescribed funding from Pima County be paid to ABOR. Executing the IGA with ABOR permitted the County to provide the funding without violating the Arizona Constitution's "Gift Clause" as interpreted by the Court of Appeals in the case of *Turken v. Gordon*. The Board of Supervisors also separately approved the restructured lease of the hospital property to continue the 25 year commitment with an option for an additional 25 years.

In June of 2012, the County extended its IGA for two more years through fiscal year 2014 with a total base funding of $15 million for each year or $30 million for the two year period. Additionally, the IGA provided a mechanism for another $10 million over the two year period for service expansion initiatives, if proposals from UAHN were acceptable to the Board of Supervisors and County funding was available. No expansion funding is approved for FY 2013 due to the County's financial constraints. The current IGA between the County, ABOR and UAHN which expires June 30, 2014, was built on four guiding principles: Efficient and Effective Service Delivery and Training of Healthcare Workforce; Public Health and Wellness; Financial Viability and Sustainability; and Accountability and Transparency. County staff continuously monitor compliance by UAHN with the array of IGA requirements and meet several times each month with UAHN leadership including two formal Oversight Committee meetings each month at which specific financial, statistical and program development reports are reviewed. Staff also track the economic value of the efforts of ABOR and UAHN to secure new federal funding by utilizing the County's payments through the IGA as state match. Further detail on the generation of federal funds is explained later in this report.

V. Scope of Financial Investment by the County Through June 30, 2014

Total funding commitment for the South Campus hospital initiative through FY 2014 is $200,078,001. This figure excludes the option of $10 million for service expansion during fiscal years 2013 and 2014. By June 30, 2013, the County will have funded $185.1 million.

The following table details the County's funding commitment as set forth in the original lease of the hospital and certain surrounding parcels of property and subsequently in the IGA with ABOR and UAHN.

Table 1: Schedule of County Funding Commitments

Fiscal Year	**Payments made by the County under Initial Lease Agreement**	**Payments made by County under IGA with ABOR and UAHN**
FY 2004	$ 1,041,666	
FY 2005	$ 24,791,667	
FY 2006	$ 19,791,667	
FY 2007	$ 14,791,667	
FY 2008	$ 25,000,000	
FY 2009	$ 24,800,002	
FY 2010	$ 9,861,327	$ 15,000,000
FY 2011	$ 6,583,333	$ 13,416,672
FY 2012		$ 15,000,000
FY 2013		$ 15,000,000
FY 2014 Commitment		$ 15,000,000
Subtotal	$126,661,329	$ 73,416,672

Note: Amount does not include the $10 million noted in the IGA for expansion of services in FY 2013 and FY 2014; this funding is contingent on a proposal from UAHN, an approval by the Board of Supervisors as well as available funding. No expansion funding is approved for FY 2013 due to County financial constraints.

The total amount that the County will have invested in this initiative through the fiscal year ending June 30, 2014, represents an average annual investment of $18.2 million per year ($200,078,001/11). If the County had continued to operate the hospital even with the restricted services it provided, losses were projected to be at least $30 million per year. The commitment by the County to this University of Arizona initiative has reduced the annual operating losses subsidized by the County taxpayers by an average of $11.8 million per year ($30 million less $18.2 million). Over the 11 year period, this represents $129.8 million.

VI. Additional Federal Dollars to Support Hospital Operations

Eligibility for public programs, rates of health care reimbursement and covered services have been reduced considerably over the last few years as the State has struggled financially and reductions were made to AHCCCS contributing to the rising levels of uninsured and deficits for health care providers. A major initiative to create new streams of revenue was founded on the collaboration between the County, the hospital leadership and the University working closely with AHCCCS and the federal oversight agency for AHCCCS, which is the Centers for Medicare and Medicaid Services (CMS).

Historically, AHCCCS like all Medicaid agencies, secured federal funds for certain expenditures using State funding as the matching funds. In 2008, a State statute was passed permitting local governments, universities and tribes to provide the State match to secure federal funds as the State funding was no longer available for a number of programs and as a result healthcare providers lost both State and federal funds. CMS approved the initiative outlined in State statute for physician training known as Graduate Medical Education (GME) and two programs funding care for the uninsured known as Disproportionate Share Hospital (DSH) and the Safety Net Care Pool (SNCP). This effort has resulted in successful generation of a stream of federal funds for the two hospitals in the University system that would otherwise not have been possible.

Under this collaborative effort, County funding commitments in the lease as well as the IGA, combined with funding from the University of Arizona, is provided to AHCCCS to replace certain discontinued State matching funds to generate the new federal dollars. Since FY 2008, the County and University of Arizona have funded $92 million in match ($61 million from Pima County; $31 million from U of A) which has generated nearly $206 million in new federal funding. The distribution of the funds by AHCCCS to the hospitals is based on factors such as the number of physicians training as well as the percentage of uninsured. The hospitals also coordinated on a subsequent redistribution during the first three years in which the newest physician training program was in its start-up phase. Of the $206 million in new federal funds the South Campus hospital has ultimately received $82.3 million, the University Campus hospital has received $118.6 million and the physician practice has received $5.1 million. The total amount of new federal funds represents a return on investment of slightly more than 200 percent or just over $2 for each $1 of County tax payer funds. Receipt of these federal funds has helped the two-hospital system preserve services and jobs during the most recent challenging economic period of operation.

VII. Community Services Transformation

The costs of revitalization efforts to date at the South Campus hospital have not rested solely with the County; investment was also made by the physician practice plan. A new CT scan and MRI were purchased when the hospital transitioned to UPI. UACOM and the hospital have invested annually in physician recruitment. The practice plan also funded certain facility upgrades such as the new cardiac catheterization lab. The bonds approved by voters in 2004 and 2006 have supported a new three story Behavioral Health Pavilion (BHP). This building contains a new emergency department (ED) on the first floor nearly three times larger than the original space with specially equipped rooms for emergency psychiatric patients and trauma cases. The second floor contains specially designed inpatient acute care hospital units with a total of 48 beds for individuals with behavioral health conditions; and with the exception of administrative offices, the third floor is shelled for future expansion. Additionally, the bonds funded a lighted landing pad and helicopter parking area known as the helipad avoiding the continued use of the soccer fields as landing pads for medical helicopters transporting patients in and out of the hospital.

The bonds also funded the renovation to the first floor of Herbert K. Abrams Public Health Center to provide a sizeable expansion of physician clinic and ambulatory services. The site now houses a 36 exam room Family and Community Medicine Clinic which also accommodates observation areas for individuals requiring IV therapy and includes telemedicine connections. Adjacent to this clinic is the Diabetes Center with 11 exam rooms, a teaching kitchen and fitness testing center. The bonds also funded the new GI Lab on the west side of the hospital expanding capacity from one to three procedure rooms. More detail on service expansion permitted by the voter approved bonds are detailed in a status memo dated April 11, 2013 from the County Administrator to the Board of Supervisors.

A. Access to An Expanded System of Care

A transformation of the hospital, as measured by the community's utilization of its services, has clearly occurred. The following table contains key statistics which illustrate the extent to which patient services are now utilized at the South Campus hospital when compared to the first year of operation. Adjusted patient days are a statistic that reflects overall patient utilization of both inpatient and outpatient services. This figure confirms an increase of 116 percent in overall patient utilization of the services. In addition, the inpatient census is no longer dominated by psychiatric patients but includes a nearly equal amount of medical/surgical patients and psychiatric patients. Outpatient clinic visits have grown by 231 percent, while surgery volume has increased 396 percent and during March reached its highest level since 2005. The emergency department visits have grown 31 percent despite the opening of the Crisis Response Center, adjacent to the hospital, which under the oversight of the Community Partnership of Southern Arizona (CPSA), now handles the crisis patients requiring psychiatric urgent care services who were previously handled in the South Campus hospital emergency department and emergency departments of other hospitals throughout the community. Emergency department visits now reflect a much higher acuity as the emergency management service utilizes this base hospital for more complex patients requiring certain types of trauma care, surgeries and other high acuity services more appropriate for an emergency room setting.

Table 2: UAMC – South Campus Key Statistical Profile FY 2005 to Projected FY 2013 (based on 9 months of actual data)

Key Indicators	FY 2005	FY 2012	Projected FY 2013 based on the first 9 months of actual data	Change from FY 2005 to FY 2012	% Change from FY 2005 to FY 2012	Change from FY 2005 to FY 2013 Projected (based on 9 months actual)	% Change from FY 2005 to FY 2013 Projected (based on 9 months actual)
Adjusted Patient Days	39,440	73,621	85,192	34,181	87%	45,752	116%
Average Daily Census	65	98	106	33	51%	41	63%
Emergency Department Visits *	30,356	37,065	39,655	6,709	22%	9,299	31%
Physician Clinic Visits	48,830	157,847	161,471	109,017	223%	112,641	231%
Surgical Procedures	662	2,624	3,281	1,962	296%	2,619	396%

*FY 2005 volume includes urgent care visits. UAMC – South Campus closed the urgent care in August 2011. The Crisis Response Center opened its psychiatric urgent care service in mid August 2011.

The statistics reflect the increasing reliance by the community for care at this hospital. Strategic efforts have been made to recruit both primary and specialty physicians to develop programs critical to the ongoing health and well-being of individuals throughout Pima County. These programs include an emphasis on prevention and treatment of a diverse array of conditions. There has been a focus on: customizing care to meet the needs of a growing geriatric population; provision of an array of robust behavioral health services for the highest acuity patients including those who are involuntarily committed; and the expansion of southern Arizona's trauma system with the establishment of a State designated level III trauma program to complement southern Arizona's only level 1 trauma program based at the University Campus. A more detailed description of each of these services follows.

A. 1. Geriatric Services

Statistics published by the US Census Bureau stated, from calendar year 2000 to 2010, Arizona's population of individuals aged 65+ increased by 32 percent; Pima County saw a 27 percent increase. Statewide the population aged 85+ increased by 51 percent over the same time period; Pima County saw an even higher increase at 52 percent. Another study published by Brookings Institution identified that the Tucson Metropolitan Area (including suburbs) was ranked fifth in the nation for highest share of the population over the age of 45; nearly 47 percent of the Tucson Metro population is 45 or older. This is significant because it indicates that Tucson has a higher percentage of "baby boomers" who will be aging into the "elderly" category, thereby driving up demand for an array of services and particularly health services.

The increasing proportion of the aging population and those with chronic health conditions has a direct impact on our community and its healthcare system. Aging is associated with an increase in functional limitation and the prevalence of chronic conditions. As people age they tend to use more hospital services and prescription medication. A study released by Dill and Salsberg in 2008 stated that individuals 65 or older use twice as many physician resources as those less than 65. UAMC –South Campus has recognized the demographics and the escalating demand for healthcare services by the aging population.

In 2011, UAMC – South Campus received designation as a NICHE hospital (Nursing Improving Care for Healthsystem Elders) by the Hartford Institute of Geriatric Nursing. The NICHE designation demonstrates UAMC- South Campus' commitment to improving quality and enhancing the patient and family experience for all patients 65-and-over. The South Campus is the only hospital in Arizona to receive this designation. In April 2013, UAMC – South Campus opened four additional geriatric psychiatric beds on the 5th floor of the existing hospital for a total of 18 beds to meet the increasing need for behavioral health services to the aging population in the community. In recognition of the increasing numbers of elderly presenting in the emergency department, the hospital has taken steps to make this ED "senior friendly" by providing special training in elderly care to all of its residents. These strategies are being developed in collaboration with the Arizona Center on Aging, Section of Geriatrics and Gerontology.

A. 2. Behavioral Health

Pima County continues to emphasize the importance of behavioral health services and collaborate with its community partners to improve rapid access to a continuum of care that is available to adults and youth on a 24 hour, 7 day a week basis. The County's collaboration with UAHN further strengthens its commitment to this vulnerable population. UAMC – South's role as a hub of expertise for behavioral health services, especially to those individuals in crisis or requiring involuntary commitment, has remained steadfast. Pima County continues to rely on UAMC – South Campus to assist it in meeting its statutorily mandated Title 36 Court Ordered Evaluation (COE) obligation in a manner that respects the personal rights and liberties of the prospective patient, avoids incarceration to the extent possible, and is cost effective for the taxpayer.

The role of UAMC-South Campus as the behavioral health hub for the community is challenging not only operationally, but also financially. Behavioral health services in an emergency room and inpatient setting are the most costly. These patients require a significant level of observation to ensure safety for both the patient and staff. Often the hospital must provide personnel on a 1:1 basis to manage the most acute or high risk patients. This hospital has a disproportionate number of those patients as it provides services to nearly 70 percent of those individuals requiring involuntary psychiatric commitment to a locked inpatient hospital unit.

Payers in general do not pay for hospital related behavioral services at rates sufficient to compensate these costs and as a result the facility incurs higher losses than it would if it were treating medical or surgical patients with health insurance. UAMC – South Campus has been increasingly cognizant of its mix of medical and behavioral health services and case management strategies as well as the need for creative programming and relationships with community providers to permit it to release patients from its high cost inpatient setting as soon as a community placement can be identified with the appropriate level of oversight. These strategies to expand the continuum to more heavily rely on lower cost options as well as an integrated model of care that manages the medical and behavioral health needs of the individual overall are pivotal for the hospital to better manage the financial disadvantage that provision of its high acuity services for behavioral health patients imposes on its organization. Key to its success will be the strengthening of the essential collaboration between CPSA and others engaged in meeting the health needs of the individuals with behavioral health conditions throughout the community.

In recognition of the critical role UAMC-South Campus plays in provision of behavioral health services in the community, one of the commitments in the current IGA is for UAHN to establish a Center of Excellence for Behavioral Health Services. The Chairman of the University of Arizona, College of Medicine, Department of Psychiatry, has a clear vision for the Center, to be named the Center for Emotional Health. The Center is envisioned as a place where people in emotional distress can go for a comprehensive one-stop diagnostic health assessment and referral to one or more specifically indicated therapy modules. It is a place where clinical neuroscientists, behavioral specialists, primary care physicians, nurse practitioners and other professionals work together as an integrated team to treat the entire individual. It is also a site where clinicians-in-training will learn to practice integrated and culturally competent medicine.

A. 3. Trauma Services

In February 2012, the South Campus hospital received a Provisional State Level III Trauma Designation. The major advantages of the provisional trauma designation realized to date are: 1) the ability to triage lower acuity trauma patients at the South Campus hospital, thereby expanding capacity for the Level I program at the University Campus for the highest acuity trauma patients; 2) increased utilization of the operating room surgical capacity at the South Campus by the trauma surgeons and 3) support of general surgical patients in the hospital's ICU by the trauma team. As a result of the increased presence and activity of the trauma team, surgeries at the South Campus are 30 percent higher than this time last fiscal year.

The trauma team currently consists of ten physicians who are board certified in both general surgery and surgical critical care. The hospital and its trauma team continue to prepare for the American College of Surgeons (ACS) verification process in order to receive a permanent Level III Designation. Once approved, UAMC – South Campus will be the only Level III Trauma designated hospital in Pima County and the only one affiliated with the academic medical system through its integration with the University hospital trauma program protocols and physician oversight. The Level III designation, once received, will provide increased access to care for patients in a trauma situation and some financial benefits to the hospital through increased reimbursement for services by some payers. The ASC verification for permanent designation is now planned for Spring of 2014 to assure the program has sufficient time to demonstrate the effectiveness of the hospital's process improvement program required for permanent designation.

B. Workforce Development and Related Economic Benefit

As noted earlier in this report, significant changes to healthcare workforce needs are essential to meet the projected needs related to the growth of the percentage of the population older than 65 with chronic health conditions and the overall growth of the population. Policy changes such as those in the Affordable Care Act (ACA) are also driving the need for workforce development in health care. Studies indicate the ACA will increase the number of covered lives by an additional 32 million in 2014 (Zywiak, 2010) meaning that an additional 32 million individuals will be insured and able to present for primary, specialty and preventive care that is part of the essential benefits package mandated in the ACA. These changes are expected to require an increase of approximately 52,000 additional primary care physicians by 2025 (approximately 33,000 to meet population growth, 10,000 to meet population aging, and 8,000 to meet insurance expansion) (Petterson, et al., 2012).

Recognizing there are existing workforce shortages today and these shortages will increase, workforce development has been, and continues to be, a significant driver of the collaboration between the County, the University and hospital leadership. By 2008, the South Campus hospital had evolved sufficiently in terms of patient volumes to meet the national accreditation standards and requirements for training physicians. In July 2008 the South Campus hospital achieved accreditation for the first two physician training programs, internal medicine and psychiatry, providing the University of Arizona, College of Medicine an unprecedented opportunity to expand its physician training program also referred to as Graduate Medical Education (GME).

Since July of 2008 when the first two GME programs began training 17 physicians on the South Campus, the number of residents has increased to 110. Today the GME program includes six main areas of training (internal medicine, psychiatry, neurology, ophthalmology, emergency medicine, and family medicine), as well as a toxicology program, and serves as a rotation site for a number of other residents from the University Campus, the primary training hospital for the University.

B. 1. Economic Impact of Training Physicians in South Campus Program

Economic impact calculations completed in December 2008 by Tripp Umbach, a national consulting firm, indicate that for "each physician who practices medicine in the state of Arizona after completing their residency training in the state has a positive economic impact of $1.3 million annually". As of June 30, 2012, the University of Arizona, College of Medicine confirmed that 37 residents graduated from the South Campus hospital program. Of those 37, 19 (or 51 percent) remained in Arizona with 15 of the 19 practicing in Pima County. In addition to increasing the availability of primary care, internal medicine, neurology and psychiatric physicians, the annual estimated economic benefit to Pima County from the retention of these 15 physicians is $19.5 million. Additionally, service expansion has increased the number of non-health support services jobs. The Arizona Healthcare Workforce Data Center estimates that for every job at an Arizona hospital, an additional 1.5 jobs are generated throughout the state.

B. 2. Expanding Workforce Development Beyond Physicians

Workforce shortages are not limited to physicians. According to the Arizona Healthcare Workforce Data Center, Arizona is below the national average for RNs, LPNs, pharmacists, medical technicians, paramedics, occupational therapists, physical therapists and radiology technicians. Their 2008 report revealed that Arizona will need approximately 49,000 additional RNs by 2017. To meet that demand, Arizona's nursing programs would need to graduate 2,235 students per year. Demand for direct care workers (including medical assistants, nursing assistants, home health aides and personal care attendants) exceeds that of other health personnel. It is expected that demand will increase by 35 percent by 2018, requiring 10 to 12 million new and replacement workers nationally (Alliance for Health Reform, 2011).

The South Campus hospital leadership recognizes there is a need for workforce development not only for physicians, nurses and pharmacists but for an array of allied health professionals. In addition to training physicians, the hospital also hosts an array of other health care workforce training initiatives. Training strategies are targeted at providing a career ladder of employment with livable wages for individuals throughout the community. Training partners identified by the South Campus hospital Administrator include: U of A College of Nursing, U of A College of Pharmacy, U of A College of Public Health, Arizona State University, Brookline College, Brown Mackie College, Grand Canyon University, Lutheran Medical Center, New York College of Podiatric Medicine, Northern Arizona University, Pima Community College, Pima Medical Institute, University of Minnesota, Rock Mountain University of Health Professionals, Tucson College, University of Phoenix, and University of St. Francis. Studies focus on: nursing, nurse practitioner, pharmacy, patient care techs, phlebotomists, medical technicians, physical therapy, medical coding and physician assistants.

UAMC-South Campus as the largest inpatient psychiatric hospital setting recognized the significant need for Behavioral Health Technicians not only in the hospital but community-wide. It is partnering in leadership of an initiative with Pima Community College, the Tucson Indian Center, Pima County One Stop, CPSA and community providers on a Career Pathways Initiative grant from the Department of Labor. This program establishes a career pathway for behavioral health technicians not only in hospital settings but every community provider setting delivery services to individuals with behavioral health conditions. Prior to the development of this program, there was no formal educational program for behavioral health technicians in Tucson. For the past two years, UAMC-South Campus collected feedback from behavioral health providers to structure this educational opportunity to provide the true skill set required, train the individual o meet the job requirements and the recognized need for these positions throughout the community.

This program allows for the creation of a standardized curriculum focused on care for individuals with behavioral health conditions, including clinical behaviors, communication, case documentation, and counseling in a multi-cultural setting, while simultaneously creating a career ladder in health care. Hospitals and community provider agencies hiring these graduates will know that they have a solid foundation and consistent skill set. Behavioral Health Technician positions generally pay between $10 and $13 per hour as the starting salary. The program's first cohort is expected to graduate in August 2013 with 12 graduates. Recruitment has begun for the second cohort, which is anticipated to be 20 students, to begin training in August. Once this program has demonstrated success, the collaborating partners are considering the development of an advanced certificate and then a Behavioral Health Associates Degree, transferrable towards a Bachelor's degree in Behavioral Health, Counseling, Social Work or Nursing.

B. 3. County Funding Commitment Supports Economic Development

The expansion of workforce development efforts made possible through the County's commitment to the UAHN initiative is consistent with the County's overall economic development plan. As detailed in the November 13, 2012, memo from the County Administrator to the Board of Supervisors, the County is poised to capitalize on "burgeoning economic segments" including aerospace/defense research and emerging employment centers for biosciences, medical services, science and technology, particularly the Tucson Tech Corridor. However, to significantly grow new, high-paying jobs in these segments, there needs to be sufficient capacity to locate the new employers and necessary support services, including accessible health care services.

The South Campus hospital and associated clinics serve as both a major employment center and a provider of health services in the Tucson Tech Corridor. The South Campus not only makes health care more readily available in this high stress areas, but provides an opportunity for the development of high-wage employment activities and for the leveraging of the intellectual capacity of the University of Arizona, one of the top 20 university research facilities in the nation.

The revitalization of the South Campus hospital, coupled with the establishment of the Diabetes Center and other programs emphasizing health and wellness and disease prevention stimulated an agreement between the Colleges of Medicine, Public Health and Agriculture (School of Nutritional Services) to relocate a number of leading researchers to the campus. Negotiations are near completion with the County for leasing space in the Herbert K. Abrams Public Health Center by this research team known as the Collaboratory.

Pima County's investment in this initiative is only a small piece of a larger business relationship with the University of Arizona, which is a strong economic driver that benefits Pima County and its residents, positioning the region for sustainable economic growth and development.

VIII. Summary

The County recognized that while the hospital facility built on Ajo Way with voter approved bond funds was no longer essential to its mandate to care for the indigent, the facility and the hospital license could be leveraged to accomplish much greater benefits for the community. Key to this goal was a stable base of committed physicians with a focus on providing value to this community by advancing the patient services, teaching and research mission of the University of Arizona.

The decision by the County to transition the licensed operation of the hospital and lease the facility to the University physician faculty with a commitment to funding totaling more than \$200 million over the 11-year period ending June 30, 2014, has resulted in significant economic benefits. The County has realized an estimated savings in annual operational funding for the hospital of \$11.8 million per year over the 11-year period, or \$129.8 million; an infusion of \$206 million in new federal funds for the University's hospital system; and annually \$19.5 million is estimated to have been generated for the local economy from the retention of the 15 graduating physicians from the South Campus hospital's new GME program. This figure will rise each year as more physicians graduate and remain in the area. Additionally, while not quantified at this time, the community has had access to an expanded array of primary and specialty care as well as preventive services and training programs for physicians, nurses, and other health and allied health professionals essential to meeting the existing and projected workforce shortage. Finally, it is clear the South Campus hospital represents a valuable site for University research to expand.

ATTACHMENT 2

MEMORANDUM

Date: March 8, 2013

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

From: C.H. Huckelberry
County Administrator

Re: **Increase in Employee Benefit Costs**

Last year before budget approval, I communicated to the Board the ever increasing employee benefit cost. This year is no different, with one major exception; the cost of providing employee health insurance.

As communicated to you earlier, we are now in a position to provide a self-insured medical benefit for our employees. Based on the latest actuarial information, the high end of the premium increase will be 6.89 percent, the midrange increase is 1.8 percent, and the potential decrease is as much as four percent, which is a substantial difference from our 18 percent increase last year. Our employee health insurance premium increased each year over the last five years by an average of 15 to 20 percent.

A cost that has not abated is the cost of our retirement plans contributions. The cost of the plan where most County employees are located is modest at just 11.14 percent. However, the cost for the elected officials' retirement plan covering 80 participants is now 20.87 percent, and the cost to provide the annual contribution to the law enforcement retirement plan covering 491 participants is 34.55 percent. The rates for all retirement plans will increase even further in FY 2013/14 as outlined in the table below:

Table 1: Changes in Retirement Rates.

Plan	FY 12/13 Rate	FY 13/14 Rate	FY 13/14 Rate Increase	Number of Participants
ASRS	11.14%	11.54%	0.40%	4,918
Elected Officials	20.87%	25.94%	5.07%	80
Corrections Officers	13.25%	15.86%	2.61%	468
County Attorney Investigators*	39.49%	48.58%	9.09%	5
Public Safety*	34.55%	38.94%	4.39%	491
Administrative Office of the Courts, Judicial Employees	13.12%	15.58%	2.46%	320

* Includes 3.65 percent paid by Pima County on behalf of the employee.

Table 2 below shows the total County cost to provide various employee benefits over FYs 2007/08, 2010/11 and 2013/14 and is shown for purposes of illustrating the significant cost increases incurred by the County in providing these benefits.

Table 2: Budgeted Benefits, Countywide Comparison.

FY	Adopted Budgeted Benefits
2007/08	$105,993,550
2010/11	$106,627,872
2013/14 (Requested)	$128,839,650

Table 3 below shows the current FY 2013/14 requested benefits for the entire County of $128,839,650 itemized by the type of benefit.

Table 3: FY 2013/14 Total Requested Benefits, All Funds.

Benefit	Totals
Health Insurance Premiums	$ 49,397,177
Arizona State Retirement System	28,377,434
Social Security/Medicare	24,906,789
Public Safety Retirement	11,119,596
Workers Compensation	5,853,774
Correction Officer Retirement	3,375,598
Correction Officer Retirement - Judicial Employee	2,237,206
Elected Official Retirement	1,793,789
Dental Insurance Premiums	766,669
Unemployment Insurance	556,856
Life Insurance	294,941
Arizona Public Safety Retirement – County Attorney Investigators	93,608
Other Benefit Costs	56,465
Employer-paid Benefit Fees	9,748
Total Requested Benefits	**$128,839,650**

Table 4 below shows the incremental benefits cost increases between FY 2012/13 and FY 2013/14.

Table 4: Pima County Benefit Changes
FY 2012/13 to FY 2013/14

Benefit	FY 2012/13 Adopted	FY 2013/14 Requested	Increase/ (Decrease)
Health Insurance Premiums	$45,551,803	$49,397,177	$3,845,374
Arizona State Retirement	$26,271,339	$28,377,434	$2,106,095
Social Security/Medicare	$24,993,615	$24,906,789	($86,826)
Public Safety Retirement	$8,552,218	$11,119,596	$2,567,378
Workers Compensation	$6,083,457	$5,853,774	($229,683)
Corrections Officer Retirement	$2,296,256	$3,375,598	$1,079,342
Correction Office Retirement - Judicial Employee	$2,005,278	$2,237,206	$231,928
Elected Official Retirement	$1,245,732	$1,793,789	$548,057
Dental insurance Premiums	$639,043	$766,669	$127,626
Unemployment Insurance	$803,817	$556,856	($246,961)
Life Insurance	$297,119	$294,941	($2,178)
AZ Public Safety Retirement - County Attorney	$63,069	$93,608	$30,539
Other Benefit Costs	$741,844	$56,465	($685,379)
Employer Paid Benefit Fees	$3,003	$9,748	$6,745
One-Time ASRS Refund to Employees	$2,593,333	$0	($2,593,333)
Total Benefits	$122,140,926	$128,839,650	$6,698,724

Most important is the potential increase in the budget year to year. As you can see, the single greatest obligation is the contribution to the state retirement system. These contributions are shown in Table 5 below.

Table 5: Pima County Retirement Benefit Changes
FY 2012/13 to FY 2013/14

Benefit	FY 2012/13 Adopted	FY 2013/14 Requested	Increase/ (Decrease)	Number of Participants
Arizona State Retirement	$26,271,339	$28,377,434	$2,106,095	4,918
Public Safety Retirement	$8,552,218	$11,119,596	$2,567,378	491
Corrections Officer Retirement	$2,296,256	$3,375,598	$1,079,342	468
Correction Office Retirement - Judicial Employee	$2,005,278	$2,237,206	$231,928	320
Elected Official Retirement	$1,245,732	$1,793,789	$548,057	80
AZ Public Safety Retirement - County Attorney	$63,069	$93,608	$30,539	5
Totals	$40,433,892	$46,997,231	$6,563,339	6,282

These costs are ever-increasing and consume our base revenues. With a shrinking property tax base, it will be difficult to continue providing these quality benefit programs for our employees.

CHH/mjk

c: Sarah Simmons, Presiding Judge, Superior Courts
Elected Officials
Appointing Authorities
Martin Willett, Chief Deputy County Administrator
Allyn Bulzomi, Director, Human Resources
Tom Burke, Director, Finance and Risk Management
Robert Johnson, Budget Manager, Finance and Risk Management

ATTACHMENT 3

MEMORANDUM

Date: May 14, 2013

To: Reid Spaulding, Director
Facilities Management

From: C.H. Huckelberry
County Administrator

Re: **Community Performance and Arts Center Funding**

I would appreciate your analysis of the options available regarding the Community Performance and Arts Center (CPAC). They are as follows:

(1) Increase annual County funding to offset facility and utility costs. I understand this to be approximately $65,000 annually. However, no allocation has been made in the proposed budget. Please confirm the amount of allocation necessary to maintain the minimal uses of the facility by the CPAC.

(2) Lease the facility to an entity that may not be related to the performing arts. This would be a lease of the entire facility and would require the permission of Pima Community College (PCC) to lease their portion of the site.

(3) Determine if PCC would like to reuse their portion of the facility or the entire facility for their educational purposes.

(4) Reposition the facility for use by other County agencies or departments.

(5) Close and secure the facility for reopening at a future time when funding is available. Please provide me with an estimate of the annual cost to the County and PCC should this option be selected.

Please work with the CPAC Executive Director and board members to develop this analysis. It should be completed as soon as possible, given the ongoing 2013/14 budget deliberations.

CHH/dph

Attachment

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Harry Paxton, Board Chairman, CPAC Foundation
Christopher Ashcraft, Executive Director, CPAC Foundation

CM

CPAC
Bringing the Arts to Everyone

May 9, 2013

Pima County Board of Supervisors
130 West Congress Street, 11th Floor
Tucson, Arizona 85701

Dear Mr. Chairman and Members of the Pima County Board of Supervisors,

Perhaps you are aware that Supervisor Ray Carroll and County Administrator Chuck Huckelberry visited Green Valley last Friday to inform interested locals on the general trends in next year's budget. During the discussion there was a good deal of interest in whether support for the Community Performance and Art Center (CPAC), in which the County has a multi million dollar investment, may be expected in the budget.

Mr. Huckelberry recognizes that the County investment is at risk, and would not like to see the Community Performance and Art Center become valueless. The decision is of course in the hands of the Board of Supervisors, and we hope that you will see fit to provide the Center with annual support.

We do realize there are many items to be balanced before a budget can be completed. If you have questions we can answer, we would be happy to do so. Please contact the CPAC office at 399-1750 or at chris@cpacfoundation.org. Attached you will find a brief history of CPAC, a sample of our program guide, a graph detailing the organization's declining equity over the last four years, an annual report and financials for the year ending 6/30/12. The financials ending 6/30/13 are expected to continue a similar trend.

Thank you for your prompt attention to this matter.

Sincerely,

Christopher O. Ashcraft | Harold W. Paxton

Christopher Ashcraft
Executive Director

Dr. Harry Paxton
Board Chairman

c: Chuck Huckelberry, County Administrator

1250 WEST CONTINENTAL ROAD º PO BOX 1301 GREEN VALLEY, ARIZONA 85622
TEL (520)399.1750 º FAX (520) 648.2001 º WWW.PERFORMINGARTSCENTER.ORG º INFO@CPACFOUNDATION.ORG

CPAC

Bringing the Arts to Everyone

Community Performance and Art Center

On an annual basis, CPAC presents over 75 performances of various genres, hosts a dozen visual art shows, and provides space for rehearsals, festivals, community gatherings and classes. Up to 20,000 people visit CPAC on an annual basis as the arts center is a favored destination for the residents of Green Valley. CPAC has been sewn into the cultural fabric of the community and has greatly increased the quality of life for those who live in the Upper Santa Cruz Valley.

The last several years have proven to be extremely difficult for the foundation to maintain solvency. The pressures of the economy and unremitting facility costs have made it impossible to balance the CPAC budget for several years. No performing arts center can or does exist on ticket sales alone and the population of the surrounding area is not capable of adequately providing the required funds to balance the budget. Despite drastic cuts and the heroic efforts of foundation staff, the board of directors, the dedicated core of volunteers and numerous community members, the future of the Community Performance and Art Center is bleak without a reliable revenue stream. It is our fervent hope that Pima County will consider revisiting the original partnership model with CPAC as was discussed in 2007.

To maintain solvency, CPAC must close an annual gap of $200,000 between program income and expenses. Financial contributions from individuals and businesses can and do help significantly; however, we estimate that raising just $100,000 this year will be a stretch. During the prior fiscal year CPAC was able to raise $75,000. Other organizations in Green Valley have similar challenges raising funds in the six figure range. For comparison, the 2013 fundraising goal of the Green Valley Community Foundation, one of the area's most broadly based, vibrant and successful non-profits, is $65,000.

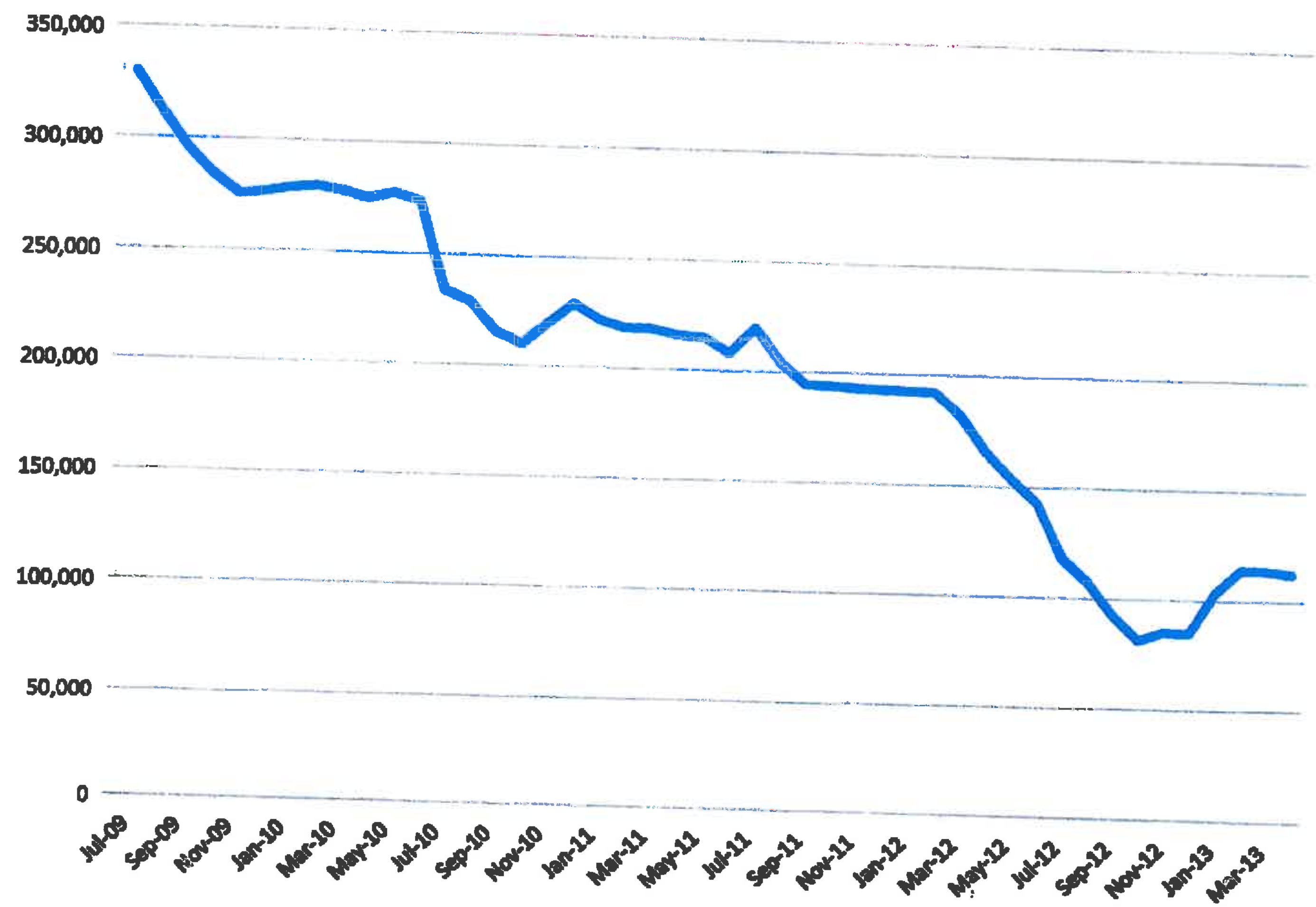
To ensure the long-term success of the arts center, CPAC requires additional annual funding on the order of $125,000 (just over $10,000 per month). This amount is almost identical to the financial agreement initially agreed to in 2007 in which Pima County was to underwrite CPAC facility and grounds maintenance costs, utilities, insurance, salaries for personnel and other operating expenses.

The mission of the Community Performance and Arts Center is to bring the arts to everyone. Annual support from Pima County would enable the foundation to carry out this mission in perpetuity by providing the highest quality arts experiences for those in southern Arizona. Financial support is critical to the very existence of the Community Performance and Arts Center as the current business model leads to certain failure and inevitable closure. The graph of CPAC Equity from 2009-present is helpful in visualizing the steady slide of assets over the past 4 years.

During the fiscal year of 2011-2012, CPAC experienced an operating loss of $84,000. In the early fall of 2012, the foundation's bank account had dwindled to just a few thousand dollars. The organization currently has approximately $40,000 due to a productive winter season when visitors from across the globe congregate in Green Valley. Summer months prove to be more difficult and monthly losses ranging from $12,000 to $18,000 are anticipated.

Annual support from Pima County would enable CPAC to maintain solvency from year to year, keep pace with facility needs and maintenance, pay utilities and fulfill the main purpose of providing the highest quality arts experiences for the citizens of Green Valley and Pima County. It is our hope to partner with Pima County so that CPAC and the people of the Santa Cruz Valley may experience a bright and hopeful future. Closing the Center would bring additional expenses to the County, including increased insurance, utility and security costs. A vacant center would also reflect poorly on the County's service to Green Valley and Sahuarita. We would urge you to use those funds instead to support a productive and viable arts center.

1250 WEST CONTINENTAL ROAD º PO BOX 1301 GREEN VALLEY, ARIZONA 85622
TEL (520)399.1750 º FAX (520) 648.2001 º WWW.PERFORMINGARTSCENTER.ORG º INFO@CPACFOUNDATION.ORG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CPAC Equity

Community Performing Arts Center Foundation

Financial Statements
For the Year Ended June 30, 2012
Excluding ye Depreciation adjustment

6:22 PM

09/22/12

Community Performing Arts Center Foundation
Statement of Cash Flows
July 2011 through June 2012

	Jul '11 - Jun ...
OPERATING ACTIVITIES	
Net Income	-84,294.01
Adjustments to reconcile Net Income to net cash provided by operations:	
127 · Credit Card Chgs:127.1 · Bank Cards	-15.00
204 · N/Payable	-10,000.00
205 · Suspense	-0.77
220 · SHOEBOX (Shoestring Players)	3,585.26
230 · Payroll Tax Liabilities:230.1 · FICA Payable (SS)	1,382.83
230 · Payroll Tax Liabilities:230.3 · Federal WH Payabl...	0.01
230 · Payroll Tax Liabilities:230.4 · Az WH Payable AZ ...	-15.31
Net cash provided by Operating Activities	-89,356.99
INVESTING ACTIVITIES	
130 · Furniture, Fixtures & Equipment:130.2 · Computer ...	-1,083.03
130 · Furniture, Fixtures & Equipment:130.4 · Interior Fur...	-1,040.53
130 · Furniture, Fixtures & Equipment:130.5 · Lighting Eq...	72,816.00
130 · Furniture, Fixtures & Equipment:130.7 · Seating	74,693.17
130 · Furniture, Fixtures & Equipment:130.8 · Sound	15,191.00
130 · Furniture, Fixtures & Equipment:130.9 · Equipment-...	-7,238.27
135 · Accumulated Depreciation	-37,985.00
141 · Accumulated Amortization	1,032.00
Net cash provided by Investing Activities	116,385.34
FINANCING ACTIVITIES	
300 · Opening Bal Equity	-2,655.86
Net cash provided by Financing Activities	-2,655.86
Net cash increase for period	24,372.49
Cash at beginning of period	39,153.15
Cash at end of period	63,525.64

5:15 PM
09/22/12
Cash Basis

Community Performing Arts Center Foundation
Balance Sheet
As of June 30, 2012

	Jun 30, 12
ASSETS	
Current Assets	
Checking/Savings	
100 · Petty Cash	300.00
101 · Bank of America - CPAC	63,225.64
Total Checking/Savings	63,525.64
Other Current Assets	
127 · Credit Card Chgs	
127.1 · Bank Cards	15.00
Total 127 · Credit Card Chgs	15.00
Total Other Current Assets	15.00
Total Current Assets	63,540.64
Fixed Assets	
130 · Furniture, Fixtures & Equipment	
130.1 · Art Gallery	2,468.80
130.2 · Computer Equipment	9,233.17
130.3 · Hearing Loop	3,620.00
130.4 · Interior Furnishings	7,844.31
130.5 · Lighting Equipment	15,412.28
130.6 · Pianos	19,829.56
130.7 · Seating	19,074.88
130.8 · Sound	15,791.64
130.9 · Equipment-Misc	8,451.15
130 · Furniture, Fixtures & Equipment - O...	11,321.58
Total 130 · Furniture, Fixtures & Equipment	113,047.37
135 · Accumulated Depreciation	-46,821.00
140 · Liquor License	10,315.00
141 · Accumulated Amortization	-3,096.00
Total Fixed Assets	73,445.37
TOTAL ASSETS	136,986.01
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
220 · SHOEBOX (Shoestring Players)	12,448.56
230 · Payroll Tax Liabilities	
230.3 · Federal WH Payable (FIT)	0.01
Total 230 · Payroll Tax Liabilities	0.01
Total Other Current Liabilities	12,448.57
Total Current Liabilities	12,448.57
Total Liabilities	12,448.57
Equity	
300 · Opening Bal Equity	121,194.16
304 · Retained Earnings	87,637.30
Net Income	-84,294.01
Total Equity	124,637.44
TOTAL LIABILITIES & EQUITY	136,986.01

5:21 PM
09/22/12
Cash Basis

Community Performing Arts Center Foundation
Profit & Loss
July 2011 through June 2012

			Jul '11 - Jun 12
Ordinary Income/Expense			
Income			
401 · Program Income			
401.1 · Ticket Sales		40,357.18	
401.2 · CPAC Concert Series		15,391.81	
401.3 · Renters Tkt Sales		26,682.47	
Total 401 · Program Income			82,431.46
410 · COTA Tuition			6,969.00
412 · Shoestring Players			239.41
415 · Donations			
415.2 · Corporate		850.00	
415.4 · Grants		4,805.00	
415.5 · Individual		53,255.00	
415.7 · Organizations		1,617.00	
415 · Donations - Other		8,385.50	
Total 415 · Donations			68,912.50
425 · Fundraising Income			3,565.00
430 · Membership			11,260.01
432 · Advertising Revenue			330.00
433 · Art Gallery Sales			5,645.00
434 · Beverage Sales			4,674.45
439 · Return Credits/Rebates			294.41
440 · Rental Art Gallery			3,220.00
441 · Art Gallery Classes			7,300.00
445 · Rental Fees			25,786.00
485 · Interest/Dividend Income			114.26
Total Income			220,723.50
Gross Profit			220,723.50
Expense			
501 · Program Expenses			
501.4 · Performers		36,869.57	
501.6 · Production Exps - ShoeSt...		6,300.33	
501.7 · Decor		1,553.18	
501.8 · Event Food/Bev		497.84	
501.9 · Supplies/Costumes/etc.		858.11	
501 · Program Expenses - Other		16.05	
Total 501 · Program Expenses			46,095.08
525 · Fundraising Expenses			
525.1 · Postage		1,185.20	
525.2 · Printing		0.00	
525.3 · Seat Signs		223.30	
525.4 · Event Expenses		3,437.36	
525 · Fundraising Expenses - Other		17.98	
Total 525 · Fundraising Expenses			4,863.84
533 · Art Gallery Expenses			
533.1 · Art Gallery Instructor		5,375.00	
533.2 · Sales commissions		4,358.00	
533.3 · Gallery Supplies		28.75	
533 · Art Gallery Expenses - Other		60.00	
Total 533 · Art Gallery Expenses			9,821.75
534 · Beverage & Food Expense			6,406.68
601 · Advertising			
601.1 · Signage		969.23	
601.2 · General		19,993.96	
Total 601 · Advertising			20,963.19
602 · Bank Service Charges			483.23
605 · Contract Labor			6,344.00
606 · Contributions			35.00

5:21 PM
08/22/12
Cash Basis

Community Performing Arts Center Foundation
Profit & Loss
July 2011 through June 2012

	Jul '11 - Jun 12
609 · Credit Card Fees	
609.1 · bankcards	4,002.52
609.2 · Paypal Fees	608.18
Total 609 · Credit Card Fees	4,610.70
612 · Dues & Subscriptions	1,236.00
620 · Insurance Expense	
620.1 · General	6,900.00
620.3 · Workers Comp	2,993.19
Total 620 · Insurance Expense	9,893.19
626 · Legal & Accounting	750.00
627 · Licenses & Permits	305.00
630 · Office Expenses	
630.2 · Computer Supplies	82.68
630.3 · Office Supplies	3,862.17
630.4 · Computer Repairs	16.31
630.5 · Public Relations	617.59
630.6 · Copygraphix	7,588.06
Total 630 · Office Expenses	12,166.81
635 · Postage	1,788.06
640 · Printing	2,859.07
642 · Property Taxes	72.54
655 · Repairs & Maintenance	
655.1 · Maintenance Supplies	5,031.39
655.2 · Maintenance Service	12,157.04
655.3 · Piano Tuning	280.00
655.4 · Building Repairs	5,050.00
655.6 · Grounds Maintenance	7,278.69
Total 655 · Repairs & Maintenance	29,797.12
660 · Salaries/Wages	
660.1 · Executive Director	66,275.10
660.2 · Marketing Director	16,[illegible].00
660.3 · Facilities Supervisor	13,466.00
660.4 · Office Manager	27,410.08
660.5 · Tech	9,232.50
660.7 · Payroll Taxes (employer)	9,654.66
Total 660 · Salaries/Wages	142,824.34
670 · Telephone	2,997.04
675 · Travel & Entertainment	
675.1 · Meals	257.08
675.3 · Entertainment	270.00
675.5 · Travel	1,005.79
Total 675 · Travel & Entertainment	1,532.87
680 · Utilities - Electric	35,187.80
685 · Website	837.51
Total Expense	341,970.51
Net Ordinary Income	-121,247.01
Other Income/Expense	
Other Income	
495 · Gain or Loss Sale of Assets	37,985.00
Total Other Income	37,985.00
Other Expense	
611 · Amortization Exp	1,032.00
Total Other Expense	1,032.00
Net Other Income	36,953.00
Net Income	-84,294.01

5:15 PM
03/22/12
Cash Basis

Community Performing Arts Center Foundation
Actual to date vs Annual Budget
July 2011 through June 2012

	Jul '11 - Jun 12	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
401 · Program Income				
401.1 · Ticket Sales	40,357.18			
401.2 · CPAC Concert Series	15,391.81	51,703.93	-36,312.12	29.8%
401.3 · Renters Tkt Sales	26,682.47	55,530.86	-28,848.39	48.0%
Total 401 · Program Income	82,431.46	107,234.79	-24,803.33	76.9%
410 · COTA Tuition	6,969.00	15,830.00	-8,861.00	44.0%
412 · Shoestring Players	239.41			
415 · Donations				
415.1 · Art Gallery	0.00	500.00	-500.00	0.0%
415.2 · Corporate	850.00	10,950.00	-10,100.00	7.8%
415.4 · Grants	4,805.00	9,725.00	-4,920.00	49.4%
415.5 · Individual	53,255.00	102,594.00	-49,339.00	51.9%
415.6 · Shoestring	0.00	25.00	-25.00	0.0%
415.7 · Organizations	1,617.00	1,850.50	-233.50	87.4%
415 · Donations - Other	6,385.50			
Total 415 · Donations	66,912.50	125,644.50	-58,732.00	54.8%
420 · Fundraiser Balls	0.00	10,580.00	-10,580.00	0.0%
425 · Fundraising Income	3,565.00			
430 · Membership	11,260.01	24,450.00	-13,189.99	46.1%
432 · Advertising Revenue	330.00			
433 · Art Gallery Sales	5,645.00	9,925.00	-4,280.00	56.9%
434 · Beverage Sales	4,674.45	1,453.00	3,221.45	321.7%
437 · Printing Services	0.00	75.00	-75.00	0.0%
439 · Return Credits/Rebates	264.41			
440 · Rental Art Gallery	3,220.00	7,369.00	-4,149.00	43.7%
441 · Art Gallery Classes	7,300.00			
445 · Rental Fees	25,798.00	25,861.50	-63.50	99.8%
485 · Interest/Dividend Income	114.26	93.52	20.74	122.2%
490 · Gain or Loss on Security Sales	0.00	7.18	-7.18	0.0%
Total Income	220,723.50	328,523.49	-107,799.99	67.2%
Gross Profit	220,723.50	328,523.49	-107,799.99	67.2%
Expense				
501 · Program Expenses				
501.4 · Performers	36,869.57	48,945.70	-12,076.13	75.3%
501.6 · Production Exps - ShoeSt...	6,300.33	7,022.51	-722.18	89.7%
501.7 · Decor	1,553.18			
501.8 · Event Food/Bev	497.84			
501.9 · Supplies/Costumes/etc.	858.11			
501 · Program Expenses - Other	16.05			
Total 501 · Program Expenses	46,095.08	55,968.21	-9,873.13	82.4%
520 · Fundraising Ball Expenses	0.00	10,393.06	-10,393.06	0.0%
525 · Fundraising Expenses				
525.1 · Postage	1,185.20			
525.3 · Seat Signs	223.30			
525.4 · Event Expenses	3,437.36			
525 · Fundraising Expenses - Other	17.98	10,920.96	-10,902.98	0.2%
Total 525 · Fundraising Expenses	4,863.84	10,920.96	-6,057.12	44.5%
533 · Art Gallery Expenses				
533.1 · Art Gallery Instructor	5,375.00			
533.2 · Sales commissions	4,358.00			
533.3 · Gallery Supplies	28.75			
533 · Art Gallery Expenses - Other	60.00	12,289.74	-12,229.74	0.5%
Total 533 · Art Gallery Expenses	9,821.75	12,289.74	-2,467.99	79.9%
534 · Beverage & Food Expense	6,406.68	3,879.56	2,527.12	165.1%
601 · Advertising				
601.1 · Signage	969.23	374.39	594.84	258.9%
601.2 · General	19,993.96			
601 · Advertising - Other	0.00	18,965.03	-18,965.03	0.0%

Community Performing Arts Center Foundation
Actual to date vs Annual Budget
July 2011 through June 2012

	Jul '11 - Jun 12	Budget	$ Over Budget	% of Budget
Total 601 · Advertising	20,963.19	19,339.42	1,623.77	108.4%
602 · Bank Service Charges	483.23	529.96	-46.73	91.2%
605 · Contract Labor	6,644.00	1,390.00	5,254.00	478.0%
606 · Contributions	35.00	108.83	-73.83	32.2%
609 · Credit Card Fees				
609.1 · bankcards	4,002.52			
609.2 · Paypal Fees	608.18			
609 · Credit Card Fees - Other	0.00	5,472.34	-5,472.34	0.0%
Total 609 · Credit Card Fees	4,610.70	5,472.34	-861.64	84.3%
612 · Dues & Subscriptions	1,236.00	1,069.90	166.10	115.5%
620 · Insurance Expense				
620.1 · General	6,900.00			
620.3 · Workers Comp	2,993.19	3,503.26	-510.07	85.4%
620 · Insurance Expense - Other	0.00	7,325.75	-7,325.75	0.0%
Total 620 · Insurance Expense	9,893.19	10,829.01	-935.82	91.4%
625 · Legal & Accounting	750.00	750.00	0.00	100.0%
627 · Licenses & Permits	305.00	185.00	120.00	164.9%
630 · Office Expenses				
630.1 · Computer Software	0.00	802.95	-802.95	0.0%
630.2 · Computer Supplies	82.68			
630.3 · Office Supplies	3,862.17	2,256.12	1,606.05	171.2%
630.4 · Computer Repairs	16.31	2,711.43	-2,695.12	0.6%
630.5 · Public Relations	617.59			
630.6 · Copygraphix	7,588.06	4,453.80	3,134.26	170.4%
Total 630 · Office Expenses	12,166.81	10,224.30	1,942.51	119.0%
638 · Postage	1,788.05	2,250.31	-462.26	79.5%
640 · Printing	2,859.07	2,736.25	122.82	104.5%
642 · Property Taxes	72.54	61.21	11.33	118.5%
645 · Rent/Storage	0.00	50.00	-50.00	0.0%
655 · Repairs & Maintenance				
655.1 · Maintenance Supplies	5,031.39	3,042.63	1,988.76	165.4%
655.2 · Maintenance Service	12,157.04	3,568.37	8,588.67	340.7%
655.3 · Piano Tuning	280.00	780.00	-500.00	35.9%
655.4 · Building Repairs	5,050.00	60.00	4,990.00	8,416.7%
655.5 · Mileage Reimbursement	0.00	42.87	-42.87	0.0%
655.6 · Grounds Maintenance	7,278.69			
Total 655 · Repairs & Maintenance	29,797.12	7,493.87	22,303.25	397.6%
660 · Salaries/Wages				
660.1 · Executive Director	66,275.10	58,600.10	7,675.00	113.1%
660.2 · Marketing Director	16,586.00	27,800.00	-11,214.00	59.7%
660.3 · Facilities Supervisor	13,466.00	13,882.50	-416.50	97.0%
660.4 · Office Manager	27,410.08			
660.5 · Tech	9,232.50	8,208.50	1,024.00	112.5%
660.7 · Payroll Taxes (employer)	9,654.66	4,652.25	5,002.41	207.5%
660.8 · PR fees to 602	0.00	72.00	-72.00	0.0%
Total 660 · Salaries/Wages	142,624.34	113,215.35	29,408.99	126.0%
670 · Telephone	2,997.04	2,634.12	362.92	113.8%
675 · Travel & Entertainment				
675.1 · Meals	257.08			
675.3 · Entertainment	270.00			
675.5 · Travel	1,005.79			
Total 675 · Travel & Entertainment	1,532.87			
680 · Utilities - Electric	35,187.50	40,652.32	-5,464.82	86.6%
685 · Website	837.51	608.15	229.36	137.7%
Total Expense	341,970.51	313,051.87	28,918.64	109.2%
Net Ordinary Income	-121,247.01	15,471.62	-136,718.63	-783.7%
Other Income/Expense				
Other Income				

5:18 PM
09/22/12
Cash Basis

Community Performing Arts Center Foundation
Actual to date vs Annual Budget
July 2011 through June 2012

	Jul '11 - Jun 12	Budget	$ Over Budget	% of Budget
485 · Gain or Loss Sale of Assets	37,985.00			
Total Other Income	37,985.00			
Other Expense				
611 · Amortization Exp	1,032.00			
Total Other Expense	1,032.00			
Net Other Income	36,953.00			
Net Income	-84,294.01	15,471.62	-99,765.63	-544.8%

ATTACHMENT 4

REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE

Office of Economic Research and Analysis / 9th Floor
(ARS 35-501, 35-502)

	1	2	3	4	5	6 (Principal Only)	7 (Principal Only)	8 (Principal Only)	9 (Principal Only)	10 (Principal Only)	11 (Principal Only)	12	13	14
	Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/12 Payment	7/1/11 Payment	GO Debt Limit	Interest Paid in FY12	Interest Paid to Date
1	Pima County	GO	Improvements 2002	01/01/02	07/01/11	20,000,000	16,000,000	4,000,000	0	0	1,000,000	15%	0	3,925,938
2	Pima County	GO	Improvements 2003	01/15/03	07/01/13	50,000,000	30,400,000	15,850,000	3,750,000	3,750,000	3,500,000	15%	624,625	13,326,261
3	Pima County	GO	Improvements 2004	06/01/04	07/01/19	65,000,000	32,340,000	0	32,660,000	3,850,000	3,690,000	15%	1,523,550	17,537,613
4	Pima County	GO	Improvements 2005	05/01/05	07/01/20	65,000,000	29,365,000	0	35,635,000	3,635,000	3,480,000	15%	1,600,575	14,857,446
5	Pima County	GO	Improvements 2007	01/01/07	07/01/21	95,000,000	32,705,000	0	62,295,000	5,830,000	5,550,000	15%	2,791,725	18,439,575
6	Pima County	GO	Improvements 2008	02/15/08	07/01/22	100,000,000	28,750,000	0	71,250,000	3,750,000	3,500,000	15%	2,961,250	13,993,139
7	Pima County	GO	Improvements 2009	04/22/09	07/01/23	75,000,000	37,000,000	0	38,000,000	2,000,000	9,000,000	15%	1,518,956	6,486,147
8	Pima County	GO	Improvements & Refunding 2009A	12/02/09	07/01/24	113,535,000	29,280,000	0	84,255,000	11,240,000	10,525,000	15%	3,291,675	9,080,668
9	Pima County	GO	Improvements 2011	05/25/11	07/01/26	75,000,000	22,925,000	0	52,075,000	22,925,000	0	15%	2,698,396	2,698,396
10	Pima County	GO	Improvements 2012A	06/13/12	07/01/27	60,000,000	0	0	60,000,000	0	0	15%	0	0
11	Pima County	GO	Refunding 2012B	06/13/12	07/01/17	16,225,000	0	0	16,225,000	0	0	15%	0	0
12	Pima County	RV	Sewer Improvements & Refunding 1998	05/01/98	07/01/11	29,185,000	23,070,000	6,115,000	0	0	2,525,000	N/A	0	12,909,157

I, Thomas E. Burke, Chief Financial Officer of Pima County (political subdivision), in Pima County (county)

County do hereby certify that the foregoing statement is a full, true and correct abstract of the bonded indebtedness as of June 30, 2012.

Tom Burke
Signature

9-13-12
Date

Address: 130 W. Congress, 6th Floor, Tucson AZ 85701 Phone: (520) 724-3030 Fax number: (520) 724-2329

For questions, contact: Meridith Litton Phone: (520) 724-8517 E-mail address: meridith.litton@pima.gov

ADOR 10984 (7/12)

REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE

Office of Economic Research and Analysis / 9th Floor

(ARS 35-501, 35-502)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Principal Only								
	Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/12 Payment	7/1/11 Payment	GO Debt Limit	Interest Paid in FY12	Interest Paid to Date
13	Pima County	RV	Sewer Refunding 2001	04/01/01	07/01/11	19,440,000	10,675,000	8,765,000	0	0	1,360,000	N/A	0	7,525,550
14	Pima County	RV	Sewer Refunding 2004	05/01/04	07/01/15	25,770,000	15,365,000	0	10,405,000	2,050,000	1,630,000	N/A	615,500	7,261,002
15	Pima County	RV	Sewer Improvements 2007	01/01/07	07/01/26	50,000,000	11,230,000	0	38,770,000	1,885,000	1,795,000	N/A	1,749,400	10,482,844
16	Pima County	RV	Sewer Improvements 2008	05/01/08	07/01/23	75,000,000	1,420,000	0	73,580,000	0	100,000	N/A	3,055,744	12,880,099
17	Pima County	RV	Sewer Improvements 2009	05/06/09	07/01/24	18,940,000	2,225,000	0	16,715,000	400,000	1,015,000	N/A	642,663	2,127,534
18	Pima County	RV	Sewer Refunding 2011A	03/30/11	07/01/16	43,625,000	13,785,000	0	29,840,000	8,785,000	5,000,000	N/A	1,859,500	2,354,818
19	Pima County	RV	Sewer Improvements Obligations 2010	06/17/10	07/01/25	165,000,000	0	0	165,000,000	0	0	N/A	8,026,225	16,364,581
20	Pima County	RV	Sewer Improvements Obligations 2011B	12/13/11	07/01/26	189,160,000	5,225,000	0	183,935,000	5,225,000	0	N/A	4,979,783	4,979,783
21	Pima County	RV	Sewer Improvements WIFA 96 - Loan	03/01/96	07/01/12	11,313,350	11,313,350	0	0	1,104,537	1,624,604	N/A	40,713	5,115,079
22	Pima County	RV	Sewer Improvements WIFA 97 - Loan	08/06/97	07/01/11	7,500,000	7,500,000	0	0	0	656,941	N/A	0	1,588,498
23	Pima County	RV	Sewer Improvements WIFA 2004 - Loan	05/11/04	07/01/24	19,967,331	5,424,918	0	14,542,413	975,818	944,554	N/A	513,653	4,698,025
24	Pima County	RV	Sewer Improvements WIFA 2009 - Loan *	10/09/09	07/01/24	10,002,383	3,375,651	0	6,626,732	469,756	458,460	N/A	174,857	482,711
25	Pima County	RV	Streets & Highways 2002	01/01/02	07/01/12	55,000,000	46,700,000	8,300,000	0	3,650,000	3,445,000	N/A	159,688	13,970,276
26	Pima County	RV	Streets & Highways 2003	01/15/03	07/01/13	35,000,000	17,060,000	15,270,000	2,670,000	2,560,000	2,460,000	N/A	528,656	10,710,250
27	Pima County	RV	Streets & Highways 2005	05/01/05	07/01/20	51,200,000	14,335,000	0	36,865,000	3,790,000	3,645,000	N/A	1,618,550	14,212,890
28	Pima County	RV	Streets & Highways 2007	01/01/07	07/01/22	21,000,000	3,230,000	0	17,770,000	865,000	830,000	N/A	794,388	4,766,113
29	Pima County	RV	Streets & Highways 2008	02/15/08	07/01/22	25,000,000	600,000	0	24,400,000	150,000	150,000	N/A	950,825	4,194,601
30	Pima County	RV	Streets & Highways & Refunding 2009	12/02/09	07/01/24	23,420,000	0	0	23,420,000	0	0	N/A	872,700	2,252,051

ADOR 10964 (7/12)

* $2,000,000 of this amount represents the total financial assistance received from WIFA through the American Recovery & Reinvestment Act

REPORT OF INDEBTEDNESS MADE TO THE ARIZONA DEPARTMENT OF REVENUE

Office of Economic Research and Analysis / 9th Floor

(ARS 35-501, 35-502)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
						Principal Only								
	Name of County or District Bonded	Bond Type	Purpose of Issue	Date of Issue	Date of Maturity	Original Principal Amount	Principal Amount Retired	Amount Refunded	Outstanding Principal	7/1/12 Payment	7/1/11 Payment	GO Debt LIMIT	Interest Paid in FY12	Interest Paid to Date
31	Pima County	RV	Streets & Highways & Refunding 2012	05/30/12	07/01/27	32,945,000	0	0	32,945,000	0	0	N/A	0	0

ADOR 10954 (7/12)

LEASE PURCHASE / THIRD-PARTY FINANCING CONTRACTS
REPORT MADE TO THE ARIZONA DEPARTMENT OF REVENUE

Office of Economic Research and Analysis / 9th Floor
(ARS 35-501, 35-502)

	1	2	3	4	5	6	7	8	9	10	11
	Name	L or 3P	Purpose	Date of Contract	Interest Rate	Date of Maturity	Original Contract Amount	Principal Retired	Outstanding Principal	Interest Paid in FY12	Interest Paid to Date
1	Pima County	LP	Construction of Baseball Stadium 1999	09/01/99	5.60%	01/01/14	4,875,000	875,000	4,000,000	221,220	2,799,015
2	Pima County	LP	Baseball Stadium Refunding 2003	10/01/03	4.20%	01/01/18	27,525,000	15,190,000	12,335,000	553,165	7,750,825
3	Pima County	LP	Justice Bldg. Proj. Series 2007-A	05/01/07	5.00%	07/01/22	28,765,000	6,260,000	22,505,000	1,167,100	6,620,150
4	Pima County	LP	Lease a portion of PW Bldg, Parking Garage & Legal Svs	06/10/09	4.00%	06/01/12	34,400,000	34,400,000	0	176,000	1,598,600
5	Pima County	LP	Lease a portion of PW Bldg, Parking Garage & Legal Svs	02/04/10	4.13%	06/01/19	20,000,000	3,775,000	16,225,000	708,981	1,694,756
6	Pima County	SA	La Cholla Improvement District *	02/16/02	6.50%	01/01/12	1,821,707	1,821,707	0	4,223	508,255
7	Pima County	SA	Hayhook Ranch Improvement District *	06/14/07	8.00%	01/01/12	1,005,671	1,005,671	0	3,930	172,777
8	Pima County	3P	Lease Dozers for Environmental Services	12/16/11	0.00%	12/15/14	219,813	73,271	146,542	0	0
9	Pima County	3P	Lease Landfill Compactor for Environmental Services	11/01/11	0.00%	10/31/14	380,102	126,701	253,401	0	0
10	Pima County	3P	Lease Scraper for Environmental Services	11/01/11	0.00%	10/31/14	293,827	97,942	195,885	0	0
11											
12			* Improvement Districts have financing internal to Pima Co								

I, Thomas E. Burke, Chief Financial Officer of Pima County (political subdivision), in Pima County (county)

County do hereby certify that the foregoing statement is a full, true and correct abstract of the lease purchase/third party financing contracts as of June 30, 2012.

Signature: [signature]   Date: 9-13-12

Address: 130 W. Congress, 6th Floor, Tucson AZ 85701   Phone: (520) 724-3030   Fax number: (520) 724-2329

For questions, contact: Meridith Litton   Phone: (520) 724-8517   E-mail address: meridith.litton@pima.gov

ADOR 10968 (7/12)

ATTACHMENT 5

MEMORANDUM

Date: March 27, 2013

To: The Honorable Ally Miller, Member
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Decision to Issue Sewer Obligations Versus Sewer Revenue Bonds**

You previously asked County staff for the reason the County switched to sewer obligations versus sewer revenue bonds. I provided some communication on this matter to your office previously; hopefully, it was helpful. This additional explanation will assist you in understanding the full reason the County moved from sewer revenue bonds to sewer obligations.

For some time, the Bond Advisory Committee (BAC) had heard ongoing discussions regarding compliance requirements being placed on the County by the Arizona Department of Environmental Quality (ADEQ). These compliance requirements required major capital investments, primarily associated with improving the quality of effluent produced by the metropolitan treatment plants at Roger and Ina Roads. The ADEQ regulatory requirements effectively evolved into the Regional Optimization Master Plan (ROMP). The present ongoing major capital expansion and repairs to our regional metropolitan facilities total in excess of $600 million.

Compliance deadlines expressed to the County in 2009 and 2010 were effectively for 2014 and 2015. The BAC, recognizing the importance of meeting these compliance deadlines, authorized a future revenue bond election. The County then began evaluating other financing mechanisms being made available to revenue-supported utilities. In addition, statewide financing has also been made available to a number of municipalities in the past to finance wastewater infrastructure improvements.

The dilemma the County faced in 2010 was whether to place a revenue bond election before the voters of Pima County requesting $700 to $800 million in revenue bond authorization or to finance these capital improvements through other indebtedness instruments; in this particular case, sewer obligations. Given the approximate parody in interest costs, the decision was made to issue sewer obligations; primarily because if the electorate rejected the sewer revenue bonds, the County would have found ways to finance these capital improvements, rather than face noncompliance and enforcement actions from the ADEQ and U.S. Environmental Protection Agency. In the past, such enforcement actions have proven financially disastrous to the communities involved, such as the City of San Diego and Jefferson County, Alabama. Jefferson County filed bankruptcy, with $3.2 billion in sewer debt.

We felt the risk was too great to appear disingenuous to the voters; since if the revenue bond question failed, we would have then issued sewer obligations to finance the debt. We felt it was more appropriate and straightforward to forego a revenue bond election and issue the sewer obligation debt directly.

The ROMP program is essentially ahead of schedule and under budget. Presently, it appears we will quite easily meet the compliance deadlines and be substantially below the total estimated cost for compliance.

CHH/dph

Attachment

c: John Bernal, Deputy County Administrator for Public Works
Jackson Jenkins, Director, Regional Wastewater Reclamation
Nicole Fyffe, Executive Assistant to the County Administrator
Diana Durazo, Special Staff Assistant to the County Administrator

MEMORANDUM

Date: March 11, 2010

To: Chairman and Members
Pima County Bond Advisory Committee

From: C.H. Huckelberry
County Administrator

Re: **Sewer Obligations versus Sewer Revenue Bonds**

The Board of Supervisors, at their meeting of February 2, 2010, asked that the Bond Advisory Committee (BAC) again review the issue of the advisability of issuing sewer obligations versus sewer revenue bonds.

As the BAC will recall, we had scheduled a potential revenue bond election before the voters for November 2010. I indicated that the County is pursuing other financing structures for the Wastewater Capital Improvement Program, particularly related to more contemporary water and wastewater utility capital improvements. These are commonly referred to today as sewer obligations.

I am enclosing information from the County's financial advisor indicating that the financing cost associated with sewer revenue bonds versus sewer obligations is nearly identical in today's market (Attachment 1). In addition, we have begun the process for issuing the first of sewer obligations in the amount of $165 million. As you know, we have several other obligations to issue in the following years for wastewater treatment facility modifications and rebuilding required to meet federal environmental discharge standards for our regional wastewater treatment facilities.

On March 9, 2010, the Board approved a schedule of rate increases over the next four years that will provide financing for these capital improvements and to repay the sewer obligations that are issued over a 15-year period. The Board also took specific action to restrict the growth of Regional Wastewater Reclamation Department operating and maintenance expenditures and to require excess revenues generated by the utility to be set aside in a special revenue fund for capital debt principal payment or sewer fee downward adjustments, including possibly rebates.

I am enclosing my January 19, 2010 correspondence to the Board regarding the matter, summarizing the issues before them (Attachment 2). The table of rates increases adopted by the Board is similar to that contained in the memorandum except that the Board increased the user fees volume only once each year and then at 10 percent. The rest of the discussion and recommendation is straightforward.

I am also including a memorandum I transmitted to the Board on February 9, 2010 wherein I communicated the findings of our financial consultant regarding interest rates of comparable debt instruments.

Finally, I am enclosing a memorandum I transmitted to the Board on February 8, 2010 regarding user fee comparisons.

This information should provide the BAC with sufficient information to discuss the issue of sewer revenue bonds versus sewer obligations at their meeting of March 19, 2010.

CHH/mjk

Attachments

ATTACHMENT 6

MEMORANDUM

Date: May 16, 2013

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

From: C.H. Huckelberry
County Administrator

Re: **Property at 1505 Apache Park Place**

On May 13, 2013, Chief Deputy County Administrator Martin Willett sent to the Board of Supervisors a report from Facilities Management Director Reid Spaulding regarding acquisition of warehouse space located at 1505 Apache Park Place. There were some concerns regarding space utilization at the newly constructed Pima Emergency Communication Operations Center.

Attached is a revised floor plan showing the uses that will be made for the space that had previously been programmed for fire or police use. This space will continue to be reserved for expansion of law enforcement and fire interoperable radio communications and future expansion of Sheriff dispatch functions.

However, in the near term, which may be five to 10 years, the space can be utilized by our Information Technology Department, which has primary data backup and emergency recovery systems at this location.

CHH/dph

Attachments

c: Reid Spaulding, Director, Facilities Management
Paul Wilson, Captain, Sheriff's Department
Lionel Bittner, Director, Information Technology

Pima County
Facilities Management

Memorandum

DATE: May 15, 2013

TO: Chuck Huckelberry, County Administrator

FROM: Reid Spaulding, R.A., Facilities Management Director

SUBJECT: **3434 E 22nd St. - PECOC**

Attached please find for your review and consideration, the PCWIN Steering Committee's recommendation for increased space utilization of the above referenced facility.

The proposed recommendation includes the following key components:

A. No compromise of Public Safety Communications operational effectiveness or utilization of the facility or support services

B. No compromise of Public Safety Communications security needs or response capabilities

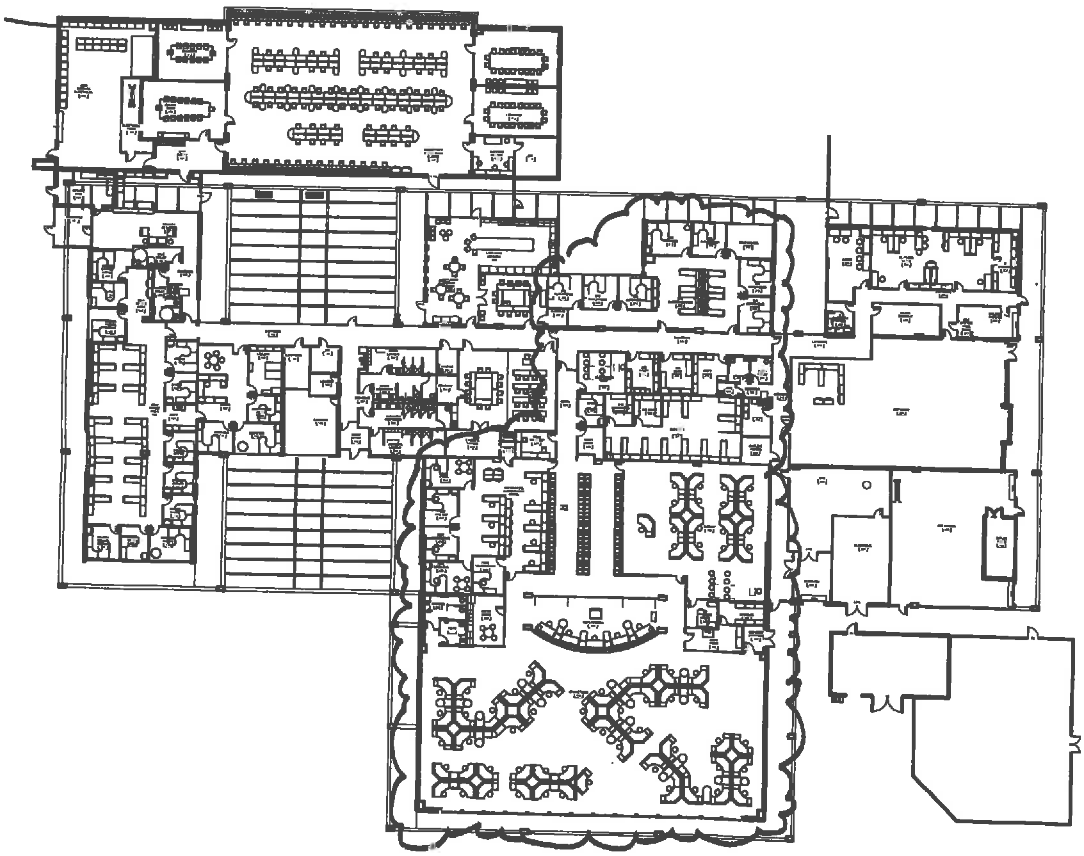
C. Increased effectiveness and efficiency of primary building systems including HVAC systems

The proposed plan includes relocating a large component of the Pima County Information Technology Department (PCIT) from various County locations to under-utilized office space within the PECOC facility. Approximately (28) County employees along with the County's primary data processing systems would transition to those portions of the facility previously designed to support other non-County public safety personnel no longer seeking to occupy the building.

The County's ability to achieve the above space utilization scenario includes the partial relocation of the City of Tucson's backup dispatch operation from its originally designed location to the main dispatch room. Such relocation will result in no negative effect on operational or communication effectiveness.

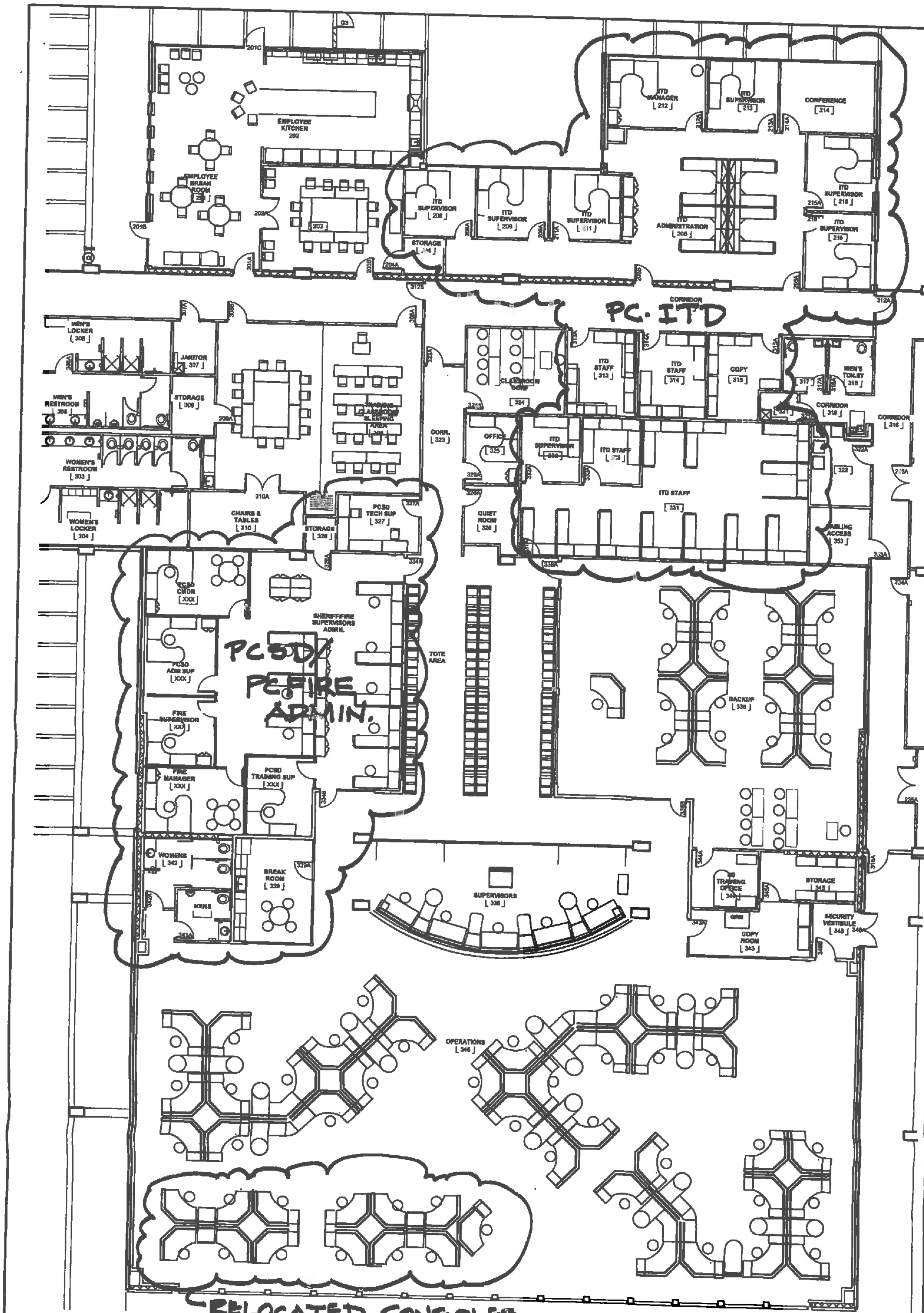
The proposed reconfiguration of space will require minimal actual construction and primarily includes some additional office furnishings along with modified cabling needs. It is fully anticipated that the reconfiguration can be accomplished well in advance of the currently targeted PCSO "go live" dispatching date of January 2014.

C: PCWIN Steering Committee Members
Jan Lesher
Mike Hein
Lionel Bittner
Tom Burke
Chris Radtke



PIMA COUNTY FACILITIES MANAGEMENT, 150 WEST CONGRESS, TUCSON ARIZONA 85701 (520)740-3085

Proj # 1 OF 1; SHEET NO: 1; Rev Date		PECOC 3434 E 22ND ST TUCSON, AZ	BUILDING PLAN



PIMA COUNTY FACILITIES MANAGEMENT, 150 WEST CONGRESS, TUCSON ARIZONA 85701 (520)740-3085

SHEET NO: 1 OF 1

PECOC
3434 E 22ND ST
TUCSON, AZ

PECOC
COMM ADMIN Revised

ATTACHMENT 7

Community Development & Neighborhood Conservation

Adopted Funding for Outside Agencies

Agency	Funding
Metropolitan Tucson Convention and Visitors Bureau	$3,180,000 (1)
JobPath	431,473 (2)
Community Food Bank, Inc.	406,865
Tucson Regional Economic Opportunities, Inc.	350,000 (2)
Pima Association of Governments	298,000 (3)
Pima Council on Aging	267,076
Emerge! Center Against Domestic Abuse	178,500
Our Family Services, Inc.	169,500
El Rio Santa Cruz Neighborhood Health Center, for El Pueblo Health Center	166,506
Catholic Community Services of Southern Arizona, Inc. (dba Pio Decimo Center)	146,761
Tucson Pima Arts Council	113,236 (2)
Southern Arizona AIDS Foundation	101,500
Tucson Urban League, Inc.	94,500
Primavera Foundation	89,000
Metropolitan Education Commission	83,878
Youth on Their Own	65,000
Catalina Community Services	63,500
University of Arizona, Board of Regents	61,110
San Ignacio Yaqui Council, Inc.	61,000
New Beginnings for Women & Children	60,000
University of Arizona, Pima County Cooperative Extension	58,806
Child and Family Resources, Inc.	58,396
Interfaith Community Services (ICS)	58,000
Southern Arizona Children's Advocacy Center	56,470
Wingspan	53,500
Casa de los Ninos	50,500
Catholic Community Services, St. Elizabeth Clinic	50,000
Pima County Community Land Trust	50,000
Arivaca Coordinating Council/Human Resource Group, Inc.	49,000
Southern Arizona Buffelgrass Coordination Center, Inc.	48,265
International Sonoran Desert Alliance (ISDA)	48,000
Administration of Resources & Choices	45,500
Homeless Prevention Support	44,000
Southern Arizona Legal Aid, Inc. (SALA)	42,000
Tucson Clean and Beautiful, Inc.	40,896
Jewish Family and Children's Services	40,062
Helping Ourselves Pursue Enrichment	40,000
Tucson Botanical Garden	37,140 (2)
Tucson Children's Museum	37,140 (2)
Arizona Youth Partnership	37,000
Catholic Community Services (dba Community Outreach Program for the Deaf)	34,500
TMM Family Services, Inc.	33,500
Open Inn, Inc.	30,500
Tu Nidito Children and Family Services	30,000
El Tour (Perimeter Bicycling)	26,063 (2)
Luke's in the Desert, Inc. (dba St. Luke's Home)	25,000
Tucson Meet Yourself	25,000

Community Development & Neighborhood Conservation

Adopted Funding for Outside Agencies

Agency	Funding	
Arizona's Children Association (dba Las Familias)	23,500	
Arizona's Children Association (dba The Parent Connection)	22,500	
Sahuaro Girl Scout Council, Inc. (SGSC)	22,500	
Mobile Meals of Tucson, Inc.	22,500	
Rise LLC	21,500	
Ajo Chamber of Commerce	20,634	(2)
Pima Prevention Partnership - Teen Court	20,500	
La Frontera Community Services	20,000	
Community Food Bank - Caridad de Porres	18,500	
Young Women's Christian Association of Tucson	18,000	
Green Valley Assistance Services, Inc.	17,500	
Non-Profit Industries	17,400	
Chicanos Por la Causa, Inc.	17,000	
United Way of Tucson and Southern AZ	16,693	
International Rescue Committee, Tucson Office	15,000	
Compass Health Care - Amado Youth Center	15,000	
One on One Mentoring	15,000	
Southwest Fair Housing Council	15,000	
City of Tucson - Tucson Pima Historical Commission	8,179	
Total	**$ 7,883,549**	

(1) Contract budgeted in Non Departmental.

(2) Contract administered by Economic Development & Tourism.

(3) Contract budgeted in Community Development & Neighborhood Conservation, Transportation, and Regional Flood Control District departments.

ATTACHMENT 8

MEMORANDUM

FINANCE AND RISK MANAGEMENT DEPARTMENT
- BUDGET DIVISION -

Date: November 5, 2012

To: Presiding Judge, Superior Court
Elected Officials
Department Directors

From: Robert W. Johnson
Budget Manager

Subject: Fiscal Year 2013/2014 Budget Process

This memo transmits essential fiscal year 2013/14 budget information to all County departments.

Attached to each email is a **Base Budget Worksheet** comparing General Fund and General Fund supported departments' fiscal year 2012/13 budgets to the fiscal year 2013/14 base. The base budgets and assumptions may change significantly however, as fiscal year projections are updated, the State budget is developed and further direction is received from the County Administrator. Note that no fiscal year 2013/14 benefit rate adjustments are included on the Base Budget Worksheets at this time. General Fund base budgets will be adjusted to include benefit adjustments as they occur. Non-General Fund departments that have budgeted positions must be prepared to make adjustments within their requested budgets to offset any of these additional costs. Benefit rate adjustments, and any revisions or updates to the budget process, will be communicated to you and your staff as they are received.

Given the current economic situation and the impacts of non-General fund departments on the County's expenditure limit, additional specific direction regarding the development of non-General Fund budgets will be forthcoming as the budget season unfolds.

The fiscal year 2013/14 budget process is starting significantly earlier than in prior years and the actual departmental budget request development will be accelerated as well. Requested budgets will need to be submitted to the Budget Division no later than Friday, January 11, 2013. The accelerated schedule is reflected in the budget calendar below. More detailed budget calendars will be made available on the Budget Division's information site.

November 5, 2012	Planning And Budgeting System (the budget system), released for budgeting
November 5, 2012	Base target budgets, assumptions, location of Sharepoint site and other information are distributed to departments
October/November 2012	Budget training for department representatives
December 14, 2012	Initial General Government Revenue Forecast
January 11, 2013	Operational and CIP Budgets due to the Budget Division and Finance CIP from departments
February 14, 2013	County Administrator department meetings regarding CIP budgets
February 18, 2013	County Administrator meets with County Budget Division staff

February 15, 2013 – April 19, 2013	County Administrator gives direction to the Budget Division
April 26, 2013	County Administrator submits Recommended Budget to the Board
May 1, 2013	General Fund department carry forward requests due
May ~~14~~ 21, 2013	Board of Supervisors Recommended Budget public hearings
May ~~14~~ 21, 2013	Board of Supervisors Tentative Budget adoption
June 18, 2013	Board of Supervisors Final Budget adoption
August 19, 2013	Board of Supervisors adoption of the Levy of Taxes

Both operational and CIP budgets will be created utilizing the Planning and Budgeting (PB) system. In a change from the last budget cycle, departments will be required to budget their positions using the County's existing position control number structure in the Human Resources Position Control System (PCON). The replacement series of position control numbers that were created for fiscal year 2012/13 budget are no longer valid and we are returning to the old position numbering structure.

The organizational, bureau and group structure in the PB system reflects what is currently in the County's financial system. If any additions, changes, or deletions are needed for fiscal year 2013/14, please complete a: Department's Request –COA Element/Unit Advantage Financial System form located on the County Intranet at: http://intranet.pima.gov/Pimacore/documents/DeptReq_COAElementUnit_Master_Rev_122112_000.pdf. In order to assure that any structural changes are included in your fiscal year 2013/14 budget request, please submit these changes for processing no later than December 1, 2012. Note that departments that are proposing to complete major reorganizations should work closely with their assigned budget analysts for assistance.

Budget staff is in currently providing PB 301 – "Creating a Department Budget" classes for new employees and anyone who needs a refresher course. This class is required for anyone who will be creating or approving department budget requests. Upon completion of the class, new users will be given access to the various forms required for budget creation. If you have an employee who needs to take this class, please contact your assigned budget analyst as listed on the attached Budget Contact List. Budget Division staff will also be available to answer your questions throughout the budget development process and can provide one-on-one assistance, as needed.

We are also in the process of placing information relevant to the budget process and to using the new PB system itself onto the FY 2013 – 2014 Budget tab found on the Pimacore Sharepoint website located at: **http://sharepoint.pima.gov/sites/farm/FY%202013-2014%20Budget/Home/Home.aspx**. This site is a work in progress and will be updated on a daily basis with the ultimate goal of this information serving as the annual budget guide. Examples of available information on the website include this memo, the fiscal year 2013/14 Budget Calendar and additional copies of departmental base budget worksheets.

All department operational line item and position budgets as well as CIP budgets are to be completed on-line in PB and submitted by January 11, 2013. Budget Staff will make themselves available to assist you in resolving issues in order to make this due date.

If you have any questions regarding the fiscal year 2012/13 budget process or in using the new PB system, please do not hesitate to contact me at 724-2748, Victor Rodriguez (Budget Supervisor, 724- 3632), Trucynda Hawkins (Budget Supervisor, 724-8490) or your designated Budget Division analyst.

cc: Department Budget Contacts