



# Board of Supervisors Memorandum

November 18, 2014

## Proposed Allocations of Decision Packages Included in the Fiscal Year 2014/15 Adopted Budget

The Fiscal Year (FY) 2014/15 Adopted Budget included nine decision packages totaling \$24,152,622 of increases in funding for specific directives, needs and programs. As part of the adoption of these decision packages at the June 17, 2014 meeting, the Board of Supervisors included a provision that all decision packages would undergo a final review and approval by the Board prior to making the final allocations to the individual impacted departments during the fiscal year. The budget for these decision packages has been held pending final Board approval.

The nine decision packages approved by the Board of Supervisors are as follows:

- A. Certificates of Participation - \$5,000,782
- B. Sheriff - \$2,581,407
- C. Indigent Criminal Defense - \$1,800,000
- D. Stadium District - \$2,177,931
- E. Information Technology - \$6,073,113
- F. Facilities Management - \$1,273,874
- G. Wildcat Dump Enforcement - \$245,515
- H. Road Repair - \$5,000,000
- I. Employee Compensation - Cost absorbed by the departments

Finance and Risk Management has met with each affected department to confirm the budgetary need for the anticipated use of these funds. Because the Board adopted several new information technology initiatives relating to software, computer hardware, storage and servers after the adoption of the FY 2014/15 budget, Finance and Risk Management is proposing that the two decision packages relating to information technology, Packages B and E, for the Sheriff and Information Technology, be used to address these new initiatives.

The following paragraphs include a brief description of each decision package, its current funding status and my recommendation regarding final allocation to the impacted departments.

### A. Certificates of Participation (COPs) - \$5,000,782

In order to complete the construction of the new Public Service Center after the City of Tucson withdrew from the project, Pima County borrowed \$52,160,000 through the

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issuance of COPs in February 2014. The annual debt service, including principal and interest, is an expense within the Debt Service Fund. Because the COPs cannot be repaid using the secondary property tax levy for debt service, the building was used as collateral for the debt, and the repayment must be funded by the General Fund.

The County is legally obligated to make its first payment out of the Debt Service Fund in December 2014. The annual debt service expense is \$5,000,782.

**Recommendation – Approve the operating transfer of \$5,000,782 in cash from General Fund Contingency to the Debt Service Fund to fund the annual debt service for these COPs for FY 2014/15.**

**B. Sheriff - \$2,581,407**

This decision package for the Sheriff's Department includes \$270,000 allocated to the overall operating expenses of the office to address inflation and growth of the inmate population; \$162,034 to add three corrections officers to staff inmate transfers to the new Justice Court in the Public Service Center scheduled to open in January 2015; \$380,573 to provide funding for six positions that had previously been funded by expired grants; and \$1,768,800 to replace information technology infrastructure and equipment, including new mobile data computers.

A review by the Budget Division indicates there are funded but vacant positions within the Sheriff's Department available to address the positions formerly covered by expired grants.

The Information Technology Department (ITD) has worked closely with the Sheriff's Department to address information technology needs. ITD has worked with Finance and Risk Management to develop an allocation of the decision package funds to meet those needs using the new approach of leasing hardware and software where possible under the information technology initiatives approved by the Board early this fiscal year.

**Recommendations**

- 1. Move \$270,000 of expenditure authority from General Fund Contingency to the Sheriff's General Fund base operating budget to address the continuing growth in costs.**
- 2. Move \$162,034 of expenditure authority from General Fund Contingency to the Sheriff's General Fund base operating budget to fund three corrections officers for the new Justice Court.**

3. **Approve the operating transfer of \$1,768,800 in cash from General Fund Contingency to the new Information Technology Internal Service Fund to provide the hardware, software, server and storage needs of the Sheriff's Department and to meet other information technology infrastructure needs. See Decision Package E below.**
4. **Retain \$380,573 of funding earlier earmarked for funding six Sheriff's positions previously funded by grants within the Contingency Fund. If the Sheriff wishes to fund these positions, existing General Fund operating budget funds should be used.**

C. Indigent Criminal Defense – \$1,800,000

This decision package addresses increases in demand for indigent defense contract attorneys to handle excessive caseloads and instances of conflict within the offices of the County's Public Defender and Legal Defender. During the last several years, this function has significantly exceeded its annual budget. While the Office of Court Appointed Counsel is working to mitigate as much of this overage as possible, ongoing demand for services in the current fiscal year will likely cause the department to exceed its FY 2014/15 budget by a minimum of this amount.

**Recommendation – Allocate \$1,800,000 of expenditure authority from General Fund Contingency to the Contract Attorney General Fund base operating budget.**

D. Stadium District - \$2,177,931

The Stadium District has received General Fund support every year since Major League Baseball terminated use of its facilities for Spring Training and will continue to require such support until the debt incurred to build the Stadium is fully retired in Fiscal Year 2017/18.

**Recommendation: Approve the operating transfer of \$2,177,931 of cash to the Stadium District Special Revenue Fund.**

E. Information Technology - \$6,073,113

This decision package was approved by the Board of Supervisors to make significant adjustments to the ongoing budget of the County's Information Technology Department to cover the actual cost to maintain the system, accommodate continuous increases in utilization and remain current. The package addressed both capital and ongoing operating costs in support of the County's information technology infrastructure as well as software, software maintenance and additional personnel costs.

Subsequent to the adoption of the final budget for FY 2014/15, which included the funding contained in this decision package, the Board approved several significant initiatives that change the method of funding and providing for IT services within the County. The County will now lease, rather than own, much of the enterprise-wide software, desktop computer hardware, servers and storage equipment and associated software and technology. These changes will be phased in over the next three to five years. While it is anticipated the new leasing model will result in cost savings in the future, the need for the funds approved in the current decision package are still required to support the transition of the various initiatives included in the new IT service model.

In order to support the requirements associated with funding the new model, the Finance and Risk Management Department has created a new internal service fund that tracks the new enterprise software agreement, leased desktop hardware and leased servers and storage initiatives. In future years, the funding for these initiatives will be included in the budgets of the various departments based upon their use of the IT infrastructure and their leasing of equipment and software. For the current year, funding for these initiatives will come from the original IT decision package, a portion of the approved Sheriff's Office Decision Package B above, to the extent that these costs were not already included in County departmental budgets and portions of the existing General Fund base budget of the ITD. Details regarding the funding of the ITD initiatives may be found on Attachment 1. Details for the allocation of the \$1,768,800 of IT-related items in the decision package for the Sheriff (see Decision Package B above) and the allocation of the \$6,073,113 from this Decision Package E are found on Attachment 2.

**Recommendations:**

- 1. Allocate \$1,582,564 of expenditure authority from General Fund Contingency to the Information Technology General Fund base operating budget to support additional personnel, software and maintenance costs listed in the original Information Technology decision package and not included in the attached initiatives.**
- 2. Allocate \$142,163 of expenditure authority from General Fund Contingency to the Information Technology General Fund base operating budget to support Information Technology Initiative #4 – Remodel Workspace for Additional Personnel.**
- 3. Approve the operating transfer of \$4,348,386 of cash from General Fund Contingency to the new Information Technology Internal Service Fund to provide funding for initiatives #1 through #3 in support of the new service model.**

**Recommendations 1 through 3 total the \$6,073,113 from this Decision Package.**

- 4. Approve the operating transfer of \$1,768,800 of cash from General Fund Contingency to the new Information Technology Internal Service Fund to replace existing Sheriff Information Technology infrastructure. See Decision Package B above.**
- 5. Allocate \$1,871,682 from existing County operating budgets to cover the remaining costs associated with initiatives #1 thru #3. Funding for these costs is already included in the software and capital budgets of the impacted departments.**

**F. Facilities Management - \$1,273,874**

This decision package provides one-half year of funding for utilities and maintenance of the County's new Public Service Center and a full-year's funding for the Apache Park Warehouse. The Public Service Center will be ready for occupancy in January 2015.

**Recommendation – Move \$1,273,874 of expenditure authority from General Fund Contingency to the General Fund Facilities Management base operating budget for operating costs for the Public Service Center and the Apache Park Warehouse.**

**G. Wildcat Dump Enforcement - \$245,515**

The operating transfer of cash from General Fund Contingency to the Wildcat Dump Enforcement Function within the Department of Environmental Quality was approved by the Board at their meeting of July 1, 2014. No further action is required by the Board.

**H. Road Repair - \$5,000,000**

This decision package allocates \$5,000,000 from General Fund Contingency to provide additional funds to preserve and rehabilitate existing County roads.

My November 18, 2014 Board of Supervisors Memorandum (issued November 3) regarding the supplemental General Fund appropriation for the Pavement Preservation Program for Fiscal Year 2014/15 included a Department of Transportation recommended plan for utilization of these pavement preservation funds. I agree with the allocation of these funds to the districts and projects proposed by the Department of Transportation and requested that the Board provide any modifications or adjustments to the plan so these changes can be included for discussion and action at the November 18, 2014 Board of Supervisors meeting.

The Honorable Chair and Members, Pima County Board of Supervisors  
Re: **Proposed Allocations of Decision Packages Included in the FY 2014/15 Adopted Budget**  
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**Recommendation – Approve the operating transfer of \$5,000,000 in cash and expenditure authority from General Fund Contingency to the Capital Projects Fund to address the pavement preservation projects detailed in the County Administrator’s November 18, 2014 memorandum entitled *Release of Supplemental General Fund Appropriation for Transportation Pavement Rehabilitation and Repair*.**

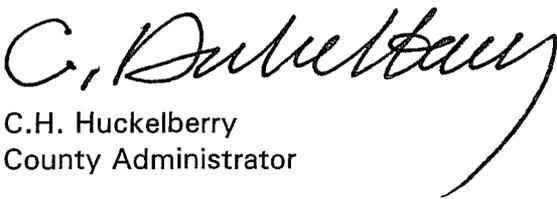
I. Employee Compensation - Cost Absorbed by the Departments

This decision package allocates an across-the-board 50-cent per hour employee compensation adjustment for all eligible employees effective September 7, 2014. The FY 2014/15 partial year cost of this adjustment totals \$6,294,847 and was absorbed by the individual County departments. No additional funding was provided to the departments. As planned, this employee compensation adjustment went into effect on September 7, 2014. The annual cost of \$7,793,546 for this program will be ongoing costs to County departments. No further action required by the Board.

Recommendation

I recommend the Board of Supervisors approve the recommended changes included in this memorandum to the Fiscal Year 2014/15 Adopted Budget.

Sincerely,



C.H. Huckelberry  
County Administrator

CHH/mjk – November 6, 2014

Attachments

c: Tom Burke, Director, Finance and Risk Management  
Robert Johnson, Budget Manager, Finance and Risk Management

## ATTACHMENT 1 - Allocation by ITD Initiative

ITD Initiative # 1 - Enterprise Software Agreement			
Actual Cost			
Enterprise-wide Software Agreement			\$ 2,048,730.00
Funding Sources			
General Fund	Operating Budget Non-Elected Departments		502,393.00
County Free Library	Operating Budget		135,441.00
Regional Wastewater Reclamation	Operating Budget		160,965.00
SD - Decision Package \$ 1,768,800			981,201.00
ITD - Decision Package \$ 1,262,669			268,730.00
		Total Funding For Software	<u>\$ 2,048,730.00</u>

ITD Initiative # 2 - Leasing Desktop Hardware			
Proposed Costs			
Leasing Desktop Hardware			\$ 1,300,000.00
Funding Sources			
General Fund	Operating Budget Non-Elected Departments		307,642.00
County Free Library	Operating Budget		341,583.00
Regional Wastewater Reclamation	Operating Budget		183,658.00
Sheriff Department	Operating Budget		185,000.00
FSC - Decision Package for Computers/Printer \$47,050			47,050.00
SD - Decision Package for Information technology \$ 1,768,800			186,268.00
ITD - Decision Package for New Position Requests \$ 1,262,669			48,799.00
		Total Funding for Leased Hardware	<u>\$ 1,300,000.00</u>

ITD Initiative # 3 - Leasing Servers & Storage; Software for Servers; Professional Services for Implementation			
Proposed Costs			
Leasing Servers & Storage; Software for Servers; Professional Services for Implementation			\$ 4,640,138.00
Funding Sources			
Information Technology	Operating Budget		55,000.00
SD - Decision Package for Information technology \$ 1,768,800			601,331.00
ITD - Decision Package for New Position Requests \$ 1,262,669			530,407.00
ITD - Decision Package for CIP Carryover New Contract Costs \$ 331,000			331,000.00
ITD - Decision Package for Software Maintenance for Existing Programs \$ 516,192			120,000.00
ITD - Decision Package for Software Maintenance \$116,000			116,000.00
ITD - Decision Package for Data Center Growth (CIP) \$2,000,000			2,000,000.00
ITD - Decision Package for Infrastructure Management Tools (CIP) \$174,000			174,000.00
ITD - Decision Package for Infrastructure Security Monitoring \$457,600			457,600.00
ITD - Decision Package for Physical Server Upgrade (CIP) \$254,800			254,800.00
		Total Funding for Server & Storage	<u>\$ 4,640,138.00</u>

ITD Initiative # 4 - Remodel Workspace for additional Personnel			
Proposed Costs			
Renovations/Remodel Workspace			\$ 142,163.00
Funding Sources			
ITD - Decision Package for New Position Requests \$ 1,262,669			142,163.00
		Total Funding for Server & Storage	<u>\$ 142,163.00</u>

## ATTACHMENT 2 - Allocation by Decision Package SD and ITD

Sheriff - Information Technology	\$ 1,768,800
Use of Funding	
Enterprise Software Agreement for Sheriff	273,385
Leased Desktop Hardware for Sheriff	186,268
Thin Client Servers & other items for Sheriff	601,331
Enterprise Software Agreement for Other Departments	707,810
	<u>\$ 1,768,794.00</u>

Information Technology	
ITD - Carryover of Existing Software Contracts	\$ 309,644
Use of Funding	
Existing Software Contracts	\$ 309,644

Information Technology	
ITD - New Position Requests	1,262,669
Planned Use of Funding	
Enterprise Software Agreement	268,730
Leased Desktop Hardware	48,799
Leased Servers & Storage, etc.	530,407
Remodel / Renovation at B of A for New Positions	142,163
New Positions	272,570
	<u>1,262,669</u>

Information Technology	
ITD CIP Carryover New Contract Costs	\$ 331,000
Planned Use of Funding	
Leased Servers & Storage, etc.	\$ 331,000

Information Technology		
ITD - Software Maintenance for Existing Programs	\$	516,192
Use of Funding		
Software Maintenance for Existing Programs		396,192
Leased Servers & Storage, etc.		120,000
	\$	<u>516,192</u>

Information Technology		
FSC - Computers/Printer	\$	47,050
Use of Funding		
Leased Desktop Hardware	\$	47,050

Information Technology		
ITD - Software Maintenance	\$	116,000
Use of Funding		
Leased Servers & Storage, etc.	\$	116,000

Information Technology		
ITD - Additional General Fund Personnel Costs w/o Hansen	\$	125,158
Use of Funding		
Personnel Costs	\$	125,158

Information Technology		
ITD - Data Center Growth (CIP)	\$	2,000,000
Use of Funding		
Leased Servers & Storage, etc.	\$	2,000,000

Information Technology	
ITD - Infrastructure Management Tools (CIP)	\$ 174,000
Use of Funding	
Leased Servers & Storage, etc.	\$ 174,000

Information Technology	
ITD - Infrastrucure Security Monitoring	\$ 457,600
Use of Funding	
Leased Servers & Storage, etc.	\$ 457,600

Information Technology	
ITD - Physical Server Upgrade (CIP)	\$ 254,800
Use of Funding	
Leased Servers & Storage, etc.	\$ 254,800

Information Technology	
Permits Management System - General Fund Contribution	\$ 479,000
Use of Funding	
Personnel Costs	\$ 479,000

Sheriff Decision Package	1,768,800
ITD Decision Packages	6,073,113
Total Decsion Packages for Technology	<u>\$ 7,841,913</u>