

MARICOPA COUNTY BOARD OF HEALTH MEETING MINUTES
Finance Committee

Monday, April 22, 2019 at 2:30 pm
301 W. Jefferson Street, 10th Floor, Phoenix, Arizona 85003
Board of Supervisors Conference Room

Vice President MacMillan called the meeting to order at 2:30 p.m.

ROLL CALL:

Members Present:

Don Cassano
Robert MacMillan
Kristen Acton
Nedra Halley

Members Absent:

Henri Cournand
Don Hughes

ACTION ITEMS:

DISCUSSION ITEMS:

1. Public Health Finance Report

Mr. Scot Pitcairn

Fund 100 - General Fund

Through the March period close, or 75% of the fiscal year, Public Health has spent 76.4% of the General Fund authorized budget, with a year-to-date positive variance, budget to actual expenditures, of \$224,363. (The percent of budget expended exceeds 75% due to the recent one-time purchase of the replacement x-ray equipment.) In Personal Services the department has a positive variance year-to-date of \$149,804, in Supplies there is a positive variance of \$44,671, and in Services a positive variance of \$86,690. Capital Equipment expenditures are \$56,802 over budget year-to-date, mostly the result of the replacement x-ray equipment including three additional years of maintenance agreement not in the original estimate. Vacancy savings is the largest contributor to the positive variance, most notably due to the vacancy in the Director's position for the last year plus, with the rest of the savings spread fairly evenly across the other programs. Temporary services spending is the next largest source of savings, most notably in Immunization and Epidemiology, but is expected to "catch up" closer to budget as we approach the end of the year.

Offsetting these savings is the shortfall between our indirect collections and the administrative and county central costs the indirect is supposed to cover. Our departmental administrative costs have actually shrunk over the past few years, but this has been more than offset by higher central service and internal service fund charges. The largest increases in these central costs are in workers compensation and new IT, telecommunications and financial system costs. Our indirect rate for grants is already approaching 20%, and the assumption that the grants and special revenue accounts must continue to support all of the increases in these central costs is not a sustainable model in our opinion.

We have been absorbing the cost of vaccine for a Hepatitis A outbreak from our General Fund budget--\$55,000 so far. The costs are expected to continue, and we may need to ask the County Budget Office to step in with supplemental funding at some point depending on the extent and duration of the outbreak.

Fund 265 - Special Revenue Fund

From the Special Revenue Fund we have spent 56.0% of our expenditure budget as of the end of the 3rd quarter. Compared to budget, actual expenditures year to date are under budget by \$1,652,765, or 24.9%.

Personnel expenditures for the Fee Fund are \$503,864 under budget year-to-date, or 13.5%. Supplies expenditures are \$412,342 under budget, or 33.0%, with much of that in Child Immunization. Vaccine expenses were front-loaded to this account early in the year, but now are below budget by over \$100,000, as more expenses were shifted to the Immunization grant fund rollover account. Services expenditures are under budget by \$757,902, or 45.6%. The Vital Registration Office's use of temporary staff is well below budget (\$162,181 under budget to date). In addition, one-time expenditures for the east valley office move will not occur until the next fiscal year.

Fee revenues year to date are short of budget by \$442,904 or 7.6%, but revenues exceed expenditures by \$407,605, so the fund is structurally balanced. The Child Immunization fee fund expenditures are \$400,552 under budget year-to-date, but slightly exceed revenues to date. The Vital Registration Office's expenditures are \$620,797 below budget year-to-date, and revenues exceed expenditures by \$537,710.

As we reported previously, the Refugee program's expenditures have been cut dramatically, and the program is maintaining the minimum core staff necessary to keep the program going. Nevertheless, expenditures year-to-date of \$202,554 exceed revenues by \$99,787. The State agency that administers the federal Refugee Medical Assistance Program (RMAP) funding is requiring that all claims for medical screening reimbursement be billed to AHCCCS instead of requesting RMAP funding as in prior years.

The STD fee fund has experienced substantial growth in revenues and expenditures this year. While expenditures year-to-date exceed budget by \$69,567, revenues are more than covering expenditures, so the account is structurally balanced. For FY20, the budget will be increased to bring it in line with this year's level of activity.

Fund 532 – Grant Fund

Through three quarters of the year, the Grant Fund expenditures are \$4,364,547, or 14.5%, below budget. Revenues are only \$560,269, or 2.2% below actual expenditures year-to-date. While we have lost grant funding this year, with the termination of the Healthcare for the Homeless grant last year, the reduction of the Healthy Start grant by nearly \$800,000, another reduction in the WIC grant, and the loss of the RMAP funding for the Refugee Program, we expect to gain a new Opioid Overdose Data to Action grant (cooperative agreement) to start 9/1/19 in the amount of \$2.5 million per year for a 3 year contract.

Another larger grant that was scheduled to terminate at the end of June, the \$750,000 federal Teen Pregnancy grant, has now been temporarily restored as the result of a lawsuit for at least FY19, and possibly FY20. All of the staff that were paid from this grant were terminated, so mostly temporary positions and contracts are being used to meet the grant deliverables.

The new indirect rate for grants for FY20 has not been finalized yet, but we expect it to be around 19.6%, up from 18.9% in the current year. As noted in the General Fund section, the County central service and internal service fund charges have been increasing substantially in recent years even while our total grant base has recently been shrinking. This has led to our indirect collections not being able to cover all of our administrative and County central costs. The addition of the new Opioid grant will help to alleviate this situation but will not totally offset our shortfall.

2. Environmental Services Finance Report

Mr. Gus Martinez

FUND 100 (County General Fund)

FUND 100 are reporting **revenues 28% over** the year to date (YTD) budget and **expenditures 6% under** the YTD budget through period 9 close FY19.

Revenues

FUND 100 is funded by the County General Fund subsidy. Environmental Services collects enforcement revenue from non-permitted activities. These fines are associated with violations of the Environmental Health Code by persons and organizations not subject to obtaining a permit. In FY19 Environmental Services has merged with waste resources and recycling which collects transfer station fees for trash services provided to citizens across the county. Fund revenue through period 9 close are reporting at \$228,945 which is **28% or \$65,168 over** YTD budget.

Expenditures

The Environmental Services General Fund is reporting **expenditures 6% or \$389,148 under** YTD budget through period 9 close. The amount is primarily attributed to a positive variance in supplies and services costs of **\$395K**, and a negative variance of **\$6K** in personnel.

The General Supplies and Service positive variance of \$395K due to extra grant funds that were received in FY18 and carried over to FY19. However, the department is currently in the process of ordering 200K in chemicals and initiating a green waste grinding project to provide a green waste cap on the county landfills. This project is estimated to cost 60K and help prevent land fill erosion. These additional expenditures are anticipated to close the variance by the end of the fiscal year.

FUND 290 (Environmental Tire Fund)

FUND 290 are reporting **revenues 7% over** the year to date (YTD) budget and **expenditures 12% under** the YTD budget through period 9 close FY19.

Revenues

FUND 290 is funded by the State of Arizona through the tire disposal tax. Revenues are distributed to the counties based on the number of vehicles registered within that county. Fund revenue through period 9 close are reporting at \$4,388,897 which is **7% or \$325,521 over** YTD budget.

Expenditures

The Environmental Services General Fund are reporting **expenditures 12% or \$411,827 under** YTD budget through period 9 close. The amount is primarily attributed to a positive variance in supplies and services costs of **\$390K**.

The General supplies and services positive variance of 390K is primarily attributed to the increase in appropriations received by the board of supervisors in February 2019 to address the increased cost of tire disposal. The department is forecasting this variance will be eliminated by the end of the fiscal year.

FUND 505 (County Grant Fund)

FUND 505 are reporting **revenues 78% under** the year to date (YTD) budget and **expenditures 34% under** the YTD budget through Period 9 close FY19.

Grant Funds

Agency 881 is a grant from the Food and Drug Administration Department of Health and Human Services. Environmental Services was awarded the grant on September 10, 2015 in the amount of \$67,198 for FY19. The grant was approved by the Board of Supervisors on October 21, 2015. The purpose of the grant is to advance conformance with the voluntary national retail food regulatory program standards. The purpose of the grant is to advance conformance with the voluntary national retail food regulatory program standards. This grant will serve in assessing foodborne illness risk factors in Maricopa County and also provide permitted food operations with educational strategies to reduce the occurrence of foodborne illness risk factors. In Year 4, Environmental Services is providing education to all Environmental Health staff for implementing Active Managerial Control principles during their inspections and train the operators to do the same (Train the trainer). This training is based on the results of the survey conducted in Year 1. Also, MCESD will develop an AMC Toolbox, consisting of guidance documents, templates, logs, videos, and handouts on policies, training, and verification. These materials will emphasize the shift to a population that learns through the oral and visual delivery of information. Access to these materials will be streamlined via inspection reports, website design, and other mobile platforms. AMC will be further incentivized by increasing public awareness of the Department's voluntary AMC program: the "Cutting Edge Food Safety Partnership." Our Department will develop media to showcase Cutting Edge Program participants.

The grant was approved by the Board of Supervisors on October 21, 2015 and the department has submitted a reimbursement for the 3rd Qtr. FY19 expenses, however the disbursement will not show until the 4th Qtr. FY19 balancing our expenses within this fund.

Expenditures

The Environmental Services Grant Fund are reporting **expenditures 34% or \$15,632 under** YTD budget through Period 9 close FY19.

FUND 506 (Environmental Fee Fund)

FUND 506 is reporting **revenues 5% over** the YTD budget and **expenditures 3% under** the YTD budget through Period 9 close FY19.

Revenues

FUND 506 is funded by permit fee and fine revenue. Revenues through Period 9 close are reporting at \$16,660,569, which is **5% or \$821,427 over** YTD budget.

Pool, food permitting, and environmental plan review are all experiencing a higher than average permit and plan review submittals resulting in **\$826K** above budgeted revenue. This is primarily due to dormant construction projects that are now being revitalized with the ever improving economy.

Expenditures

Expenditures through period 9 close are **3% or \$492,184 under** the YTD budget. This positive variance is primarily made up of a supplies and services in the amount of **\$260K** and **231K** in personnel costs.

In an effort to keep up with the increase in plan review demands and delegated inspections. The department has recently hired an additional 7 staff. This increase will close the variance gap by the end of the fiscal year.

Adjournment

There being no further business, motion was made by Mr. Cassano to adjourn the meeting. The motion was seconded by Ms. Halley and the motion passed unanimously. Vice President MacMillan adjourned the Finance meeting at 2:55 p.m.