



Coconino County News Release—For Immediate Release

From: Coconino County Board of Supervisors
Contact: Brenda Grey, Asst. to the County Manager/PIO, (928) 679-7172; (877) 679-7120
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County Board of Supervisors Creates A Public Health Services District

Flagstaff, Az. – At their regular meeting today, the Coconino County Board of Supervisors voted unanimously to create a public health services district. The Board has been considering establishing a public health services district since 2007 when the County anticipated a revenue shortfall in the near future resulting from capped revenues and State cost shifts totaling \$13 million. The current recession and the more recent dramatic State funding cuts and cost shifts, in addition to the limited revenues, has created a County budget deficit expected to exceed \$7 million next year. Creating and funding a public health services district remained as the only option to avoid significant job losses resulting in dramatically reduced county services, such as Sheriff's patrol, road maintenance/snow plowing, courts and basic health services.

To fund the district, the Board voted 4-1 to raise the property tax rate up to 25 cents per \$100 of assessed valuation on all real property located within the County. The County estimates the district will generate revenue up to \$5.1 million in its first year. However, it should be noted that the rate set represents the maximum rate that may be decreased when the Board acts on the FY11 budget this spring. The dissenting Supervisor preferred a sales tax versus a property tax.

The average impact on residential, commercial and agricultural properties in Coconino County is expected to be 3% - 5% on the total tax bill if the maximum rate is implemented. For example, a residential property valued at \$309,000 in Flagstaff would see about an \$80 increase in the total tax bill from the Public Health Services District secondary property tax. A residential property in Page valued at \$162,000 would see about a \$40 increase in their total tax bill, and a home in Kachina Village valued at \$185,000 would see about a \$50 increase in the total tax bill. The County only keeps 6 cents of every dollar collected in property taxes paid by residents and businesses. The first collections for the tax will begin in October 2010.

The County's fiscally conservative approach and extensive financial planning provided for a recession, but nothing of the magnitude in terms of actual depth or duration. Coconino County experienced over \$9.4 million in revenue reductions from the recession and State cost shifts and cuts over the past 18 months. Even with budget cuts of over \$2 million over the last two fiscal years and use of reserves, the County expects a budget deficit of \$7 million next fiscal year starting in July 2010. To address the \$7 million deficit requires new revenue, further budget cuts, and use of some of the limited remaining reserves.

Services across the county are being impacted by the operational cuts already experienced and over 85 positions are now frozen along with the elimination of 16 positions. Without the

additional revenue, the County expected workforce reductions upwards of 100 employees to balance the budget next year. The Board noted that this level of job loss in the County would damage local business. The Board also emphasized that protecting basic public health services is fundamental to meeting people's basic health needs. The County also expects further significant State cuts and cost shifts that will dramatically impact many County services, such as Courts, law enforcement, roads, and public health given that the State is facing a \$2 billion deficit for this year and over a \$4 billion deficit next year.

The County engaged Dr. Fred Solop to conduct a countywide public survey this past fall to assess support for increasing taxes to support County public health services. 56% of 800 county voters supported increasing taxes to prevent cuts to public health programs and less than 5% wanted to see public health services reduced.

“The Board and County staff have poured over all aspects of this complicated issue to ensure that the formation of a public health services district is in the best interest of the County and our citizens at large,” said Board of Supervisors Chairman Matt Ryan. “While we all wish there was an alternative to raising the property tax rate, Coconino County still remains the second lowest primary property tax in the State.” Coconino County's second lowest primary property rate, which is forty cents per \$100 of assessed value, is 1/3 of the rate in Yavapai County, which is \$1.26 per \$100 of assessed value. Additionally the County has virtually no other revenue options given voter approved or State Legislative set restrictions on revenues.

The Board of Supervisors will serve as the Board of Directors of the Public Health Services District and will determine how to allocate the district funds among the County's health programs. The County Board of Health recommended to the Board of Supervisors this past May to establish a Public Health Services District with the hopes of protecting critical public health services.

Currently, the Board of Supervisors has the authority to create a public health services district. However, the Board acknowledged that the state legislature has removed local control in the past, which was another reason the Board decided to unanimously form the district now.

For more information, call the Board of Supervisors office at (928) 679-7144; or toll-free (877) 679-7120.

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