

# Santa Fe County Board of County Commissioners Fiscal Year 2012 Budget Study Session



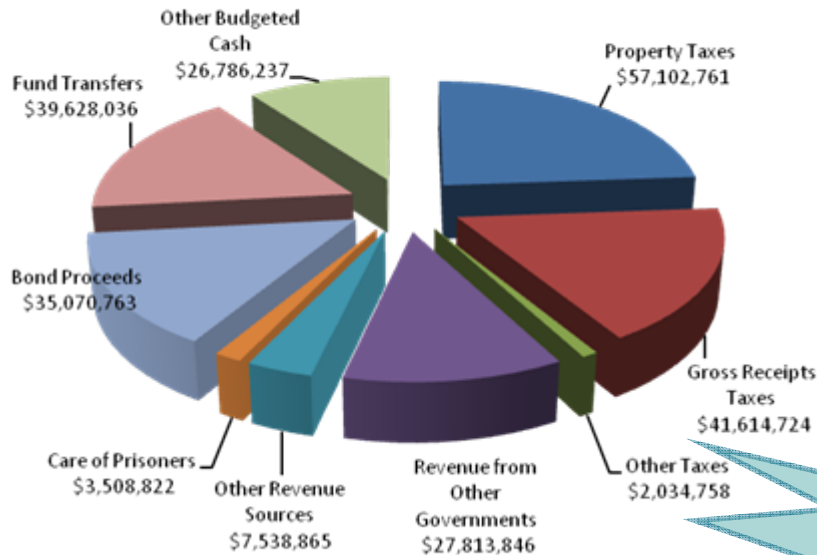
May 10, 2011

# Revenue and Expense Estimates Fiscal Year 2011

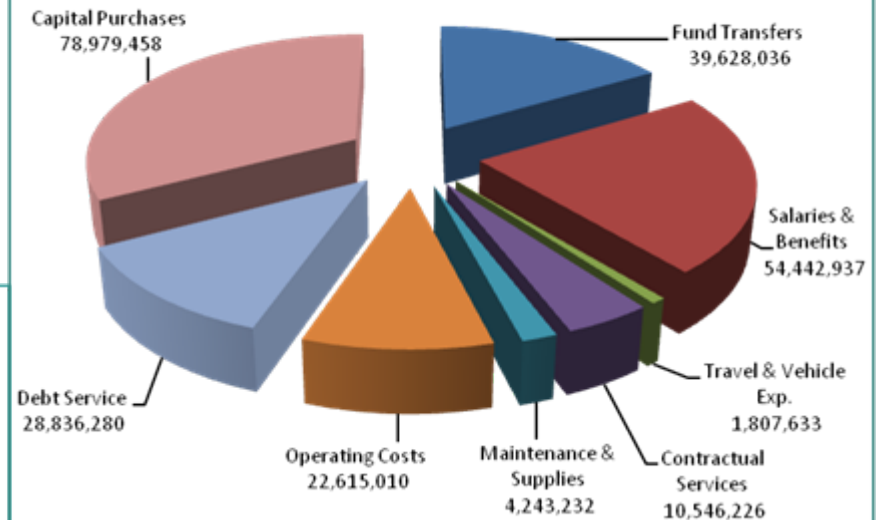
## Est. Revenue as of June 30, 2011

- » Property Taxes - \$57.1M
- » Gross Receipts Taxes – \$41.6M
- » Care of Prisoners - \$3.5M
- » Other Revenue - \$37.4M
- » Bond Proceeds - \$35.1M
- » Other Budgeted Cash - \$26.8M
- » Fund Transfers - \$39.6M

## FY 2011 Total Revenue Estimate



## FY 2011 EXPENSE ESTIMATE



## Est. Expenses as of June 30, 2011

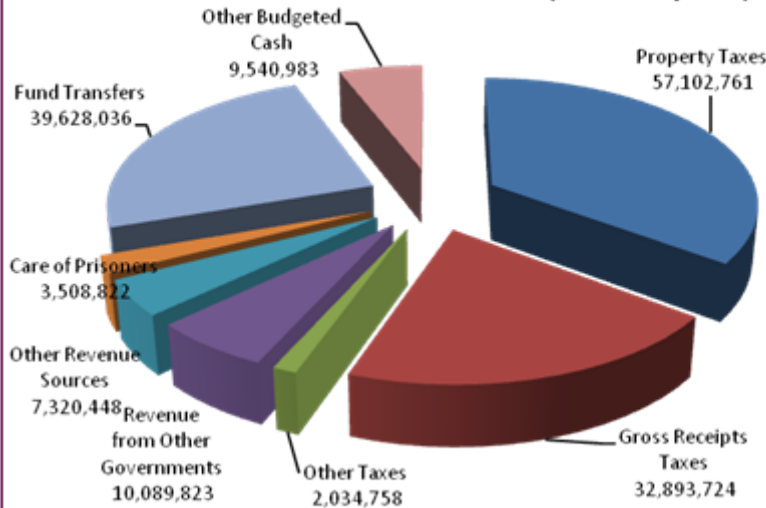
- « Salary and Benefits - \$54.5M
- « Operating Expenses - \$39.2M
- « Capital Purchases - \$79.0M
- « Fund Transfers - \$39.6M
- « Debt Service - \$28.8M

**Total**  
**\$241,098,812**

# Revenue and Expense Estimates

## Fiscal Year 2011- Operating Budgets Only

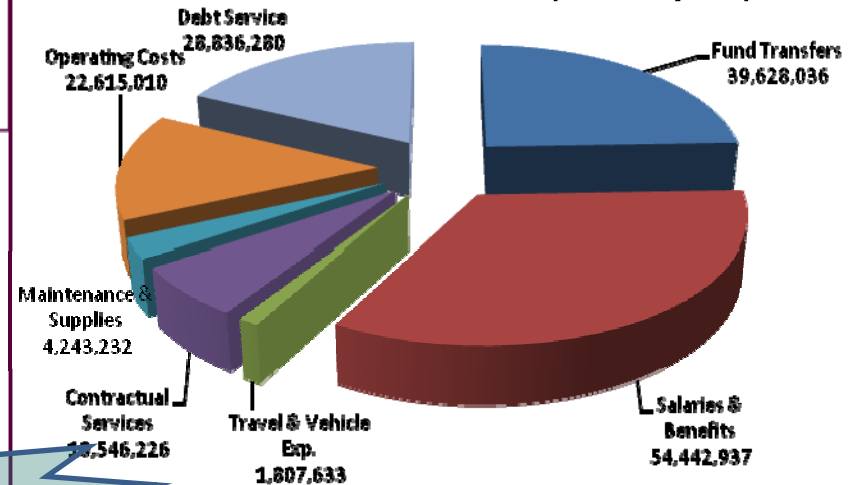
**FY 2011 REVENUE ESTIMATE (excl. Capital)**



**Est. Expenses as of June 30, 2011**

- « Salary and Benefits - \$54.5M
- « Operating Expenses - \$39.2M
- « Fund Transfers - \$39.6M
- « Debt Service - \$28.8M

**FY 2011 EXPENSE ESTIMATE (excl. Capital)**



**Est. Revenue as of June 30, 2011**

- » Property Taxes - \$57.1M
- » Gross Receipts Taxes – \$32.9M
- » Care of Prisoners - \$3.5M
- » Other Revenue - \$19.5M
- » Budgeted Cash - \$9.5M
- » Fund Transfers - \$39.6M

**Total**  
**\$162,119,354**

# Cuts Sustained and Budget Additions

## Cuts Sustained or Made in FY 2011

<b>CMO Actions taken as of 7/1/10</b>	<b>Planned</b>	<b>Materialized</b>
Hiring Freeze	\$1,400,000	\$1,273,698*
Department Proposed Cuts	\$ 967,000	\$ 908,892
Travel, Vehicle, Cell Phones, etc.	\$ 566,500	\$ 401,582
Restructuring of Satellite Offices	\$ 51,000	\$ 32,158
Terminated Contracts	\$ 50,000	\$ 75,860
<b>Total-CMO Actions as of 7/1/10</b>	<b>\$3,034,500</b>	<b>\$2,692,190</b>

<b>CMO Actions taken during FY11</b>	
Reorganization of Manager's Office	\$ 38,779
<b>Total-Actions Taken during FY11</b>	

### One-Time Savings

Savings from Staff Vacancies/Temporary Freezes (est.)	\$5,000,000
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### Unanticipated Recurring Additions to the FY11

Low Income Property Tax Credit	(\$331,103)
Increased Insurance Deductible	(\$200,000)

\* Offset by other temporary staff freezes

# Estimated Cash Balances Fiscal Year End – FY 2011

## Estimated Cash Balances at July 1, 2011

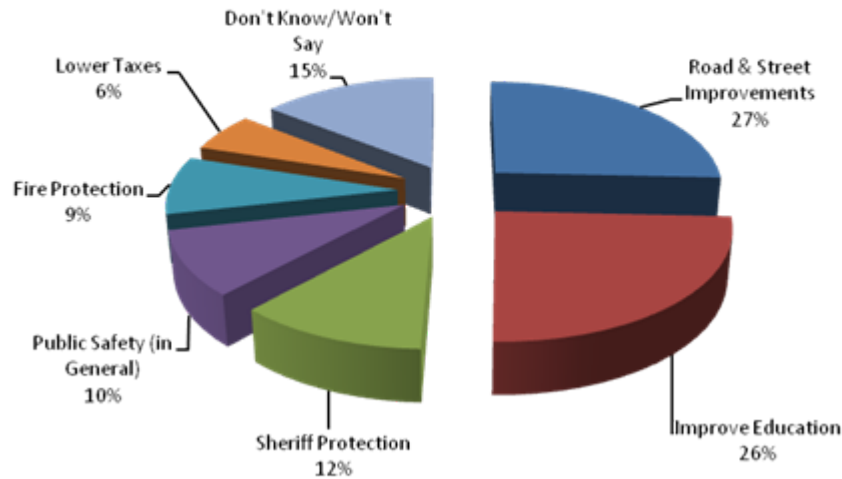
### Major Operating Funds

	<u>Cash Balance</u>	<u>FY 12 Reserve Requirement*</u>	<u>Usable Balance</u>
General Fund	\$45,814,330	\$31,450,830*	\$14,363,500
Property Valuation Fund	\$ 1,365,096	\$ 143,627	\$ 1,221,469
Road Fund	\$ 646,525	\$ 226,570	\$ 419,955
Indigent Hospital Fund	\$ 344,712	\$ 328,499	\$ 16,233
Indigent Services Fund	\$ 531,783	\$ 152,748	\$ 379,035
Mountain, Wildlife & Trails	\$ 237,053	\$ 114,572*	\$ 122,481
EMS Health Services	\$ 293,105	\$ 46,325	\$ 246,780
EMS Hospital Fund	\$ 336,653	\$ 324,595	\$ 12,058
Fire Operations Fund	\$ 4,467,586	\$ 1,154,452	\$ 3,313,134
RECC Operations Fund	\$ 643,961	\$ 564,520*	\$ 79,441
Corrections Operations Fund	\$ 8,924,799	\$ 4,604,300*	\$ 4,320,499

\* Includes reserve requirement and other cash restrictions/commitments.

# Citizen Survey - Priorities

**Citizen Survey - July 2010  
Highest Priorities**



## Unaided Responses

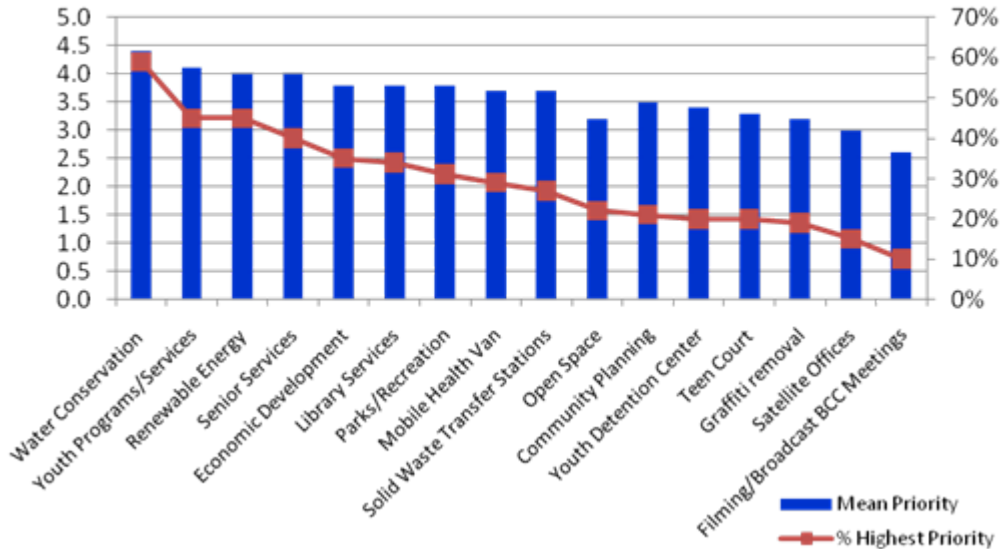
When asked in an unaided, open-ended manner, what respondents felt are the highest priorities for County residents, road/street improvements were mentioned most often.

Priority	<u>FY12</u>	<u>FY11</u>
Road & Streets	\$ 3.3M	\$ 2.6M
Improve Education	XXXXX	XXXXX
Sheriff's Protection	\$10.2M	\$ 9.9M
Public Safety*	\$25.6M	\$24.1M
Fire Protection	\$12.0M	\$10.8M
Lower Taxes	\$ 0.4M	\$ 0.0M

\* Public Safety includes Sheriff's Office, Fire Division and the Regional Emergency Communications Center.

# Citizen Survey - Priorities

**Citizen Survey - July 2010  
Priorities for Budget Planning**



## Aided Response

Residents were aided by being read a list of services and programs and asked to rate each as a priority on a scale from 1-5 with 5 being a “very high” priority.

The mean priority number is the average score placed on the service. The % highest priority is the percentage of respondents that ranked the service a “very high” priority.

<u>Priority</u>	<u>FY12</u>	<u>FY11</u>
Water Conservation	\$0.1M	\$0.1M
Youth Programs/Svcs.	\$0.2M	\$0.2M
Renewable Energy	\$0.6M	\$0.4M
Senior Services	\$1.2M	\$0.9M
Economic Dev.	\$0.6M	\$1.0M
Library Services	\$0.04M	\$0.04M
Parks and Recreation	\$0.07M	\$1.5M*
Mobile Health Van	\$0.2M	\$0.2M

<u>Priority</u>	<u>FY12</u>	<u>FY11</u>
SW Transfer Stations	\$2.0M	\$1.8M
Open Space	\$0.5M	\$6.6M*
Community Planning	\$0.5M	\$0.5M
YDP	\$2.3M	\$2.3M
Teen Court	\$0.2M	\$0.2M
Graffiti Removal	\$0.05M	\$0.05M
Satellite Offices	\$0.05M	\$0.02M
Filming/Broadcasting BCC	\$0.07M	\$0.20M

\* Includes capital projects, all other priorities are operating expenses only.

# FY 2012 Requests as they relate to the Citizens Survey

## Unaided Responses

- ✓ Transitioned Road Project budget and personnel to the Road Maintenance budget. This allows a more efficient allocation of resources as the County is receiving less funding for road projects than in the past and thus can focus attention to maintenance of the existing County roads.
- ✓ The Sheriff's Office budget request increased from FY 2011 to provide for more training, ample fuel budget for maximum patrolling, an additional FTE, continued funding for DWI prevention despite loss of a grant and will be recommended for additional capital needs.
- ✓ The provision of additional resources to the Sheriff's Office as well as the Fire Department and RECC will allow for greater responsiveness to calls for services, thus addressing the general public safety priority.
- ✓ The Fire Department has been successful in obtaining grants which have allowed for additional services as well as the continuation of the Recruitment and Retention Coordinator position which is responsible for recruiting and retaining the volunteer fire staff.

## Aided Responses

- ✓ When read a list of programs and services the top 5 priorities from the list were water conservation, youth programs and services, renewable energy initiatives, county operation of the senior services program, and economic development.
- ✓ The programs and services on the list were selected as a result of recession planning in FY10 and the potential for eliminating certain programs and services that are not required by statute.
- ✓ None of the programs on the list were cut, and a number of the programs saw a slight increase in funding provided for FY 2012.
- ✓ Some restructuring of the higher priority services took place including: consolidating water resources services within the Water Utility for greater efficiency, securing grant funding for energy efficiency and renewable energy activities and a planned take-over of the County's senior services programs scheduled for full implementation on July 1, 2011.



# Fiscal Year 2012 Budget Requests

(does not include Capital Projects or Capital Package Requests)

<u>Major Operating Funds</u>	<u>FY 2012 Request</u>	<u>FY 2011 Original</u>	<u>FY 2011 Higher/(Lower)</u>	<u>Difference</u>
General Fund	\$53,685,243	\$55,885,886		(\$2,200,643)
Property Valuation Fund	\$ 1,674,673	\$ 1,142,772		\$ 531,901
Road Fund	\$ 3,329,015	\$ 2,638,938		\$ 690,077
Indigent Hospital Fund (GRT)	\$ 3,941,988	\$ 5,850,000		(\$1,908,012)
Indigent Services Fund	\$ 1,832,981	\$ 1,835,548		(\$ 2,567)
Mountain, Wildlife & Trails	\$ 174,859	\$ 178,186		(\$ 3,327)
EMS Health Services	\$ 555,899	\$ 3,201,856		NET of Difference s \$1,058,685
EMS Hospital Fund (GRT)	\$ 3,895,143	\$ 4,525,000		
Fire Operations Fund	\$13,630,108	\$ 9,308,829		
RECC Operations Fund	\$ 3,419,745	\$ 3,406,525		
Corrections Operations	<u>\$20,751,106</u>	<u>\$19,776,560</u>		<u>\$ 974,546</u>
<b>SUBTOTAL</b>	<b>\$106,890,760</b>		<b>\$107,750,100</b>	<b>(\$ 859,340)</b>
Other Funds	\$37,707,126	\$34,050,254		\$3,656,872
Debt Service	\$19,609,564	\$18,723,995*		\$ 885,569
<b>TOTAL</b>	<b>\$164,207,450</b>		<b>\$160,524,349</b>	<b>\$3,683,101</b>

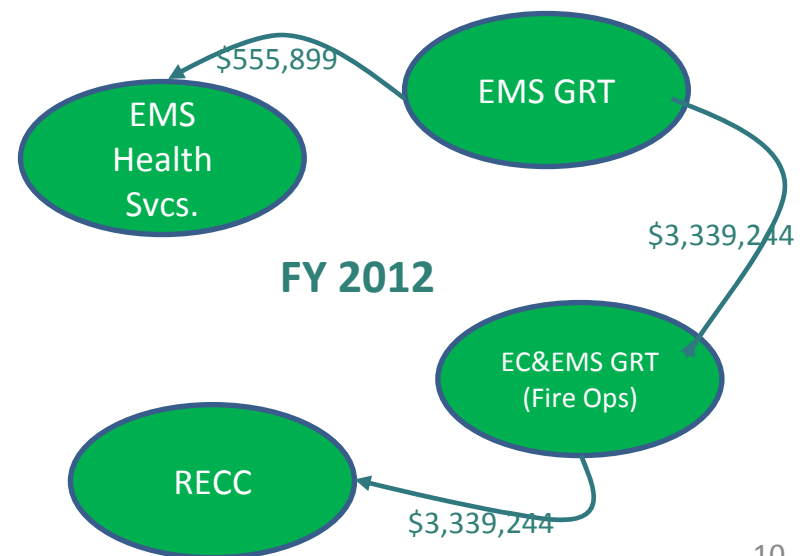
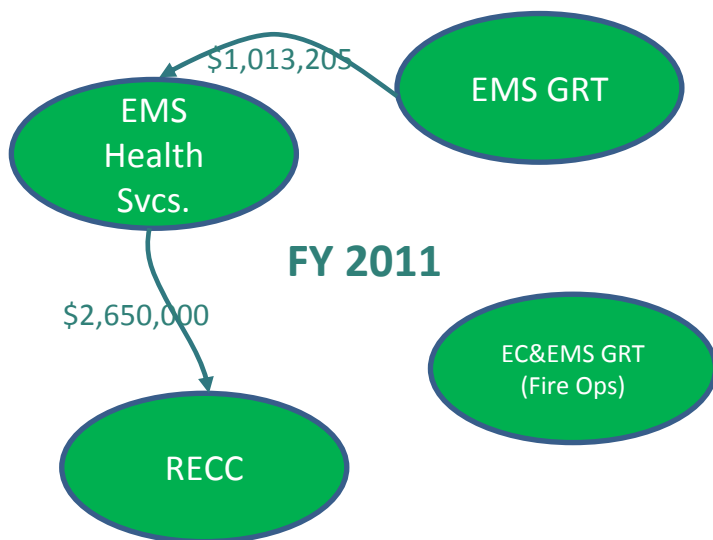
\* Does not include \$10.1M advance refunding bond proceeds used to pay off the 1999 Series GO Bond on July 1, 2010.

# Fiscal Year 2012 Budget Revisited RECC and Fire Funding Sources

In Fiscal Year 2011 the RECC was funded by a **\$2,650,000** transfer from the EMS Health Services and \$756,525 from RECC Operations Fund cash reserves. The EC & EMS GRT was used exclusively to fund the Fire Operations.

In Fiscal Year 2012 the RECC will be funded by a **\$3,339,244** transfer from the EC & EMS GRT (Fire Operations Fund). As a result, the Fire Operations Fund increased by the amount of that transfer, and the EMS Health Services Fund decreased by the amount of the FY 2011 transfer to the RECC.

To offset the EC & EMS GRT revenue now being transferred to the RECC, the EMS Hospital (GRT) Fund will be utilized to transfer **\$3,339,244** to the Fire Operations Fund. The EMS Hospital Fund (GRT) Fund supported the  $\frac{1}{2}$  of the Sole Community Provider commitment in FY 2011 but will not be used for that purpose in FY 2012.



# FY 2012 – Requests for New Staff

## Utilities

POSITION	SALARY	BENEFITS	TOTAL
Water - Operator II	31,595	12,638	44,233
Wastewater - Operator I	29,120	11,648	40,768
Wastewater - Utility Worker	24,923	9,969	34,892
<b>TOTAL COST OF NEW FTEs</b>	<b>85,638</b>	<b>34,255</b>	<b>119,893</b>

The Utilities Department has requested three additional FTEs. The proposed personnel will be necessary for the planned expansion of utility services which will take place in Fiscal Year 2012. A new rate structure and expansion of service area is anticipated to offset the increased operating costs.

## Sheriff's Office

POSITION	SALARY	BENEFITS	TOTAL
Property Control/Asst. Evidence Custodian	29,120	11,648	40,768
<b>TOTAL COST OF NEW FTEs</b>	<b>29,120</b>	<b>11,648</b>	<b>40,768</b>

The Sheriff's Office has requested one FTE. This additional position was recommended subsequent to an internal audit of the Sheriff's Office property control processes.

## Assessor's Office

POSITION	SALARY	BENEFITS	TOTAL
2 - Assessment Specialist \$12.00/hour for each	49,920	20,467	70,387
<b>TOTAL COST OF NEW FTEs</b>	<b>49,920</b>	<b>20,467</b>	<b>70,387</b>

The Assessor's Office has requested two additional FTEs. The Assessment Specialists are proposed to be funded from the Assessor's Property Valuation Fund and will be used to scan data which allows for more efficiency within the office.

# Capital Package

## GENERAL FUND

Human Resources	\$ 4,000
Growth Management Dept.	
-GIS	\$ 31,325
Public Works	\$ 47,040
Utilities	
-SW	\$ 507,960
Clerk's Office	\$ 27,664
Treasurer's Office	\$ 5,116
Administrative Services Dept.	
-Information Technology	\$ 80,000
Community Services Dept.	
-Property Control	\$109,489
-Project Development	\$125,000
-Open Space	<u>\$ 29,900</u>
<b>TOTAL GENERAL FUND</b>	<b>\$967,494</b>

## OTHER FUNDS

Assessor's Valuation Fund	\$ 46,000
Road Maintenance Fund	\$ 370,000
Clerk's Filing Fees	\$ 43,000
RECC	\$ 95,000
Sheriff's Office	\$ 672,649
Corrections Department	
-Adult Detention Facility	\$ 570,212
-Youth Dev. Program	\$ 70,175
-Administration	\$ 10,230
- Electronic Monitoring	\$ 4,842
Utilities	
-Water	\$ 74,500
-Wastewater	<u>\$ 123,550</u>
<b>TOTAL OTHER FUNDS</b>	<b>\$2,080,158</b>

**GRAND TOTAL ALL FUNDS: \$3,047,652**

# FY 2012 Use of Cash

## Major Operations Funds

Property Valuation Fund	\$ 613,875
Wildlife, Mountains & Trails	\$ 174,859
Fire Ops. Fund (EC&EMS GRT)	\$1,097,555
Corrections Ops Fund	<u>\$5,846,012</u>
<b>TOTAL CASH MAJOR FUNDS</b>	<b>\$7,732,301</b>

## All Other Funds

Farm & Range Fund	\$ 4,130
Lodger's Tax Adv. Fund	\$ 4,200
Fire Excise Tax	\$ 38,951
Sheriff's Fines & Forfeitures	\$ 10,898
Section 8 Voucher Fund	\$ 80,134
Home Sales Fund	\$ 825,000
Developer's Fees Fund	\$1,008,085
Water Enterprise Fund	\$ 292,053
Housing Enterprise Fund	<u>\$ 63,962</u>
<b>TOTAL CASH OTHER FUNDS</b>	<b>\$2,327,413</b>

These balances do not include capital package items or capital projects.

Capital purchases from any of these funds will increase the use of cash.

The Wildlife, Mountains & Trails Fund, Home Sales Fund, and Developers' Fees Fund do not currently have funding and must utilize cash to support programs. Once the cash is exhausted the programs will terminate, the programs will look to the General Fund to continue operating.

# Recurring Revenues to Recurring Expenses

## Santa Fe County policy states:

*“Santa Fe County will strive to pay for all recurring expenditures with recurring revenue.”*

*Recurring Revenue:* revenue which is expected to be maintained or increase from year to year.

*Recurring Expenditures:* costs that support continuing services and programs.

- Cash reserves are a **NON**-recurring source of revenue. FY 2012 operating budget requests versus operating revenue estimates indicate that continuing the current level of services and programs will require the use of \$10.1M in cash reserves.
- Cash reserves were used to balance the FY 2011 budget as well. The original FY 2011 budget called for the use of \$10.8M in cash reserves to fund recurring expenditures. The actual amount of cash projected to be used for recurring expenditures in FY 2011 is now estimated to be \$7.8M.
- In FY 2010 the use of cash reserves for recurring expenditures was \$8.7M. The actual use of cash reserves was \$5.0M.

The practice of utilizing a non-recurring source such as cash reserves is not sustainable in the long run and should be avoided as a long-term solution to funding issues created by economic challenges. FY 2012 will be the 3<sup>rd</sup> consecutive year that a significant use of cash reserves will be required to balance its budget. Prior to FY 2010 cash reserves were used for capital or other one-time expenditures as practice.

# FY 2012 Potential Savings and Possible Threats

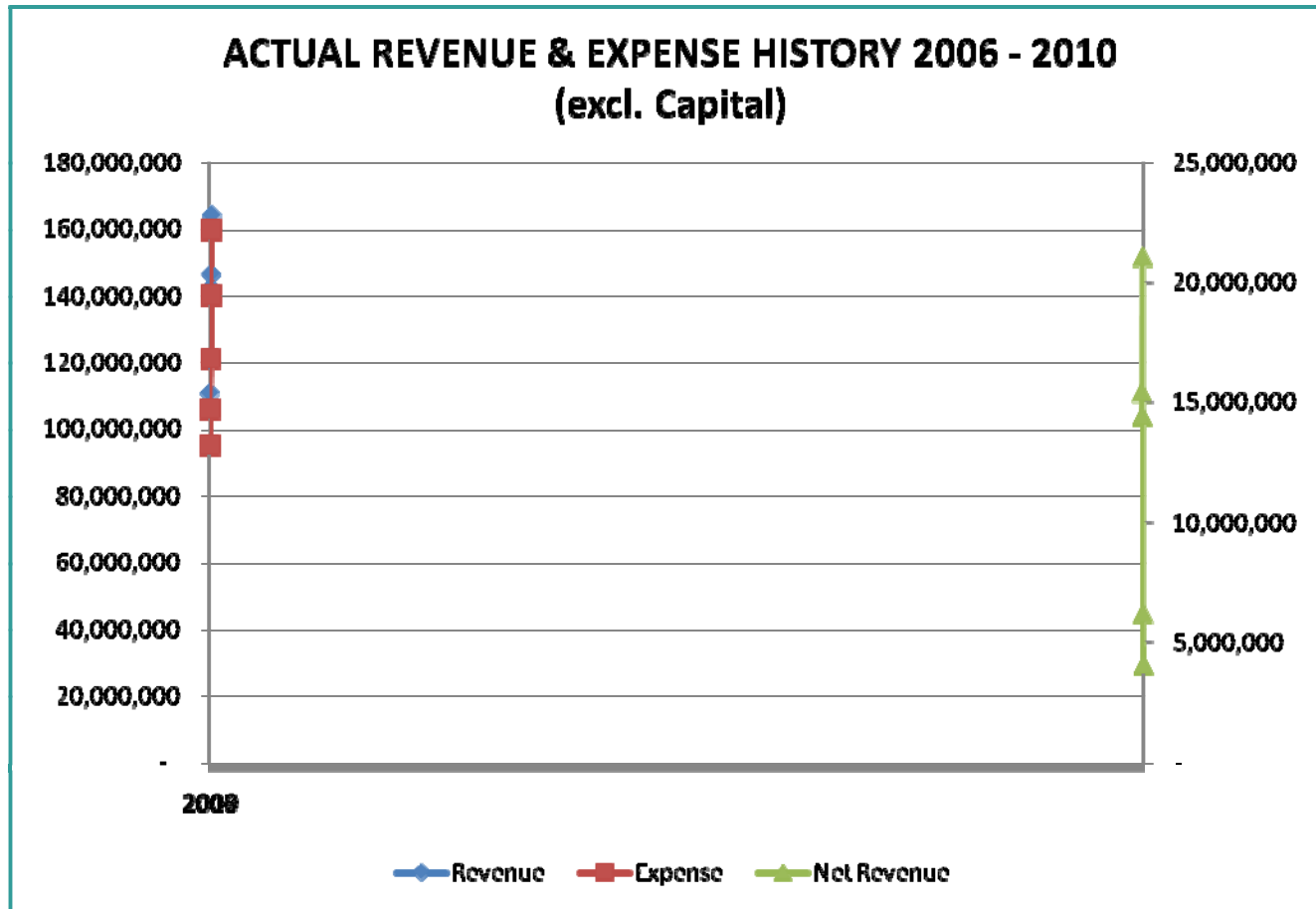
## Potential Savings

- 💰 “Sand” 2-5% off of budgets (excluding grant funded programs but including Elected Offices).
- 💰 Bargaining unit contracts must be renegotiated in FY 2012.
- 💰 Hard freeze additional positions and provide no budget authority for those positions.
- 💰 Additional reorganization of programs.

## Potential Budget Threats

- ⚡ Bargaining unit contracts must be renegotiated in FY 2012.
- ⚡ Gas and oil prices are extremely unpredictable and may have a significant impact on tourism and discretionary spending resulting in reduced GRT and Lodger’s Tax collections.
- ⚡ Possible legal action resulting from property tax changes.
- ⚡ Potential cap on property tax valuation increases.

# Revenue to Expense History





# FY 2012 Replacement Schedules Summarized

Department/Division	By Fiscal Year					Total
	2012	2013	2014	2015	2016	
Public Safety/RECC	\$ 114,400	\$ 62,600	\$ 25,650	\$ 14,400	\$ 21,650	\$ 238,700
Public Works/Traffic Engineering	\$ 18,000	\$ 61,000	\$ 42,000	\$ 30,500	\$ 30,000	\$ 181,500
Public Works/Road Maintenance	\$ 555,000	\$ 1,099,000	\$ 744,000	\$ 1,030,000	\$ 433,000	\$ 3,861,000
Public Works/Projects	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 50,000
Public Works/Fleet	\$ 26,848	\$ 86,000	\$ 95,635	\$ 78,000	\$ -	\$ 286,483
Public Works/Administration	\$ -	\$ 25,000	\$ 2,500	\$ -	\$ -	\$ 27,500
CSD/Housing	\$ 2,216,060	\$ -	\$ -	\$ -	\$ -	\$ 2,216,060
CSD/Health - Senior Services	\$ 69,000	\$ 112,750	\$ 9,250	\$ 28,400	\$ 21,850	\$ 241,250
CSD/ Fire	\$ 25,000	\$ 458,000	\$ 1,257,000	\$ 513,000	\$ 80,000	\$ 2,333,000
CSD/Community Projects	\$ 90,600	\$ 392,500	\$ 429,500	\$ -	\$ 65,000	\$ 977,600
<b>TOTAL</b>	<b>\$ 3,114,908</b>	<b>\$ 2,296,850</b>	<b>\$ 2,605,535</b>	<b>\$ 1,719,300</b>	<b>\$ 676,500</b>	<b>\$ 10,413,093</b>
SPECIAL REVENUE FUND						
GENERAL FUND						
ENTERPRISE FUND						

Over the next 5 years, Santa Fe County will need to spend in excess of \$10.4 million in aging equipment, facilities and infrastructure. The below is a partial list of needs. Missing from the list are “large ticket” items such as IT and Corrections. These will be added to this schedule and presented for your review.

# Summary of Issues

## Issues to address for long-term sustainability:

- Santa Fe County is experiencing an ongoing gap in recurring revenue to recurring expenses. How will we close the gap?
- Program funding may conflict with citizen priorities. How will we reconcile the conflict?
- Santa Fe County will need to fund major repair and replacement items in the future. Cash can appropriately be used for capital replacement of aging equipment, facilities and infrastructure, however, with an ongoing gap being funded by cash, will there be cash sufficient to address the capital replacement needs?
- If budget threats materialize this will place an additional burden on revenues and the cash reserves.