SANTA FE COUNTY

BOARD OF COUNTY COMMISSIONERS

SPECIAL BUDGET RETREAT

March 31, 2010

Harry Montoya, Chair – District 1
Kathy Holian – District 4
Liz Stefanics – District 5
Virginia Vigil – District 2
Michael Anaya – District 3

SANTA FE BOARD OF COUNTY COMMISSIONERS

COMMISSION CHAMBERS COUNTY ADMINISTRATION BUILDING

BCC BUDGET RETREAT
March 31, 2010 – 9:00 a.m. to 3:00 p.m.
April 1, 2010 – 9:00 a.m. to 12:00 p.m.

Please turn off cellular telephones during the meeting.

Agenda

I. Call to Order

II. Roll Call

III. Approval of Agenda

IV. FY 2011 Budget Preparation
- A. General Fund
- B. Capital Funds
- C. Health Fund
- D. Fire Operations
- E. RECC Operations
- F. Corrections Operations
- G. Significant Financial Issues

V. Executive Session

VI. Adjourn

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This regular meeting of the Santa Fe Board of County Commissioners was called to order at approximately 9:05 a.m. by Vice Chair Virginia Vigil, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll was called by Deputy County Clerk Vicki Trujillo and indicated the presence of a quorum as follows:

Members Present:	Members absent:
Commissioner, Harry Montoya, Chair	[None]
Commissioner Virginia Vigil, Vice Chair	
Commissioner Kathy Holian	
Commissioner Liz Stefanics	
Commissioner Mike Anaya	

III. APPROVAL OF THE AGENDA

PENNY ELLIS-GREEN (Deputy County Manager): Mr. Chair, there are no changes to the agenda.
COMMISSIONER ANAYA: So moved.
COMMISSIONER VIGIL: Is there a second?
COMMISSIONER HOLIAN: Second.

The motion passed by unanimous [3-0] voice vote. [Commissioners Montoya and Stefanics were not present for this action.]

IV. FY 2011 BUDGET PREPARATION

A. Major Budget Preparation
B. Current Year Outlook
C. FY 2011 Projections
D. Major Funds
E. Cost Savings and Revenue Generation
F. Significant Financial Issues
G. Possible Action on Budget Issues
[Exhibit 1: Budget Presentation]

COMMISSIONER VIGIL: I'll turn it over to you, Penny.

PENNY ELLIS-GREEN (Deputy County Manager): Thank you, Madam Chair, Commissioners. This morning we're going to start going through the 2011 budget. We will cover topics on the major budget preparation, the current year outlook, the fiscal year 11 projections, major funds, cost savings and revenue generation. And I wanted to point out many of the ideas in cost savings and revenue generation that will be presented have come from employee focus groups. So we have worked extensively with employees to get some of those ideas. We will also cover significant financial issues and take possible action on the budget issues.

As we go through this, if you have any questions, if you want to go ahead and ask as we're going through each slide, so everyone thoroughly understands before we move on to the next slide. And we will take any direction that you have to give us throughout the presentation or at the end, and as we wrap up today we can discuss if we have enough direction or if you would like to come back tomorrow. We do have another scheduled session from nine till twelve tomorrow if it's needed. And doing the presentation will be Teresa Martinez, our Finance Director. We also have here Carole Jaramillo, our budget administrator, Bernadette Salazar, our HR Director, and Julie Berman, our strategic planner. We also have other directors and finance staff here. And Helen Perraglio, who is our accounting oversight manager.

COMMISSIONER VIGIL: Thank you. Please proceed. Teresa, thank you for joining us and thank you for putting this together and your work on it with your staff.

TERESA MARTINEZ (Finance Director): Thank you. It was a huge coordinated effort so thanks to everybody, those sitting at the table, the directors, the staff, everybody. I have been told by the recorder that I speak very fast so you need to slow me down if I go too fast. I'm open to questions just as we go through. If you have questions go ahead and ask.

It's a very lengthy presentation, so throughout the presentation we tried to make sure that the slide numbers were indexed, if you will, so that would be page 2 of the presentation, so if at any time we want to go back to a topic the slide number is referenced on page 2.

Then we have an org chart that shows some detailed budget information behind it that also has page numbers on it so that if we want to go look at a specific budget we're prepared to go into that budget and you can ask detailed questions about those budgets.

Today we're going to speak in general to revenues and expenditures. We'll give you a current outlook. We did some research on some of the things you've asked us in the past. That included where do my property taxes go, the indigent mil levy, trying to work with the

Assessor to get an update on what we think we can forecast for fiscal year 2011 with regard to property taxes. We're going to give you updates on the legislative actions, what our cost saving group and our revenue generation groups have been doing, and we'll speak to a classification we're using this next fiscal year that we're labeling troubled funds. We have identified some troubled funds simply by the nature of their revenue source. They're totally reliant on a GRT and we know the GRTs are dwindling, or they may be looking to the general fund for support. So we'll have detailed slides on those as well.

We'll speak to capital projects. We'll speak to what other entities have done. We'll speak to frozen vacancies. We'll address the furlough and layoff plans, if the County has to go there, and we'll speak to how do we balance the whole budget for fiscal year 2011. And we do have a final recommendation, and we can consider it a working recommendation as we go through this process.

Okay, we'll begin with our first slide, which is page 3. I'll tell you the slide number every time we move forward. So we're going to slide #3. On Slide #3 we intended to just give a very general explanation of revenue and the different types of revenues and define that before we start going into speaking to areas where we have reductions in revenue, potential increases in revenue, and what other options may be out there that we haven't either enacted or implemented yet. So when we're speaking to recurring revenue, that's basically money or income that we receive from year to year. We can count on it. We can plan our budgets and base our budgets on that because we know it will occur from year to year. So it's recurring. It's considered reliable and ongoing.

The examples that we illustrate are property tax, gross receipts tax, fees and charges for services of a continuing nature. Non-recurring revenue is money or income that's received. We really can't count on it from year to year, so we consider it temporary in its nature, and we would not expect it to continue in future fiscal years or from one year to the next. Examples of that would be any money that we receive from insurance recoveries, investment income resulting from bond proceeds and cash.

We'll move to slide #4. Slide #4 further restricts or further refines revenue. We have what we call unrestricted revenue and restricted revenue. Unrestricted revenue is money that is received and can be used really for any legitimate legal purpose, governmental purpose. It may be recurring or it may be non-recurring. Examples that we have given you are property taxes, the first 1/8 of the GRT, some investment income, and development permit fees. Restricted or dedicated revenue is money that is earmarked specifically for a particular purpose and that purpose is usually defined by statute and ordinance, or either a contract. And that too may be recurring or non-recurring. Examples of restricted or dedicated revenue include the Correctional GRT, the grant funding, bond proceeds, and some cash.

We'll move to slide #5. Slide #5 is relative to expenditures and we took the same approach. A recurring expenditure versus a non-recurring expenditure. So any costs or expenditures that support continuing, ongoing services and programs. So the bests examples that we could give you would be personnel costs – our salaries and our benefits countywide – our utilities. We have to rely on some supply budgets, and we need fuel to operate our vehicles. So we know that those expenditures are going to occur from year to year. That's a given. Non-recurring are those expenditures that typically support one-time efforts or services and they can be terminated at the end of a fiscal year, or not continued from year to year. Examples of that are building or land purchase acquisitions, vehicle purchases – we don't expect to buy and replace all our vehicles every year – furniture, fixtures and equipment. That's not something we would expect to have to replace every year. So those would be non-recurring in nature.

Well move to slide #6. In slide #6, this is just a reminder that in March of 2008 we adopted a resolution and it was basically defining the formal budget and financial policy. We mirrored the policy after the GFOA's recommended policy's and practices. So within that policy we specifically state that recurring expenses should be funded only with recurring revenue. And the intent and the effect of the policy is basically to limit the use of cash. Cash is a non-recurring revenue source, and we never want to use cash for recurring or ongoing County expenditures.

We'll transition into the current year outlook. We'll begin with the gross receipts taxes. We've broken it up by countywide GRTs, those would be the GRTs that are collected in both the county and the city, and then we have the unincorporated GRTs where the tax is collected only in the county. Currently, we're at one percent better than budget, thank goodness. We've had four months where the collections were actually below budget. So we're just hovering at budget. The last month was under budget by $200,000. So we're a little worried that the trend will continue for the remaining months in the fiscal year, and we may see that the GRT will drop for the remaining months of the fiscal year. So we're keeping a close eye on that.

Our current collections are 11 percent below the same time last year. Again, we'll be watching the impact, because any drop below budget will obviously affect our programs Countywide. I will qualify that and say I'm comfortable that with the cost saving measures that have been put into place and with the restrictions on travel and the smart buying practices for office supplies, if we see a decrease in the GRTs, hopefully those efforts will help us sustain our budget without having to do further cuts this fiscal year.

If you look at the countywide GRT collections you can see that our fiscal year 10 budget is just at about $39.6 million and our actuals are just at $40 million. So we're just over budget, and in the unincorporated GRT area our budget for fiscal year 10 is $1.65 million. You can see that the actuals for fiscal year 2009 are considerably larger at $3.2 million but you'll recall that the fire excise tax collections were included in the previous fiscal year and they're not represented in the current fiscal year. So that's the discrepancy or the difference between the two years.

COMMISSIONER VIGIL: Teresa, Mr. Chair, if I might ask, when you talk about the unincorporated GRT collections, does that include the City of Santa Fe, the City of Edgewood, City of Espanola? Or just City of Edgewood and City of Espanola.

MS. MARTINEZ: Countywide would be everybody. That would be – the unincorporated would only be those that are enacted within Santa Fe County. So only our county. This tax is only imposed in what is defined as Santa Fe County.

COMMISSIONER VIGIL: Okay. So it would include Edgewood. I'm seeing no.

MS. MARTINEZ: Yes. It's just Santa Fe County. So Espanola, Edgewood would not be in there.

COMMISSIONER VIGIL: Okay. They're the incorporated areas.

MS. MARTINEZ: Right.

COMMISSIONER VIGIL: Okay. Right.

MS. MARTINEZ: We'll go ahead and move to slide #8. This is addressing property taxes. In March of this fiscal year our collections were below budget for the first time since July. We are currently just better than budget, which is a really good thing. We are optimistic that we will meet our budget for fiscal year 2010 but we caution because we still have the months of May and June to collect property taxes. So if we have a significant drop in those two months it could affect our ability to make budget. But right now, we're hovering at budget so that's good, and that's a major source of revenue for Santa Fe County. We do want to note that our property tax valuations increased only by 1.3 percent. That's down when you compare it to the previous two tax years, where the growth was 7.8 percent and 12.4 percent. And I think a lot of that can be attributed to the fact that we're implementing a new software. We have the CAMA system being in place, so the Assessor's been busy working on taking every manual record, putting it into an automated system. And this round will be our first round of actually using the CAMA system to distribute our property tax bills.

We'll move on to slide #9. Continuing with the current year outlook we address other revenue sources. And just to give you an idea of what other revenue sources include, that could include state shared taxes, which is the motor vehicle and the gasoline tax that we receive from the state, construction permits, solid waste fees, clerk fees and investment income. So we lumped all the other revenue sources together. You could see that we were doing better than budget and in February you notice that we start to hover right at budget. So, again, we'll keep an eye on this and hope that the trend doesn't continue downward and we have a huge gap between budget and actuals.

Individually the other sources of revenue are at or above budget, with the exception of the Clerk's recording fees. They're below budget by 16 percent. And the state shared taxes are below budget by three percent. So no major concern here; we're right at budget so we'll continue to watch it, and hopefully we won't have to make any additional cuts this fiscal year even if we fall below budget with the cost saving measures that we've put into place.

CHAIRMAN MONTOYA: Teresa, what are the state shared taxes?

MS. MARTINEZ: That would be a combination of the motor vehicle tax and a gasoline tax. And the lion's share goes to the motor vehicle tax. It's about $1 million. The gasoline tax is like $500. It's really low.

COMMISSIONER HOLIAN: Teresa, I have a question. In the last legislative session has anything happened that could affect the amount of GRT that we collect?

MS. MARTINEZ: No. And we have a slide in here that will address the legislative actions, but just so you know, we were – he vetoed the food tax but he also kept the criteria in there that would basically hold us harmless. So we're not exposed at losing the $3.9 million that we were predicting if he didn't keep the hold-harmless component in place. So we'll have two slides on legislative actions to show you what he approved and what that impact may be for Santa Fe County.

COMMISSIONER HOLIAN: Thank you.

MS. MARTINEZ: Okay, we'll move on to page 10 or slide 10. Here we're going to delve into the expenditures, and we begin with the salaries and benefits. Salaries and benefits, this is just strictly salaries and benefits. It does not include overtime. They're below budget. If you look at the chart we're right below budget, which is really good and I think a lot of this is due to the soft freezes that we tried to contain during this current fiscal year. We've left vacancies unfilled. We'll speak to that in greater detail in a couple more slides. We budgeted this fiscal year a nine percent increase for health costs, health insurance for County employees. That did not materialize in fiscal year 2010. We're going to be conservative and budget a 20 percent increase in fiscal year 2011 because this listening to the news and listening to everything that's out there, there's a good chance you'll see a significant increase in our health insurance costs. So we're going to count the nine percent that we did this year and we're going to add another 11 percent so that we're at 20 percent. And my theory with that is if it is that high then we're covered. If it drops then we can re-evaluate the budget and – it's better to be over-conservative than to be caught with insufficient funds.

We were also given notice that we will see an increase to our contribution for the retiree healthcare component of the benefits. We're estimating that's going to probably be an additional $170,000 for Santa Fe County.

COMMISSIONER VIGIL: And Teresa, with the retiree healthcare, is that shared between the employer and the employee?

MS. MARTINEZ: Yes.

COMMISSIONER VIGIL: And what's the percentage? Is it .65?

HELEN PERRAGLIO (Finance Department): It's 1.3 for the County but the increased amount I believe goes up [inaudible]

MS. MARTINEZ: We'll clarify that. We'll get those notes.

COMMISSIONER VIGIL: What about contributions to retirements? Is that stable?

MS. MARTINEZ: That's stable and it's changed with the double-dippers, and we'll speak to that on the legislative side, but we actually will benefit from that. Okay.

We'll go ahead and move on to slide #11. We segregated overtime because we have a problem with overtime. We have greatly surpassed our budget and we're watching this, and as we get into the presentation later you'll see specific components that have overtime budgets that have been exceeded. So with only four months left in the fiscal year we've exceeded our entire budget by $26,000 cumulatively. We've identified that the Corrections Department in total is over their budget by $324,000. Fire is over their budget by $105,000, and then the other departments are either at the budgets or just below their overtime budget. So this is a huge issue for the County and we'll pose questions as we get through the presentation, relative to overtime.

We'll move on to slide #12, and this is a chart that basically breaks down all of the components that make up overtime. We speak to the adult facility, the medical component, electronic monitoring, the youth program, RECC, Public Works, Fire, the Clerk's office, the Assessor's office, Sheriff, then everyone else is lumped together. We broke down by fiscal years, so the blue is fiscal year 2008, the red is fiscal year 2009, and the green is the estimated amount for fiscal year 2010. And our estimated amount for fiscal year 2010 was basically based on actuals to date, taking an average and trying to trend that out and guess what the remainder of the fiscal year would be, if the current expenditures continued.

So you can see that for the adult facility, we had a 5.6 percent increase from FY 09 compared to FY 08, and we had a 12.5 percent increase from fiscal year 2010 to that of fiscal year 2009. And then the other areas that we probably would want to speak to – we had a couple that had decreases, which is a good thing. RECC saw a decrease in their overtime, and I think that can be attributed to the fact that we have given them – a couple years ago we did an increase, a one-time increase that would hopefully make us a little more competitive with our competing agencies, and then less staff turnover. So I think that's helped to bring their overtime down.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Yes, go back to 11. On the Corrections Department, why so much overtime?

MS. MARTINEZ: We'll speak to this a little bit later, but we have some guesses as to why this is occurring. One of them is relative to scheduling and some of their components, or one component that I can think of, the youth facility, they switched to 12-hour shifts. And in going to a 12-hour shift that basically generates eight hours of overtime every pay period for those employees that are on a shift. So we think that's contributed to the increase.

COMMISSIONER ANAYA: Can we change that?

MS. MARTINEZ: That's something that we're recommending, when we get to the –

COMMISSIONER ANAYA: Fire Department – why overtime on the Fire Department?

MS. MARTINEZ: The same thing. I don't know on Fire, so this is something that we're going to work on. We're in the middle of the budget process. They turned in their budget submissions for fiscal year 2011 on March 19th. We start our budget hearings next week, and everything you see in this presentation will be addressed with the directors and the division directors as we go to budget hearings. When we get to troubled funds we speak to overtime, both as it relates to Corrections and Fire, and we have some additional charts. We're basically asking the same question that you are and saying, okay, is it relative to a scheduling issue? Can we change that? How can we bring that expense down?

COMMISSIONER ANAYA: Yes. Okay. Thank you.

COMMISSIONER VIGIL: On the same lines of questioning, Teresa, just tapping into the history here, it seems to me that even though this is an increase in amounts, is it an increase from last year and have we gained any kind of improvement on these overtime payments? Or are they consistently being increased?

MS. MARTINEZ: I think in some of the components, the major component is an increase from previous years. Sheriff you see decreases, but adult facility, the Fire Department and I think medical. Those are the three components that we've seen the largest increases. Now, medical at the adult facility is driven, obviously, by our DOJ audit and the requirements that they would have mandated to us. The adult facility, I think we need to work with Annabelle on that and this is something that we'll speak to at the budget hearings and Fire the same. We'll speak to them there. But I do think they are increases from previous fiscal years.

COMMISSIONER ANAYA: That's over $400,000 overtime.

MS. MARTINEZ: For which component? Just in total? Okay.

COMMISSIONER ANAYA: Fire and Corrections.

ANNABELLE ROMERO (Corrections Director): Teresa, could I address that a little bit?

MS. MARTINEZ: Sure.

MS. ROMERO: One of the things though that I did want to bring to your attention is that our salary savings, we have considerable salary savings and to some degree it's easier – we've had staff shortages where we've not filled positions and we've staffed by doing overtime. That's still cheaper than hiring a person with the whole salary package.

COMMISSIONER ANAYA: So we're not including – you're saying that you're using –

MS. ROMERO: We're using a lot of overtime, but we haven't used a lot of our salary line item.

COMMISSIONER ANAYA: So are we coming out ahead?

MS. ROMERO: I believe we are. We're seeing this large number in the overtime, but our salary savings are enough that I believe that we're actually – we would be spending more if we were doing – paying salaries, if all of those positions were filled.

COMMISSIONER ANAYA: So what I see is $324,000 in overtime, but that's not including the regular salaries.

MS. ROMERO: Right, but we've had a number of positions that are open and so we've staffed with overtime people.

COMMISSIONER ANAYA: I get you.

MS. ROMERO: Right. But then those individuals haven't been using up their – we haven't paid extra health insurance and so forth for those people. So even though we've had a lot of overtime, in the salary savings I think we make up that difference.

COMMISSIONER ANAYA: Okay.

MS. MARTINEZ: Commissioner, we'll do an analysis and I'll have it prepared for the interim budget preparation.

COMMISSIONER ANAYA: Bottom line, what's the savings?

MS. MARTINEZ: Okay. I made a note to compare. Okay are there any other questions?

COMMISSIONER ANAYA: And same with the Fire Department.

MS. MARTINEZ: Okay. We'll do it for both.

COMMISSIONER ANAYA: Thank you, Mr. Chair.

MS. MARTINEZ: Okay. We'll go ahead and move to slide #13. Slide # 13 is continuing with the current year outlook and it's relative to non-personnel expense categories. So everything outside of salary and benefits and overtime. Our gas and oil budgets are below budget by about $300,000, and this is due to I think two things. Basically one, lower fuel costs than we anticipated when we planned the budget. We planned $3 per gallon and we've been lingering a little bit lower than that. So that's helped the cost. Also, we restricted travel quite a bit and I think that's helped with our gas and oil charges. So we've seen some savings there. Our fuel costs are expected to climb into the $4 range. That was the initial forecast. We've not really seen that so we'll analyze that a little bit more and we'll determine what we use for next fiscal year's budget as we budget for gas and oil.

Our travel budgets as I mentioned earlier were cut and basically all the other categories are coming in below budget for the year. Other categories would include maintenance, supplies and contracts, office supplies, things like that. Utilities.

We'll go ahead and we'll move to slide #14. This is to give you an update on our SAVE initiative and specifically what the revenue generation committee activities have included. We've broken it up by what we've accomplished thus far between fiscal years 09 and 10, and then what's in the future for fiscal years 2010 and 2011. So fiscal years 2009 and 2010, we'd like to note that we did receive federal stimulus dollars. We've broken down those amounts by the different components. We've received $264,000 for renewable energy,

$402,000 for housing energy efficiency initiatives, $115,000 for law enforcement, and $100,000 for the Santa Fe Rail Trail.

Also in fiscal years 2009 and 2010, we did analyses and we examined our current enterprise funds and our charges for services and relative grants. We've determined that some should be redesignated to special revenue funds and we did that, and we're also seeing that there still may be future potentials for increases relative to both utilities and housing.

COMMISSIONER VIGIL: Just for clarification, could you identify the enterprise funds?

MS. MARTINEZ: Sure. Right now, the enterprise funds that we have are RPA, Regional Planning Authority, and we probably need to explore that going to a special revenue fund, and then that would leave only our utility as a revenue fund which is comprised of both water and wastewater, and housing.

CHAIRMAN MONTOYA: RPA is considered a –

MS. MARTINEZ: It was set up as an enterprise fund for some reason, so we'll probably change that, especially since those funds are –

COMMISSIONER STEFANICS: Isn't solid waste one?

MS. MARTINEZ: No, no it's not. It's a component of the general fund, and the plan for the future is that we have a true utility which would include solid waste.

COMMISSIONER VIGIL: With the investments that we get, are those just considered separate and not enterprise at all?

MS. MARTINEZ: They're considered separate. We don't have them classified as enterprise.

COMMISSIONER VIGIL: Okay. Solid waste fees, we know that we increased the fees, and we anticipate that that will generate an additional $121,000 in new revenues each fiscal year thereafter based on the increases. The Public Work fees and penalty, we increased successfully the road cut fees, if you will, and I do believe that's still on hold due to pending litigation. So we'll give you updates as we know more about that. We also did the general government fee ordinance where we defined basically the GIS fees and the fees that we could Countywide, and we actually saw a decrease when we did that, so we are generating less revenue based on some of the older fees that we had in place. The older fees were justified by what it cost, or I think when we worked with Legal our research showed that as a County we cannot make a profit on anything that we're doing. So we went back, we did the analysis and we calculated what it truly costs us to give a disc that has certain files on it or to give a paper copy, so they're consistent and they should be used Countywide. So that was completed over 09 and 10.

Relative to the next fiscal year we have business license audits that we're currently doing right now. We've determined that we have about 3,445 businesses out there that are not registered or licensed with Santa Fe County. Since it's a huge endeavor, and I'll give you a little history that we tried to take this on I think about I don't know, five, six, seven years ago, and it was huge. And we did a little bit and then it halted. So we're resurrecting this again and we're trying to see if we can promote those businesses coming in and getting licensed with Santa Fe County.

COMMISSIONER STEFANICS: I'm sorry, I'm catching up. You had put in a 20 percent increase for health insurance. Those rates have already been set by the state for FY 11. So why aren't [inaudible]

BERNADETTE SALAZAR (HR Director): Mr. Chair, Commissioner Stefanics, as we are under the State of New Mexico's risk management's benefits package, when we call them they won't give us a confirmed rate until they say maybe next week. So they have not given us a confirmed rate of what those rates will be. We called again late yesterday afternoon and they still haven't given us that information.

COMMISSIONER STEFANICS: Thank you.

MS. MARTINEZ: Commissioner Stefanics as soon as we know that number we would adjust the budget accordingly. So we might have to go to the interim with a 20 percent increase, but if we're notified before that we'll fix the final.

COMMISSIONER STEFANICS: Mr. Chair, the thing that we could do though, the state budget actually identifies the increase for all the state agencies. And we pick up a higher percentage than the state agencies, but it has already been determined because the state legislature had to do that.

MS. MARTINEZ: Okay. We'll go look for that. So as we continue with the business license audit we're forecasting conservatively that there might be an additional potential revenue of $346,000 if we go after those licenses. If we can get those businesses to register with the County and complete the corresponding –

COMMISSIONER VIGIL: With regard to that, Mr. Chair, Teresa, is part of the recommendation going to be to do that? I would assume it would be part of your recommendation later on. Does that mean that we'd actually have to contract to get this done or can it be done in-house?

MS. MARTINEZ: I think we're currently trying to do it in-house, but as we explore it further and if we find that we can't do that we may have to look at a contract. But right now it's based on in-house trying to get it done.

COMMISSIONER VIGIL: And it just makes sense to me that we would just need to connect the dots with what our Assessor is doing, what our Treasurer is doing, what the Clerk is doing and what our land use approval process is so someone who had that knowledge could be able to connect those dots.

MS. MARTINEZ: And those are all the players at the table right now. I think the revenue generating committee, and she's the chair so she can speak to that, but we have all those players as the table together right now.

COMMISSIONER VIGIL: And if that's something you were going to address later, Helen, I'm happy to wait.

MS. PERRAGLIO: No, I can speak to it now. Mr. Chair, Commissioner Vigil, what we are doing, revenue generation is one of our number one priorities and so we have internal staff that's analyzing, that will look at the report that Tax & Rev produces on a – I think it's six months, every six months we'll get a report from Tax & Rev that shows businesses that are doing business in Santa Fe County. We will compare that to our businesses licenses that we have on file, and that's how we've compiled the number of 3,000 businesses. And we're going to try to keep this up on probably a semi-annual basis, and what we're doing now is we're going to be sending letters to all of the businesses and give them the opportunity to come in, do a reduced application fee and set them up with a business license. And Land Use is involved. They will be part of the Code enforcement if we don't have responses. We're figuring out a timeline of how we're going to implement this, but our letters will probably go out by April 2nd. We're going to try to get them out by the end of the week. And they'll have till May 31st to respond. So there's a one-time amount of $345,000 that we anticipate, but we think an annual recurring revenue because business license fees are $35 per business, it could be about $85 that we could bank on as being recurring.

COMMISSIONER VIGIL: Mr. Chair, Helen, this is with businesses that currently are not registered or licensed. We also need to address the issue of those businesses that are licensed that don't renew their licenses annually. So is that going to be a part of –

MS. PERRAGLIO: That is part of our annual process right.

COMMISSIONER VIGIL: This figure doesn't include the renewables that are currently licensed, does it? So that would be another area for revenues.

MS. PERRAGLIO: Yes, that's correct.

COMMISSIONER VIGIL: Because we really worked at that.

MS. PERRAGLIO: Trying to collect on those. Exactly.

COMMISSIONER VIGIL: And do we know what amount that might be? Was that looked at? Okay. Do we know how many business licenses we currently have or this is still being –

MS. PERRAGLIO: I think it's about 2,000 right now that we have currently in our database.

COMMISSIONER VIGIL: And the annual fee is?

MS. PERRAGLIO: $35.

COMMISSIONER VIGIL: And how many would you guess – what percentage of that don't renew?

MS. PERRAGLIO: Oh, maybe ten to fifteen percent would probably be a rough guess. Ten to fifteen percent.

COMMISSIONER VIGIL: Thanks. Just another point of clarification for another source of revenue. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. On the initiatives, we passed or we amended our ordinance this year on copying fees. It was brought to my attention that we are losing money now in the County Clerk's office. That businesses are paying way lower than what they were paying in the past. And there was a bill that went through the legislature that standardized fees again. So I'm wondering if we looked at that in relation to whether or not we have to go back and amend what we did this year and look at that as a source of revenue. Because while we might have done something that made the public not happy we definitely made the businesses happy because we lowered their fees.

MS. MARTINEZ: That's correct, Commissioner. What we'll do is we'll make a note to go back and we'll work with Legal on this and we'll go poll what the legislature has done and see if there is room for changes on ours.

COMMISSIONER STEFANICS: Thank you.

CHAIRMAN MONTOYA: Are these businesses both in the incorporated and unincorporated county?

MS. MARTINEZ: I think they're just county.

MS. PERRAGLIO: But we are also, if I may clarify, we're also looking at the businesses that are in the outer areas, because we figure those would probably be recurring businesses that do business in Santa Fe County, so Espanola, Tesuque, Pojoaque, Galisteo, Edgewood, Eldorado. Those are on our list of those that we anticipate as being probably recurring. So we're looking at them by town and where they are. But we also do in this, I should clarify, that there are businesses that are out of state, and according to – our Land Use probably could speak to it better than I can but I think that even you're out of state or you're out of the county you still are required to get a business license to do business with anybody in the county. So those probably would be a one-time thing. There may not be a sufficient number to anticipate as recurring revenue, so we left those out of the conservative budget. We left those numbers out – those that are out of state and those that probably are one-time business, one-time project. But for recurring, the number that we give you here is those that are in Santa Fe, in the county, in Espanola and the surrounding –

COMMISSIONER VIGIL: But they are all in the unincorporated areas.

MS. PERRAGLIO: Yes, they are.

MS. MARTINEZ: Helen, I think I'm going to let you finish this slide if you want.

MS. PERRAGLIO: No problem. So that's the number one priority. The next priority is we will we will be working with our Open Space, some ideas that have been presented to us and ideas that we've addressed in focus groups were looking at utilizing our open space. I think that's been brought up by several Commissioners as well, and trying to find ways to generate revenue. We're going to work with Land Use, Legal and Open Space to see if there's a way to try to develop a commercial permit for maybe outside entities that would like to use open space for a trail router or something – business approaches. And also looking at grazing permits. I don't think Santa Fe County has ever looked at that but there might be areas to research. And I think that's been expressed with the purchase of Santa Fe Canyon Ranch. Are we going to use grazing land? Some constituents have voiced that. So we're saying that maybe there's a place to open up grazing permits in our open space.

COMMISSIONER VIGIL: Helen, with regard to permitting commercially, Santa Fe Downs now, and the recommendation for some of the events that are coming up through our Arts and Culture Committee. Is that a permitting process, and what are the fees if there is?

MS. PERRAGLIO: I probably wouldn't be the one to answer that. I think that might be something that Land Use would be able to speak to, and I don't know if anybody's here that could.

MS. ELLIS-GREEN: Mr. Chair and Commissioner Vigil, they have had discussions about things like flea markets and things like that, bringing in additional GRT. We are looking at requiring anyone that sets up a stall for something like a flea market at the Downs that they must have a Santa Fe County business license. So that would go back to our business license fees as well. They'd need to pay the fee for that and then the annual recurring costs for that. Other than that, Julie, did you have anything else?

COMMISSIONER VIGIL: So there is a fee for the events that are scheduled? And I know that there's also some kind of an agreement that is entered into between the Fire Department and maybe even law enforcement where they have coverage. I'm not sure. Those are separate agreements. I'm not real clear. With regard to pursuing potential commercial permitting, do we have an amount of dollars or do we just stick them into a business license?

MS. ELLIS-GREEN: The Downs has a zoning on the property, and when they – I believe they're going to be amending that to allow for the uses that they're looking at and doing a final development plan. At that point, most properties don't need a special use permit. Up until then they have been getting special use permits and any contract or any agreement they have with the Fire Department or the Sheriff's Department is for a special large event, like the music festival they had. I'm not sure that that will be applicable. For example they do soccer out there at the moment, and I'm not sure how they're working on that with the flea market and the farmers market and other things they're looking at doing. Again, from us, there wouldn't be necessarily a need for a special use permit for that, but we would ensure that anyone that's selling there has a license from us.

COMMISSIONER VIGIL: And also, Penny, with regard to other commercial permitting fees, the rodeo grounds and that area and the Santa Fe County Extension building – not where we house the 4-H administration, but the one that is potentially available for community use, I know that there is an application and a permit fee for that. Where do those dollars go and do we reap any benefit from them?

MS. ELLIS-GREEN: I believe that's the general fund that they go to. And yes, we do have fees for the fairground. I've recently understood that they've had some issues; they're looking at some of them needing to pay additional fees, because by the time we do clear-up after an event we're finding that we're just about breaking even or losing money. So the Fairgrounds Board is looking at increasing fees for the use of that facility.

COMMISSIONER VIGIL: So I guess, Helen, on all these parts of your committee that you're looking at in terms of increase of fees and dollar per dollar –

MS. PERRAGLIO: Yes, we have. And I can speak a little bit more to some of the community centers too that we thought of and that's inclusive of probably the extension building. We did try to pursue that as one of our initiatives is maybe raising fees for our community centers for use and maybe offering it to commercial entities to use some of our community centers, but we did get a lot of backlash from the idea of raising any fees on some of our small community centers because the constituents feel that they've already – those are their centers and the fees that we do charge them we now have to assess a fee for the risk part of it, the liability insurance, and for cleaning deposits, and it's just angered a lot of people so we thought maybe it's not the place to go. But there are some places that a commercial entity would probably like to use and that would be the extension building and maybe some of the more – in the city. Agua Fria or the Nancy Rodriguez Center. Those ones are more ideal. So we will keep that on our items for looking at property leases.

And that kind of leads into the next that we're speaking of is looking at property leases in general for the County-owned property that we have. And one of the big potentials that has come up and has been discussed and we're in the process of working with the New Mexico Film Office to list all of our County-owned properties with the Film Office for use in movie productions. That includes our open space. There's some very desirable locations that we own that the film, movie productions would be interested in utilizing for filming. And we can work those out as individual contracts with them, but we have to start the process by listing the properties and showing them pictures. So we are pursuing that; that's one of our projects right now. If a property is chosen then we can work out an individual lease. I can't tell you an exact dollar amount because I can't seem to get anybody to tell me what that could be, but I've heard that it can be significant amounts of money depending on the amount of time that they spend or what they plan to do. So there are definitely potentials there.

We've also, one of the other properties that has been brought up quite often is the Top of the World lease. That probably right now brings in about $20,000 annually, but I think that's in the process of being negotiated as we speak.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I've been in discussions with one of the members of our community, and that has a huge amount of potential. There are seed growing companies that would like to Top of the World. There's a mushroom growing company that would like to use it. There's a soil building company who would like to use it. They could have a barley processing plant, and all these would actually be good partnerships with businesses in our community. So I can put the appropriate people on our staff in communication for some of these ideas. I just think it has a huge, huge potential. We wouldn't have to do the work; we could lease it out for these various activities.

CHAIRMAN MONTOYA: Maybe cost-sharing.

COMMISSIONER HOLIAN: It's just not being used at all, essentially, except for alfalfa growing right now.

MS. ELLIS-GREEN: We have been out to bid twice on this property and the second time we were hoping to get additional bids and we ended up with one bid, and that's for the irrigated areas, and that really is alfalfa. It's an organic alfalfa crop. So we have got bids or a bid in that we're analyzing at the moment and we'll negotiate. But the remainder of the property still – we cut that out as the second bid that we did. So we still have the potential to go back and maybe then some of these companies will bid.

COMMISSIONER HOLIAN: Okay, so you're planning on putting out another RFP for the remaining portion.

MS. ELLIS-GREEN: For the remaining portion. Yes.

CHAIRMAN MONTOYA: Was it the same company that bid the first time that bid again?

MS. ELLIS-GREEN: The company that bid the second time also bid the first time, yes.

CHAIRMAN MONTOYA: Okay. Is that it, Helen?

MS. PERRAGLIO: Yes, that's it. And just some of the longer term potentials that we think of that's been addressed is Santa Fe Canyon Ranch, and the district court, if we transition to the judicial complex, there's significant potentials for rental income because of its location. So we keep those on the radar.

And the last initiative is working with the Corrections Department to look at increasing our electronic monitoring fees, where the potential is. So those are our fiscal year 10-11 initiatives. And like I say, we're always open to what you have that you like us to work on.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. On the district court, have you analyzed how much in savings we would have if we just used it for County offices?

MS. PERRAGLIO: We haven't analyzed that yet, but we haven't gotten to that point yet. So that's something we'll definitely consider.

COMMISSIONER STEFANICS: Okay. Because besides looking at outside activities I think we should identify whether or not we have enough cost savings to consolidate.

MS. MARTINEZ: Okay. And just to qualify, Helen, Commissioner Stefanics, we actually have some lease information in the packet, so we could prepare something for you.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: I like you're idea of registering the properties with the film industry. What I don't like is the day camp fees for the county people who helped purchase those properties. Were you planning on putting in camp grounds on some of these properties?

MS. PERRAGLIO: Mr. Chair, Commissioner Anaya, this is something that was suggested in one of the focus groups for possibly the Top of the World, due to its location, that maybe it could be used as a camp ground for hunters and whatnot. But nothing is in the works; it's just ideas. So we're open to comment.

COMMISSIONER ANAYA: I'd be up for that. I just don't want it to be like the Valles Calderas where you can't – you have to pay to go in there. I don't like that. But registering with the film industry, that sounds like a good idea. Thank you.

CHAIRMAN MONTOYA: Teresa, isn't the solid waste considered an enterprise fund, or shouldn't it be?

MS. MARTINEZ: Mr. Chair, it should be. It's just never been self-sufficient. So that's something we're trying to get to. But it's always been a component of the general fund for that reason.

CHAIRMAN MONTOYA: Oh, okay. And then the other suggestion that I would put out there is that we have, as part of the Santa Fe Canyon Ranch, the buildings out there. We might consider – unless we have some real urgent need to utilize them, to maybe consider marketing that and selling that component of that property that we purchased.

MS. MARTINEZ: Okay. We'll explore that. We can explore that.

COMMISSIONER HOLIAN: Mr. Chair, I would just actually like to make a comment on that.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: That's the part of the property that actually has some water on it. So that's the part of the property that could actually be used for agricultural activities. So I think it's really important to go through with a planning process that we have with the community there, because they have some really interesting ideas of what could be done with that, but to create long-term, recurring income. So that's just a suggestion.

MS. MARTINEZ: Okay.

COMMISSIONER VIGIL: Mr. Chair. Thank you. I'm getting some valuable information. I actually think every one of the recommendations we have mentioned today need to be pursued and I don't think we need to eliminate any one in particular, because just because we're recommending it doesn't necessarily mean it's really feasible or possible. Sometimes when we think it isn't , it really is, so as much information as we can get based on all these revenue generating ideas I think we need to have this before us. We need to aggressively pursue every one of them and give us an update with them. Thank you.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Actually, maybe I missed it, but we talk about on the impact fees taking another look at whether those should be increased again? I know for one thing, just being on the SWMA that the dumping fees that Caja del Rio are going to increase anyway, so I wonder if we should take a look at that and see if we should go up another step on the solid waste fees.

COMMISSIONER VIGIL: Do you want to implant another committee?

COMMISSIONER HOLIAN: Well, we had a committee that actually did succeed, right?

MS. MARTINEZ: Mr. Chair, I always, obviously from a business perspective think that we should increase the solid waste fees and the last increase, in my mind, was monumental for the history that I've been here because it took us forever to get from $3.50 to where we're at. So I support that fully and we can prepare something for the next one, just based on the work that the task force has already committed. But the public outcry will probably be there. So we'll have to work with that and maybe do press releases and work with the public as much as we can. But we don't bring in enough to support that operation.

COMMISSIONER HOLIAN: Well, maybe we could bring in the task force again for just a short period of time, to look at it again and see if they would be supportive, especially when they see that our expenses are increasing as well.

MS. MARTINEZ: Okay.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I just want to make a philosophical statement. Earlier this year *Governing* magazine in some of their newsletters had some articles about the public really doesn't want their services cut, but in order to maintain services then we need to look at raising fees in order to continue those services. And sometimes, in all deference to my colleagues, I don't think other task forces need to be doing this; I think sometimes we need to be doing this and looking at what other entities are charging for a similar service and if people had to go outside privately and pay for waste management it would be far more than what we are charging. And so, I'm not just talking about waste management, I'm talking about all these things.

Like when we started talking about the studios, everybody said inside the County, what are they going to do about the fire? Are they paying a special impact fee for fire, and they're not. It's like we need, as the County Commission, to be looking at maintaining services for the public, but charging the appropriate amount. So it's not always popular, but I recently had a gentleman start sending me emails about raising his property taxes and I wrote back and I said, I don't think that will be very popular. And he said, I bet if you ask people who have roads that need to be fixed if they would pay more property taxes that they would say yes, if the money was going to go to roads.

So for people out in the rural areas, they might have different needs than what we're talking about inside the city and we might need to take that into account as we look at some of our fees. So I just wanted to put that out to everybody.

COMMISSIONER VIGIL: With regard to impact fees, Mr. Chair if I may, why have we not enacted those for revenue generating? Is that something, Steve, you might better be able to answer? I know that we've had several research papers and memorandums from a variety of sources on that, but is that something that could be considered in the mix of all of this or are we prohibited from that?

MR. ROSS: Mr. Chair, Commissioner Vigil, no, we're not prohibited. We actually have a fire impact fee now and we've recently re-upped it for another five years, I think last year. There's a whole package of impact fees being developed that's going to come right at you in connection to the amendments to the Land Development Code.

COMMISSIONER VIGIL: Would that include development impact fees?

MR. ROSS: Yes. Not just fire impact, but police, roads, the whole gamut of services that the County provides. It will be at least a recommendation to you that we institute fees like that.

COMMISSIONER VIGIL: All right. Is that factored into this study session at all? No. So that would be sort of like, I'm looking at other things down the road that might be a source of revenue. So we may be looking at that.

MS. MARTINEZ: I'll make a note and see what we can come up with between here and the interim presentation based on what's in the plan and what we can try to forecast, if implemented.

COMMISSIONER VIGIL: Okay. And with regard to that, would there be a difference in commercial impact fees and development impact fees, residential impact fees? Or all of that information will be brought before us.

MR. ROSS: I haven't seen the draft of that part of the plan yet, but I understand there will be across the board residential and commercial, and it will be based on the impact that the particular development has on County infrastructure and services. So if a commercial development has more of an impact it will get charged more, as I understand it will work. Of course, in order to collect impact fees you need to have development and our development is really down because of the recession and the banking crisis. So that won't – even if we impose impact fees it won't reap any benefits for a while.

COMMISSIONER VIGIL: And actually we have approved several developments right now. Will they be grandfathered in?

MR. ROSS: Well, that's a decision that the Commission is going to have to make when we adopt the Land Development Code. Those are important decisions and they'll have to be made at that time. There's almost nothing that has to be grandfathered by law, but the decisions are tough, when you consider taking a final development plan that's been approved and the plat recorded, that's not vested by law and you could say those people have to go back and comply with things like impact fees and other things in the Code, but I don't think you will. But there's some happy medium somewhere that we'll – sort of along the lines that we achieved in the EZ. We achieved a happy medium between grandfathering and making people go back and look at things again.

COMMISSIONER VIGIL: Mr. Chair, Penny and Teresa and Steve, thank you very much. I've really always sort of wanted the County to take a stronger leadership role in creating an ordinance or an initiative or whatever it is we can to do the impact fees, because I know it is legalized generally, a revenue generating opportunity for us and we're one of the few counties of our size that need to highly consider that. I don't know if Dona Ana does it. Does Bernalillo? I'm not sure. But as a Class A County we really should be considering that. Thank you, Mr. Chair.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: While we're on the subject of revenue generation, I would like to bring up the topic of franchise fees, and I wonder if our attorney would comment on the recent legislation and whether we have any potentials at all for generating more revenue from that.

MR. ROSS: Well, Mr. Chair, Commissioner Holian, no, not really. The bill that the Association of Counties introduced was substituted at the end of the process for a bill that just protects current franchise fees and right-of-way fees, as opposed to broadly permitting the imposition of new franchise fees based on the level of activity in a particular county. We were really hopeful that that would get through, in fact it got almost all the way through and then was substituted with this incredibly watered down version. So all of our franchise fees, as you know, are expired. Have been expired for some time, our agreements. So we wouldn't be able to take advantage of this bill. We need to make sure that the Association puts that bill back in the hopper next year, because it's an obvious source of revenue that relates specifically to County services, i.e., maintenance of roads and rights-of-way.

Right now, what we get from the various utility companies is not revenue but claims. The utility companies file dozens of claims with us concerning damage to their various utilities, occasioned by road maintenance. So it's a drain, as opposed to a revenue source right now.

COMMISSIONER HOLIAN: And we just don't have the legal authority? Even though our agreements have expired, we don't have the authority to rewrite those agreements?

MR. ROSS: What we can do – and we can certainly look at this – we can do what we did, what we're doing with the road cut ordinance, which is charge utility companies our actual costs of maintaining road easements and rights-of-way and poles and processing permits and all that stuff. But that's far less revenue than would have been generated through a reasonable franchise fee. Far less, by orders of magnitude.

COMMISSIONER HOLIAN: Okay. And that road cut ordinance is still coming in front of us, correct?

MR. ROSS: Yes, it's going to come back pretty soon. We've been working almost a year now in working with the utility companies to achieve a redraft of that. Remember, they filed suit; there's a suit pending right now concerning that ordinance, and we've done an engineering study and have a lot of recommendations for you for amendment of that ordinance. We think that we can actually, in this process, charge more. Our engineering studies have shown that we can charge more than we proposed last year, but just allocate it in different ways. So that should be coming back at you within a month.

COMMISSIONER HOLIAN: Okay. Thank you.

[The Commission recessed from 10:00 to 10:20.]

MS. MARTINEZ: We'll move onto slide #15, and this is something else you asked us to review and see if it would be beneficial for Santa Fe County. This is relative to the quality of life GRT. We've written it as such that we give you the highlights of the tax, an analysis, and then a recommendation. This tax can be enacted in increments of 1/16 up to a maximum of a ¼ of one percent. It has to be used for cultural activities of a non-profit, publicly owned cultural organization or a local government. The objective of the tax is to develop or expand programs, and it's very clear that it's not to replace current funding. You can use these funds for cultural diversity, the promotion of cultural diversity, enhancing cultural programs, fostering greater access to cultural. Everything is related to cultural activities, cultural growth and would eventually lead to economic development.

The programs have to be identifiable and measurable with regard to benefit to county residents. If we implemented this tax the analysis reveals that we would yield $2.25 million at a 1/16 increment, and up to $9 million at a quarter cent increment. Few of our existing County programs would qualify for the funding. The community benefit may result from additional cultural programs to increase tourism, and we forecast that any benefit would be several years down the road. And this would require voter approval. So at this time I think our recommendation is not to enact this tax and that it is restricted in terms of how you can use it. It's very clear it's not to replace existing programs or the funding for existing programs, but we do want to qualify that we think this is something that maybe in a better economic time we should explore and try to see if we enact this tax.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. Have you, Teresa, or staff looked at what this quality of life GRT covers in other municipalities and counties? Specific programs?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, we didn't. We didn't get to the part where we going to try to call some of the local entities. In our research we thought that the one thing that stuck out is maybe we could use it for libraries. And that would be a current, existing program that we thought maybe that would be targeted at, but we didn't get that. So we'll –

COMMISSIONER STEFANICS: Probably the County Fair?

MS. MARTINEZ: I don't know for certain on the County Fair. I'd have to research that one.

COMMISSIONER STEFANICS: Okay. Well, it just seems to me – that's why I'm looking for, what we're all – what we're doing that is at risk of being eliminated or decreased and whether or not this could cover it. And I understand there are definitions in the statute that we might want to look at what other entities are using the dollars for and they haven't been challenged for the use of those dollars. Because there's going to come a time when if we take something that's not entirely essential, and we talk about either it going away or we look at a new revenue source for it, we want to be able to say to the public you can have that, but you might have to pay for it in a different way. I just would like to be really clear and tight about it before we would just throw it off the table.

MS. MARTINEZ: Okay. Do you want to add anything?

MS. JARAMILLO: Mr. Chair, Commissioner Stefanics, in my research on this particular GRT it did state that the objective of the GRT is not to replace funding that already exists. It's to expand or develop new programming. So if we were to try and say that we could eliminate, say general fund support for the libraries and replace it with the quality of life GRT it probably would not fly.

COMMISSIONER STEFANICS: But Mr. Chair and Teresa, the issue is that a lot of discretionary funds go into these programs right now. I know that Commissioner Anaya gives money to the fairgrounds, I give money to our library. It's not a regular flow of money to some of these activities. And so I think we need to be careful about this because we are not fully supporting any of these activities. We're minimally supporting it and sometimes just with discretionary funds and grants.

MS. MARTINEZ: We'll look at that.

Okay, we'll go ahead and move on to slide #16. Slide #16, I met with the County Assessor and the Deputy County Assessor and we tried to come up with an estimation as to what we could expect for potential increases in the next fiscal year relative to property tax. So I'll start with some basic facts that were provided to me. I want to make it very clear that the information here is estimated, and I will meet with them again in May and we'll have solid, firm numbers once the certification values of the whole process has been completed. Right now, as of March 1st, there's an estimated full assessed value of $20,338,000,000. The estimated net taxable value, which is basically a third of the $20 billion, and making some assumptions with the state assessments for railroads, for example, and then taking into consideration what we knew as the 2009 exemptions, we have an estimated taxable value of $6,787,000,000.

We know that we have 52,000 residential values that were updated across the board by a three percent increase. We're forecasting that will produce an additional $300 million in assessed value. So our net taxable value, with an estimated 50 percent successful rate on our protests is sitting right now at $6.6 billion. This would be an increase from the previous year totaling $300 million. So the Assessor wanted me to be very clear and state that increases are also based on three percent updates and his staff is still out there trying to get the values and update values. So these numbers will change come May.

So all of these increases that we're speaking to in assessed value and taxable value do not represent an increase in the property tax, the rate itself, but it does mean that there will be an increase in income, because of the work that they're out there currently doing, and a lot of the properties that they've found as they've implemented CAMA.

For informational purposes, we indicated what the current versus the maximum rates are. Residential, we're currently at 4.67; the max we can go to is 7.65. And non-residential, we are maxed out at 11.85. He wanted me to be clear and mention that we have omitted billings to date that total $945,000 that could potentially be collected. So having researched all of this with him and sat with him, we're going to recommend that we increase property taxes at this time and point but an additional $750,000 for next fiscal year. Now, as we get the final certified numbers this number could go up if everything that's noted here materializes.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Maybe Bernadette can answer this. Have we transferred temporarily some staff to the Assessor's office?

MS. SALAZAR: Mr. Chair, Commissioner Stefanics, yes, we have. So far we've transferred three employees that were temporary employees and they've worked out really well.

COMMISSIONER STEFANICS: To where?

MS. SALAZAR: The Assessor's office. And we have worked with the AFSCME union to potentially transfer some employees that are in that bargaining unit. As far as the negotiations, that did not work out, so we have not transferred any other employees. We are still evaluating with other departments if there's non-union employees that we can transfer where areas are slower and they can use them for more revenue generating, so we're still looking at that as far as non-union employees.

COMMISSIONER STEFANICS: So, Mr. Chair and Bernadette, those employees that were transferred are temporary and not permanent employees?

MS. SALAZAR: Yes, that's correct.

CHAIRMAN MONTOYA: And didn't he hire an additional five new employees? We approved five new employees.

MS. SALAZAR: Mr. Chair, yes, he did. I believe they have right now, through retirement they have two vacancies, one that they're getting ready to fill or that they just filled, and then the retirement vacancy. Other than that, they're fully staffed with the five that was approved. Yes.

COMMISSIONER STEFANICS: Thank you, Mr. Chair.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: The first one, you said $20 billion, that's total?

MS. MARTINEZ: That's total assessed value. So that would be what a property would be assessed at. And then you take a third of that to come up with the taxable value that they can be charged with if you will.

COMMISSIONER ANAYA: Six billion?

MS. MARTINEZ: That's correct.

COMMISSIONER ANAYA: And you say there's 52,000 residentials? Residential homes? So we should be getting $300 million?

MS. MARTINEZ: The $300 million represents an increase to the assessed value, so if I divide that by three, I'll get probably $100 million additional taxable value, where we would generate income off of that amount. So my estimation of increasing property taxes by $750,000 is very conservative. If all of this materializes we could potentially see at least a million to a two million dollar increase, but I don't want to overstate the revenues until I have the solid and firm numbers, and then if we have to go into the interim with this estimation we'll do that, and then as the numbers become available, we can submit the final with those final numbers.

COMMISSIONER ANAYA: So – I'm sorry, I'm going back a little bit. They were talking about the employees at the Assessor's. And I remember when Domingo came in and said that if he had five more employees he could increase revenue to the County. Do we have a figure on how much he has increased revenue?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, this is what this slide is trying to do. We don't have – he wanted to be very clear that everything that he gave me was estimated, and it is estimated. He wanted to make the point that they are right now still out there assessing and grabbing additional value. So this number is a working number; it will definitely change. So my hope is that by May or June we can come to you with a firm, solid number of a potential increase in property tax.

COMMISSIONER ANAYA: But if you get that number do you still want to increase?

MS. MARTINEZ: I still want to increase. Right now I'm comfortable increasing the $750,000, and then as the final numbers materialize, we might go up to at least a million, maybe two. But I won't do that until I have final certified numbers.

COMMISSIONER ANAYA: Okay. Thank you.

CHAIRMAN MONTOYA: Commissioner Stefanics, and then Commissioner Vigil.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. That raised a question in my mind, Teresa. If you were taking, like 25 percent less of the potential revenue from that million to the $750,000, is that a stable percentage that you've used in decreasing other revenue projections? Have you decreased other revenue projections 25 percent? Or is it varied?

MS. MARTINEZ: It's going to be varied. And actually, the property tax, we actually have gone up from year to year. So our assessed value increase this year was lesser, and then again I think that's attributable to the fact that they were out there in the field, they were trying to clean up the manual. They actually literally had manual property records that they had to take all that information into the system. And they found that some of that information was even inaccurate, or some properties were strictly recording land didn't even have the update of the house that had been added to that land. Or there were vacant lands. So there's a lot of work going on right now that could affect this number.

So we've been really in the past based on trend analysis. We'll look at the previous years, we'll look at the increase in assessed value. We'll look at the collections, and we usually do it based on a percentage of what we know.

COMMISSIONER STEFANICS: Okay, so Mr. Chair and Teresa, so you're suggesting that you're coming in with a 25 percent less of the new revenue projection on property taxes. On gross receipts taxes what percentage are you using less?

MS. MARTINEZ: Five percent.

COMMISSIONER STEFANICS: Five percent. And is there anything else that you're projecting lower at a different percentage?

MS. MARTINEZ: At this time, no. We're going to have a little bit of a discussion on how we stand with our grants and our LDWI funding, DWI funding – we're actually okay there. So the one thing that I'll probably go on the edge with is the Clerk's recording fees and maybe the state share taxes and the forecast, probably on Clerk's fees, at least a 15 percent decrease, and on the state share taxes, at least a three percent that we're witnessing right now. Just to be conservative.

COMMISSIONER STEFANICS: Three percent on the state share taxes? And 15 percent on Clerk's fees?

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: Okay. Thank you Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Just to follow on the Clerk's fees, did the legislature not pass the increase request on that? Or if they did, is the state taking a larger share?

MS. MARTINEZ: I'd have to do some research. I don't know the answer to that one, so I'm going to have to look that one up for you.

COMMISSIONER VIGIL: And they may not have enacted it, but there was a bill that increased the Clerk fees running through the legislature and I don't know what the outcome of that was. That would impact the recommendation here. The property tax situation is such a moving target in so many ways and there's so many factors that will enter into it. I'm hopefully looking into the CAMA implementation and the finalization for that. Is there a projected date on that?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, I don't know. I don't know if he has a final projected date. I'll have to get that for you.

COMMISSIONER VIGIL: Okay. Because I know that that will be a significant pivotal time in our ability to be consistent at least with the data and for Finance to have that data. And the other thing is, with regard to the tax lightening issue, I know that there are polarized views with regard to that throughout the state, but that's also a moving target. I don't know what the outcome of that was with the legislature. I know that it was controversial. I don't know if Santa Fe County ever got impacted or if the legislature ever did anything to just remedy the Bernalillo County situation. Do you have any update on that?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, I think on that one all they did was appoint a task force to approach the big nightmare that it is and try to come up with a result. As far as an impact to the County, we have struggled to try to forecast what that could mean in terms of lost revenue or increased revenue in an offset. So that's something that we're keeping an eye on but we couldn't even begin to give you an idea.

COMMISSIONER VIGIL: Because that would be another part.

MS. MARTINEZ: It would. A huge component for this.

COMMISSIONER VIGIL: It would not take place until the legislature took action on that, so it really is 2011 that we're dealing with on the tax lightening. Isn't that what you would feel comfortable with?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, that's correct.

COMMISSIONER VIGIL: Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Seventeen.

MS. MARTINEZ: Slide 17, this is our research on the potential for an indigent mil levy. We started the presentation with a basic explanation of a mil levy. In New Mexico a property's taxed value is one-third of its assessed value. The mil rate is applied to the taxable value. So one mil basically equals one dollar for each $1,000 of taxable property value. So we gave you an example. If we had a home with an assessed value of $150,000, the taxable value would be $50,000. A one mil levy on this property valued at a taxable value of $50,000 would be an additional $50 per year for that taxpayer.

So as we researched the indigent mil levy, the BCC definitely could impose a levy against a net taxable value of properties on the county. The amount that you would impose is an amount that has to be certified basically by the Indigent Board every year, and it would be based upon the number of indigent claims that are out there. So that Board would have to make that recommendation. This mil levy would require a one-time voter approval, and the election for that mil levy would basically be conducted in the same matter as for a general election.

One mil we estimate would generate probably close to $6.5 million. And in 2009 when we looked at the system we had indigent claims totaling $1.35 million, and we also propose that the remainder could also be used towards the County's participation in the sole community provider program. We gave examples of the cost to the taxpayer. If the taxpayer has an assessed value home of $200,000, that would equate to a taxable value of $66,000. That would be an additional burden of $67 per year for that taxpayer. If the home was valued at $350,000 with a taxable value of $116,000, that would be $117 per year. And if the home had a value of $500,000, that would be an additional $167 per year if you enacted one mil.

CHAIRMAN MONTOYA: And that's just for the indigent healthcare?

MS. MARTINEZ: That is correct.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. So when would have to pass the ordinance that puts this onto the ballot?

MS. MARTINEZ: I might defer to Steve and I do have some basic reading that I did on this.

MR. ROSS: Mr. Chair, Commissioner Holian, you'd probably have to start pretty soon. The resolution calling for the election probably has to be done by August. The ordinance would probably have to be done in July, so we'd have to get right on it.

COMMISSIONER HOLIAN: Okay. And it sounds like first we would have to actually have something passed by the Healthcare Assistance Program Board? We would have to bring it before that Board first and then –

MR. ROSS: No, you wouldn't have to bring it before the Board. The Board has to certify the amount annually that's collected, but this Board would be responsible for enacting the ordinance, the tax ordinance, and then that would be up to voter approval.

COMMISSIONER HOLIAN: Okay. Thank you. I understand.

CHAIRMAN MONTOYA: If it fails it remains at the same rate? It won't go away, right?

MR. ROSS: Well, you wouldn't have a mil rate. Right now we're paying for those items, the indigent fund and the SCP payments out of the GRT. It's the first three increments of GRT. So you just would continue the current system if you didn't get the mil levy approved.

CHAIRMAN MONTOYA: Commissioner Stefanics then Commissioner Vigil.

COMMISSIONER STEFANICS: Okay, so Mr. Chair and Teresa, we already have – is it 1/16 of our GRT dedicated to indigent funds?

MS. MARTINEZ: WE have a 1/8 increment dedicated to indigent, but we have a 1/16 I believe dedicated to the SCP/Medicaid. That was one of the more recent taxes that we enacted. So our County-supported Medicaid is also supported by a GRT I think enacted maybe two, three years ago?

COMMISSIONER STEFANICS: So we have 1/8 for indigent, 1/16 for the hospital.

MS. MARTINEZ: No. We have a 1/8 increment for indigent and a 1/8 increment for emergency medical services, and those have typically been the increments that we used to fund our health operations as well as our sole community provider payment.

COMMISSIONER STEFANICS: Okay. So we have a 11/8 and we have a 1/8.

MS. MARTINEZ: Two 1/8 increments. That's correct.

COMMISSIONER STEFANICS: And out of this second 1/8, you're saying that's divided between emergency medical services and the sole community provider? Now, if we did a mil levy for this, that was also for indigent care that could also go for SCP, the sole community provider, how would that then affect the two 1/8 that we have on the GRT?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, in my understanding, and Steve, you can correct me if I'm incorrect, we recommend that we would use this to pay for indigent claims in the year. We would use whatever offset was there for assistance on the sole community provider program, and then we would use the remaining GRTs to help fund all of our health programs. Now, with indigent, there's still a component for the staffing and other costs. The $1.35 million is strictly the amount of indigent claims that we paid out last fiscal year. So we would try to help still contain our Health Department and our Health operations as we know them today.

If our revenue supply doesn't change Health or RECC or jail medical and maybe even Fire, those are the areas that we truly have to take a good look at and say, okay, they've been part of this whole funding mechanism and we're now at a point where we can't continue to fund all of them with the GRTs that we have in place, and still make a sole community provider payment.

COMMISSIONER STEFANICS: So, Mr. Chair, I'm just thinking out loud. If the public wants us to give more sole community provider funds to the hospital, that could be done through this mil levy.

MS. MARTINEZ: Yes.

COMMISSIONER STEFANICS: Okay. That's all. Thank you.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: I don't know how the referendum would actually be drafted but one of the potential outcomes for this would be with the 1/8 EMS that we currently have, the 1/8 GRT rather that goes to EMS and SCP, that option remains that that 1/8 can go strictly to EMS. Would that allow EMS to have more operational dollars for more staffing? That might be a replacement for the Fire excise tax. We could look at this. One scenario is if the mil levy was enacted that the $6.5 million could go to SCP, and the 1/8 could go strictly to EMS.

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, that's correct. Currently, our EMS GRT helps also fund the Regional Emergency Communications Center and the Fire. And I should qualify that. When Fire enacted their new – what I call the fire tax, which is the emergency medical and emergency operations center operations, we've dedicated that funding as much as we can 100 percent to Fire, and we've supported our regional dispatch through the EMS tax. And that's something that we change the funding mechanism as long as we can contain –

COMMISSIONER VIGIL: Because the referendum for the 1/8 does allow that discretion.

MS. MARTINEZ: I believe it does.

COMMISSIONER VIGIL: The bottom line. Okay. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Thank you. How much does the 1/8 generate, of the –

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, each increment this fiscal year was forecast at $4.8 million. We're still waiting to see if that materializes. Or $4.5 million. And we're forecasting a five percent decrease. So we would be at $4.2 next fiscal year.

COMMISSIONER ANAYA: So would it be easier to raise it to a quarter percent? Or would it be better the mil?

MS. MARTINEZ: Mr. Chair, I'd have to do the research on the increase to the tax to see if that's possible. I don't know that answer. But if you ask me today, it's going to be difficult. This requires voter approval, so again, like any other tax that we've tried to enact we would have to do a lot of public outreach and explain what we're doing. But I don't know. I'm going to have to research the answer on if we could increase the increment for the emergency medical services tax. I might have it.

COMMISSIONER ANAYA: I'm just concerned about how it would hurt the taxpayer. You mentioned $50 for a home or a property that's valued at $150,000. That's a lot of money, I think. And I'd like to know what that person pays now. See, because if they're paying $400 and then you tack on another $50, that hurts. And if we could raise the quarter percent another 1/8 I would probably feel more comfortable with that.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Actually, GRTs hurt people who have income problems more than property tax does. Property tax is truly sort of indexed to how much people make, as far as the amount they pay, but a person who is living on the edge, they spend every dime on food and medical services – okay, maybe they don't pay on food these days. They spend all of their money, and so they end up paying a much larger share. GRTs always hurt people who have less more than property tax does. So they would probably be paying more than $50 a year for that increased GRT. They would actually be paying more out of their pocket. So I'd just like to –

COMMISSIONER ANAYA: Thank you for clarifying that, Commissioner. I just would like to know how much more. That way if we decide to go with the mil we could explain it to them.

COMMISSIONER HOLIAN: And if I could just add, maybe we could make an estimate on if we increase the GRT by 1/8, what that would mean to somebody who made $50,000 a year or something like that.

MS. MARTINEZ: We'll do that for you.

COMMISSIONER VIGIL: Another factor, Mr. Chair, regarding GRT and why it's always debatable whether it's progressive or recessive, particularly in Santa Fe, is because a lot of the GRTs are not collected from the local economy; they're collected from tourism and tourists who visit here. That percentage of the division as to who pays for what has never been real clear for I think anyone. But it is a factor that needs to be entered into the mix when you're considering a mil levy versus GRTs. I think for the longest time the paradigm was, at least in the incorporated area, that GRTs were the way to go because of the fact that a lot of the GRTS were brought into from out of state. Even with tourism being down I don't know how important that is, but it is a part of the uniqueness of our tax structure in Santa Fe County.

MS. MARTINEZ: That is correct.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. I think Commissioner Vigil raises a good point, that the mil levy does benefit, if we did this, it would benefit city and county residents in indigent funds and at the hospital. So it would be a widespread benefit. But before I would go to this I would want to know how many property owners in Santa Fe County qualify for the elderly low income fixed rate, because that would affect – this mil levy, we would have to look at the effect upon those people, whether they would be exempt, and that would lower the amount that we're projecting, or whether they would be hit with it and how that would affect them.

I have a different opinion about the property taxes than Commissioner Holian because I believe that when we passed the ordinance this year to let people pay over ten months that we were trying to help people who are on low income, middle income, fixed incomes, to really budget over the year. And I think that when people do get two tax payments a year they are hit. And if they haven't planned or they are living from month to month they don't have savings to take care of their property taxes. So I would want to look at how many people are currently qualifying for that elderly low income and how that would affect your projections.

MS. MARTINEZ: Okay. I can do that.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Real quick. I remember, and I brought it up earlier about when Domingo Martinez came in here and he said there was a lot of people that aren't on the property tax books. And I think it's unfair that if we don't straighten that out then we shouldn't raise any property taxes. Because we're having to pay double or triple. I don't know, and I don't know how many people are not on the property tax. But that's one of the reasons why this Commission voted to increase his employees is to look at that and to solve that problem first. I don't think it's fair that we raise taxes on those people that are paying taxes and there's a lot of other properties that are out there not being taxed. So I'd like to see what that is.

COMMISSIONER VIGIL: And Mr. Chair, if I may. One of the problems this Commission has always had with regard to property versus GRT, is the perception that goes out there to the community, how we educate them and at least from my constituency representative capacity property taxes are always frowned upon. Perhaps because that's more tangible to the residents and to the commercial property owner. They can actually see it when they receive their valuation and their property tax and it's not as tangible, although conceptually, I don't see how that could happen when you actually go to the store and buy or you pay for services and the GRTs are there. It is a huge public relations problem to look at property taxes. I think we're at a place where we have to look at it, and we're just going to have to move forward in some direction when we're looking at revenue enhancements.

I just throw that out there because that's just truly a reality and all of us will hear from our constituents about not increasing property tax. The other factor that we've had difficulty with is when we're trying to promote affordable housing and we increase property taxes, what does that do to our affordable housing program? I know that the legislature has tried to address that and I don't know what the outcomes of that are. So that will also need to be discussed. Thank you, Mr. Chair.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: I would just like to add, though, that when we were talking about the fire excise tax I got a number of emails from my constituents saying that they thought that the GRT was very regressive and they would rather it be a property tax. So I think there are different opinions in the community as to what's regressive and which tax is more regressive. And I did hear from the other side.

CHAIRMAN MONTOYA: Okay. We've got 18 more hours to go here.

MS. MARTINEZ: All right. We'll move onto slide #18. This is our attempt at showing you where the property taxes go. We'll put this on the website too so it will be helpful. The first pie chart, if you will, under the title on the left hand side of the page, basically breaks down the dollar in the Santa Fe County property tax by category. So you have 31 cents goes to Santa Fe County for operational, nine cents goes to our debt service component. Municipal gets five cents, school districts get 35 cents, and the Santa Fe Community College gets 15 cents, and then state debt's portion is five cents. So then if we transition into the breakdown if you will, of the maroon County operational, this tells you how the property tax dollars are broken out.

It's cents, for things that are smaller – the surveyor, the probate, purchasing, Finance, HR, but what we did here is we tried to break down in detail every component of our operating budget and how much they get of the property tax dollar. A good share of that goes to fund transfers out, and that transitions into the pie chart on the bottom on the left-hand side. Our fund transfers out support the jail revenue bond debt service, the road fund, jail operations, the Sheriff operations and other funds. So this was our quick and dirty on how the property taxes are broken down.

COMMISSIONER STEFANICS: And you'll put this on the website.

MS. MARTINEZ: We will. The next slide is just to give you an update on the growth management plan from a financial perspective. We tried to make it simple and we showed you that on the Code rewrite we have spent, I think – not I think, I know - $518,000 to date, and there were pending invoices out there for an additional $227,000 that are in the process of being paid. The GM plan has totaled $1.1 million. Our update says that we are 75 percent complete. We're currently conducting our planned stakeholder meetings that are being conducted I believe two times a week. We need to then move to the next step which is take the plan and make the revisions to account for any stakeholder comments. They would then go to the CDRC hearing. The plan would need to be approved by the BCC, and then after that we move towards finishing the Code rewrite. I want to note that five chapters are already approved by the Board and authorized for publication.

So the Finance Director is sitting here saying, how do we finish this project from a monetary standpoint? So my suggestions, and I've talked to the key players is if we could maintain a higher level of oversight and transition some of that work to internal staff, we need to try to limit our further expenditures and our scope of work, and really establish a timeline to finalize this project. Right now, as we speak, there are no set-asides in next year's budget to make this budget balance. So there's no money earmarked next year to get this done. So we need to get it done now.

All right. Slide #21. These are our cost-saving measures. I want to give you an update as to what we did in fiscal year 2009. We reduced the take-home vehicles. Currently we have 34 take-home vehicles. We've continued with that reduction into fiscal year 2010. We've reduced the cell phones. We've had some cell phone increases in fiscal year 2010. We've implemented energy-saving initiatives. We implemented a soft hiring freeze that we were able to maintain for the most part, and that freeze is recommended to continue on into fiscal year 2011.

We've closed the ARC program. We restricted travel by County personnel. That initiative has also continued into fiscal year 2010 and will be recommended for fiscal year 2011. We've restricted contractual services. We eliminated the merit pool. Total reductions amounted to $1.5 million in fiscal year 2009.

For fiscal year 2010, we just implemented our smart buying of supplies, and they'll hopeful expand that to additional areas that we can. We further restricted travel by County personnel. We want that to continue into fiscal year 2011. We restructured the model of providing County health services and how we fund all of our components. We've maintained our soft hiring freeze. We phased out numerous temporary positions where we could. We attempted voluntary furloughs, and we did not give a cost of living increase to employees. Those reductions total $4,6 million.

CHAIRMAN MONTOYA: In terms of the smart buying, do you utilize some of the – like the National Association of Counties?

MS. MARTINEZ: Mr. Chair, we did give that information. You brought that up to us a couple of times so we did give the website and we are all looking at it. I get regular updates, probably like everybody else does, so I'm always looking at that to see if there's anything we can utilize there. But I think Purchasing does a real good job of trying to see all the type of agreements that are out there that we can piggyback off or any initiatives that are out there. But I'll meet with Corky again with a reminder.

CHAIRMAN MONTOYA: Okay.

COMMISSIONER VIGIL: Teresa, Mr. Chair. Is it fair to say that for the cost-saving implementation that you've had for 09 and 10, and we're only half way through 10. I guess maybe we'll see more of an increase in savings with these implementations, that we've saved about $6.1 million?

MS. MARTINEZ: That is fair to say.

COMMISSIONER VIGIL: Do you have a projection of how much we might save through the end of the year? If you were to save $4.6 million and divide that in half maybe it would be possibly another $2.3 million?

MS. MARTINEZ: I would probably go to a million and a half and I would focus it on making sure the freezes stay in place, see if our smart buying options materialize, and we're looking at possibly doing some smart buying options for fleet and see if we can control that and contain those costs. So I would probably be safe enough to say maybe another million and a half.

COMMISSIONER VIGIL: Okay. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: In terms of we didn't give the COLA to the employees, what would that cost if we looked at doing it?

MS. MARTINEZ: Next year? Mr. Chair, typically, if we do a COLA we do it in the middle of the fiscal year, and we typically set aside about $400,000 to cover half a year's cost for a COLA.

CHAIRMAN MONTOYA: Okay. Do you think we can consider that?

MS. MARTINEZ: If you direct me to do that I will. I can tell you right now, I'm not considering it in trying to balance the budget as we speak today. That would mean we'd have to figure out additional costs elsewhere or how to fund it. But it's not in my picture as we speak today.

CHAIRMAN MONTOYA: I would like for you to look at it. I don't know what the others –

COMMISSIONER VIGIL: I think one of the considerations – we really would have to defer to Finance with regard to this. While I'd love to consider COLAs, we're also going to have to pay for increase in employer contributions and a lot of other items that – I'm going to defer to Finance on this. It's wonderful and under good economic times COLAs are really important and I think the County has done a wonderful job of implementing COLAs every since I've been here. There's been probably an average of three percent increase annually. The state isn't doing COLAs, the City isn't doing COLAs. The counties aren't doing COLAs. As a matter of fact most of us are trying to keep jobs rather than increase COLAs. So this isn't the time for consideration of that.

MS. MARTINEZ: Mr. Chair, I'll tell you that from my standpoint, and I've argued this for probably a year and a half now, I would not support a COLA, and not to say that our employees are not deserving of a COLA, I think everybody is, but I would hate to enact or implement a COLA and then come back to you within two, three months and say, okay, this is a recurring expenditure, we just keep adding to our base. I think we're ready to go into a furlough. So I'd rather that they stay at their jobs and they stay at the current level of hours, current level of pay, then have to look at a restriction down the road. And that's my personal opinion. And as the economy recovers – all the cuts that we've made have been cuts to manage the downturn in the economy. It doesn't necessarily mean that they won't come back in the future. But I don't think the future's in the next two years. I think it's going to be a while before we recover and we're at a point where we can afford those types of expenditures. So it would be difficult to support a recommendation right now.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair, and I want to echo that our staff are very valuable and if we had the funds I would second it. My first concern is that we keep people in jobs. And so I would be a little concerned if a COLA would upset that balance. The second thing is that the CPI is at a negative right now, so looking at giving something when everything else is going down or flat, I think it might not be the right year. Certainly if we had some windfall I'd love to hear about it.

CHAIRMAN MONTOYA: And I will defer to your recommendation ultimately.

MS. MARTINEZ: We'll look at it. We'll research it, but honestly right now it's not in there but we'll see if it's manageable.

Okay, a quick update on the legislative actions. I know that we're lacking a few, based n questions asked and we'll do the research on that. From the regular session we have Senate Bill 207, which was basically the double-dipper bill. The outcome of that is re-hired retired employees would be grandfathered in. They could still draw their pension but they'll now have to pay their employee portion of retirement, and we estimate that's going to actually result in a savings to the County of $90,000. So that's a good thing.

And then any future re-employed retirees' pension will stop and they have to choose. One, the elect not to contribute to PERA. They won't earn service credit, and/or they opt to recalculate their final average salary. Or, two, when they are re-employed, they have to choose to contribute to PERA, accrue the service credit, and may be eligible to recalculate their average final salary. But in any end we'll save about $90,000.

Senate Bill 182 was the capital outlay reversions. Numerous capital projects, special appropriations were reverted back to the state, and I have to tell you that we have some reconciliations, probably still here to do with the Community Services, but our estimates right now are that we had reverted 63 projects totaling about $4.4 million in capital funding.

From the special session, on slide #23, there was a postponement to an increase in the fire protection fund, so the good news is the distribution will continue. It will continue at the current level of 13.4 percent versus the increase recommended of 20.1. So I'm positive and happy that we'll still at least get the $1.7 million distribution that we received in the current fiscal year.

Unemployment contribution schedule, House Bill 144. A new schedule was approved. This one was a doozy to analyze and we may still be working on it, but this bill basically reduces the unemployment contribution schedule to 53.5 percent of average weekly wages. It's basically taking it to a prior level before the DOL, United States Department of Labor, issued an opinion that the rate be increased to 60 percent of average weekly wages. The change will yield an approximate savings to the County of about $40,000, and also this is always contingent upon the amount of unemployment claims that we get each year. And each year we've seen an increase in this and the budget has not been sufficient to support what we receive. So that's always a factor that we know we have to fund as the year closes.

And then the food tax bill, basically the Governor vetoed the food tax. He still held us harmless, thank goodness, so we don't have to look at additional reduction of $3.9 million, and he vetoed the increase to the low income comprehensive tax rebate. And that rebate was basically set up to offset the cost to low-income families if the food tax had been enacted. He also increased the cigarette tax by 75 cents per pack and he changed the earmarks of the cigarette tax, so it's open to the general fund.

So we would be held harmless. That again is $3.9 million. We're going to look as if this is probably a future discussion that can come up again in later legislative sessions, so we'll keep an eye on this, and the cigarette tax change is not a huge impact to Santa Fe County. We just wanted you to know we've collected a total of $47 thus far, so that will have no financial impact on our budget.

Okay, slide #24. This is something you asked us to do: define core versus non-core functions and what is actually required of us. So we worked with the Legal staff to make sure that we were stating this correctly. Statutorily required functions include elected officials, so Board of County Commissioners, the Sheriff's office, Assessor, Clerk, Treasurer. We're also required to maintain a courthouse, including the district attorney's offices, maintenance of County-owned buildings, and we have to have quarters for the County Health Department and District Health officer.

Extended core functions that have resulted because of these required functions include Public Works, the adult jail, Finance, Purchasing, HR, Legal, Fire – which is identified as it could be strictly volunteers, Information Technology, and also our sole community provider payment. So the box on the bottom basically says if we strictly did just what we were statutorily required to do, our budget would be $15.4 million. If we include the extended core services, that would add another $43.4 million, and our debt service requirements are $17 million. So if we simply went by this we would have a total budget of $75.8 million, versus our current fiscal year 2010 budget of $224.3 million. So it's a big difference.

So what this says is that we've added a lot of additional programs and staffing at a time when we had the resources to do that. So this was our analysis on core versus non-core.

We'll then segue into the employee survey. These are the results of the employee survey, and these are the opinions of what the employees consider to be critical functions. And we broke them down as detailed as we can. You have Finance, Road Maintenance, Fire Admin, the Adult Detention Facility, HR, Utilities, Solid Waste, Legal Office, County Manager's Office, and E-911 Rural Addressing coming up as the top ten critical functions as employees see it.

If you look at the next slide, page 26, we asked them, if we had to address a County budget shortfall, how would they recommend that we address that. Their first and foremost priority was to cut funding to programs that would have no bearing on employees. So that's the 69 percent. After that, they recommend that we proceed to cutting programs. That came in at 42 percent. If we have to go to a furlough, it would be a furlough for all County employees excluding public safety employees. That came in at 29 percent. And the last two components both came in at 15 percent with basically salary reductions across the entire County, based on a graduated percentage, obviously with the upper management taking the larger hit, and the lower level taking the lesser hit. And then lastly also cut positions, if we get to that point.

If we had to implement a furlough, they preferred that we do it one full day a month. There was some that would prefer that we split those furlough days into the months where we have three pay periods. The months where we have an extra pay period. And then some supported unpaid holidays, and some preferred that we do it two to four hours a week.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Bernadette, do you know what percentage of our Santa Fe County employees have a Santa Fe zip code? What I'm really asking is what percentage of our employees live out of county?

MS. SALAZAR: Mr. Chair, Commissioner Stefanics, the last time we did an employee survey, which this was not the content of it. It was done about a year and a half ago, and I believe – this is off the top of my head – we had about 35 percent that were not in Santa Fe County.

COMMISSIONER STEFANICS: Okay. And the one other question I had was I had recommended to the Manager, and so Penny, I'm passing this on to you, that I had hoped that the public was going to be able to have an opportunity to weigh in on a survey, not quite like this, but maybe identifying what their top five services, ten things that they thought the County should do, so that the public has some input. Have we planned to do anything around that?

MS. ELLIS-GREEN: We have not done that at the moment. We certainly can move forward doing that through press releases and putting some kind of survey on our webpage.

COMMISSIONER STEFANICS: Well, I had suggested that it be prepared by our marketing contract or something that would be very short and really trying to get at what the public's values are for what the County does.

MS. ELLIS-GREEN: Okay, we are finalizing our marketing contracts at the moment.

COMMISSIONER STEFANICS: Well, we might not be able to use them but where I'm going with this is I value what our employees are telling us. I also would like to offer the opportunity for the residents of Santa Fe County to also tell us. The other thing, Mr. Chair, when I was at the National Association of Counties this year, in one of the presentations there was a county that had – and I'm talking about furloughs now – that had not instituted any furloughs, but what they had done is they had sanded salaries throughout the entire year, so every paycheck was consistent, and then every employee except for emergency employees had the week off between Christmas and New Years. They then did a satisfaction survey afterwards and the employees liked it, because they had the opportunities to spend the holidays with their families, and the kids were off from school and they didn't have to worry about daycare and so on. But it was just another idea that's a little different from how we might be looking at furloughs or cutting back on salaries, if we had to get to that point. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Thank you. Teresa.

MS. MARTINEZ: And the last portion of the employee survey was basically, if we had to go to a layoff order, their preference would be that first we layoff in the order of temporary, then casual, then probationary. Then we move to at-will, term, and then classified employees being the last to have a layoff. Common comments, or the most common issues that were brought up: the double-dippers, the take-home vehicles, cell phones, volunteer fire pay, any unnecessary spending and contractual services, the courthouse project and the Santa Fe Canyon Ranch acquisition. We had a total of 492 employees out of 871 complete the survey, so that was a 67 percent response rate, which I think was really good.

Now we move into what is probably the meat of the presentation. We're going to lead into troubled funds after this, but we thought it would be important to say which GRTs are out there and which programs can they fund. So the first block is the adult facility, and the debt component. So strictly the jail and debt. It does not include the inmate medical. That program cost is currently at $14 million and it can be supported by a Corrections GRT that generates $4.3 million. Inmate medical is budgeted right now at $4.3 million, and the SCP payment is a budget of $6.8 million, and they currently can be supported by the second 1/8, the indigent FRT that brings in $4.3 million.

SCP, in addition to Health, can also be supported by the EMS 1/8 increment, and also the RECC, so Health has a a$2.7 million budget. RECC has a $3.3 million budget, and SCP is currently at $6.8 million. So these programs are competing for the third 1/8 EMS, which generates $4.3 million. RECC and Fire can both be supported by the new, what I call Fire Tax, which is the emergency medical and emergency communications center. That generates $7.7 million a year. So you can see that our total program costs are $40.4 million, our total GRTs currently generate $20.6 million, so that means we have an unfunded component of $19.8 million. And these are the funds that basically look to the general fund for additional support. So these are the funds that we're going to focus on.

I want to be clear, as we look to slide 29, when we came up with the label of troubled funds, the troubled funds basically comes from the fact that they don't have a sustainable revenue funding source. They're heavily either reliant on GRTs, which we know are seeing decreases in our GRTs, or they are reliant on support from the general fund. So the approach that we took to each of these, we have defined the Corrections Department, the Health Department, the Fire Department and the RECC as our troubled funds, and strictly because they rely heavily on GRT support or on general fund support.

So the approach that we took was we tried to analyze each operation and come up with questions. So this is the area where I was speaking that these are the questions and issues that we will address as we conduct our budget hearings. We'll start with Corrections. Currently, through February, the Corrections Department is in the hole by $8.4 million. So that $8.4 million will have to come from the general fund to sustain operations. And if you look at it by component, the administration component has a deficit of $622,000. The adult detention facility has a deficit of $4.2 million. Inmate medical is at a deficit of $22.5 million. Electronic monitoring is at a deficit of $328,000, and the youth development program is currently at a deficit of $672,000.

So this does not include the debt service component; this is strictly operational. We know that our care of prisoner revenues is down a the adult and the youth facilities by about $107,000 for the adults and $244,000 for the youth program. We do know there has been some grant funding awarded to the facility and I think we've missed some timing issues with billing, so we may have lost, potentially, I'm going to say between $30,000 and $40,000. So when we meet with the departments we'll say what can we do to help make sure that there if there's grant money out there that we attain it. Is there anything that we can do with scheduling or our operations that could help us offset these deficits.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Mr. Chair, Teresa, on inmate medical, the $2.5 million, with our transfer of some of these services to xxx, will than then be a savings there?

MS. MARTINEZ: There will. Mr. Chair, Commissioner Stefanics, it's about $507,000 that will be transitioned to St. Vincent's next year, but those transitions won't occur until July 1, so it will be a savings for the fiscal year 2011 budget.

COMMISSIONER STEFANICS: Okay, so by going back to the cost here of $2.5 million, now, is that what that is? It's a cost?

MS. MARTINEZ: That's the deficit that we're in right now for operating our medical component. And that's strictly our staff and our budget set up for supplies or contracts or things like that that we currently conduct.

COMMISSIONER STEFANICS: Okay. So why would, if we are having xxx take over inmate medical division –

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, they're not taking over the division, they're taking over one contract in that entire budget. They're going to take over the contract for the physician, basically, and that amounted I think to $190,000. So they're not taking over the entire medical operations.

COMMISSIONER STEFANICS: So they're not taking over mental health or nursing?

MS. MARTINEZ: No. No. Mr. Chair, Commissioner Stefanics, as we researched that and tried to see if we could do it, it looked like it was going to be difficult. They have a nursing component at the hospital. Our nurses are not unionized right now, but that was something that we didn't thing would be an easy transition and I think that was expressed by both parties. When it comes to the mental health, I don't know that we even went there, discussing that with Alex as to a take-over. So the approach we took when we first decided to try to make a round of this, we took any medical contract service that we have out there that could be easily transitioned and justified, that the hospital take over that, versus the County contracting for that. So one contract, the pharmaceutical contract – so Dr. Rolig, the pharmaceutical contract, and a couple small contracts with Fire and RECC will be transitioned to St. Vincent's. And we're currently working on the reassignment of those contracts to the hospital. He's going to forgive us, if you will, medical invoices related to St. Vincent's. So any billings, he told us immediately, and he time we started this discussion, that if we had any billings to St. Vincent's, don't pay the invoices. We're estimating that at $150,000, and I believe it's actually closer to $250,000. So we'll iron that cost out. So that will be an additional savings to the entire Corrections budget.

COMMISSIONER STEFANICS: Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Do we have any potential for bringing in more paying inmates into the adult correction facility, and what would that potential look like?

MS. ROMERO: Mr. Chair, Commissioner Holian, first I wanted to make the statement that we're not over budget by these amounts. We actually have come in below budget. What this is is the difference between the amount of money we bring in as revenue and what the expenses in running the facilities. I just want to make that clear for the audience as well.

Secondly is our revenue is increasing. We're now able, since we comply with the Department of Justice agreement we've been able to start bringing in Federal Marshal inmates, and I'm working right now in negotiating a change to the price for those federal inmates. Right now, they're paying $65 a day for adult inmates and we're going to be able to increase that to approximately $89. I should be able to increase that probably within four weeks time. And we're starting to see a lot of those inmates come in. I have probably approximately 50 of those inmates now.

I'm also starting to receive what are essentially 18 to 26-year old inmates that have been charged with juvenile expenses. They're in jail because of juvenile offenses. So they're adult in terms of age, but they're juveniles in terms of the law under which they are being held. Those individuals are now being housed at the adult facility in the C Unit, and they're paying $150 a day for those inmates. So those numbers, I expect them to increase. Also I expect to be able to reach the surrounding states for that type of inmate. And we're in the process of working that out. We weren't able to do that until we complied with the Department of Justice, and that revenue was lost back when the County ended up under the Department of Justice agreement.

COMMISSIONER HOLIAN: So do you have an idea of what the total amount could be, just sort of a ballpark figure?

MS. ROMERO: The juvenile number that I expect to be able to fill in the next couple of months will actually be close to a million a year, just to house the number they're projecting they'll be able to bring in. I also believe that if we're successful at bringing in inmates from the surrounding states under the adult numbers that we'll be able to fill the rest of the facility and I expect that to end up at about $2.5 to $3 million.

COMMISSIONER HOLIAN: Thank you.

COMMISSIONER VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. Annabelle, I think you're doing a great job. But one of the things that happened is when I came into office we spent a lot of time talking about the youth facility. And my first glance at this is if we cannot identify a source of revenue and a source of population for that facility by July 1, I think we should close it. And I think that this has been a struggle, and I think that there are good reasons to have it, but I also think that if we can't solidify the plans by a certain date that we should really cut loose. I know this is not a nice thing to hear.

MS. ROMERO: Mr. Chair, Commissioner Stefanics, the difficulty is that my projections would make it much more expensive to close the juvenile facility than to operate it currently. If we have to place the children who are under our custody in other facilities around the state it will actually cost us more than what it's costing now. Even though the revenues are down, our expenses have been cut in half.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, we did that research a couple years ago and our argument at that time was that it would be cost-effective. So what I have on the agenda is that we need to update our research, but I don't know that I agree, Annabelle, just based on the numbers and the estimates that I had in the past.

MS. ROMERO: Well, Mr. Chair, that's probably what I would do is I would ask Finance to come back and give us an analysis of this, because I remember, even before we started formally in office at a budget retreat in the year before we sat we heard that this was an issue and a problem. And I recognize that it's difficult, and I'm certainly impressed with the staff and the facility, but I really would like to look at it financially.

MS. MARTINEZ: What we'll do is we'll take the analysis, all the entities that we called, and we'll work together to see if there are viable entities that could take our youth, and then we'll try to come up with a recommendation as to really which is the more cost-effective option.

COMMISSIONER STEFANICS: Okay. Thank you, Madam Chair.

MS. MARTINEZ: If we move on to slide #30, this is a comparison of expenditures versus revenue by major component. Again, we broke it up by the adult facility, the youth facility, jail medical, jail admin, and the M cut off, so that stands for electronic monitoring, and jail debt. The red bar, if you will, is expenditures, and the green bar is revenue. So for each component right now you can see that our expenses surpass our revenue. Our medical component and our administrative component don't have a specific revenue source to sustain them, so they're reliant on the generation of care of prisoner revenue. So each component within the Corrections Department right now is forecast to have a deficit. And then that's not speaking to the operating budget. That's just saying we don't bring enough revenues in to support the service delivery that we're currently doing.

In fiscal year 2009 the general fund supported Corrections to the tune of $8.6 million. In fiscal year 2010 that was increased to $10.7 million, and we're forecasting that if things remain status quo – so that's to say that doesn't include the revenue estimations that Annabelle just spoke to, we would be increasing our general fund support to the Corrections Department next fiscal year by an additional $3.75. So when it's all said and done, next fiscal year we're forecasting that we'll have to transfer from the general fund $14.4 million to cover the shortfall in the Corrections Department. That represents 22 percent of the total general fund budget. It's very close to my statutory requirement for cash reserves also for the general fund.

So the Corrections budget hearing is going to be – I think we may have blocked four hours. So we have a lot of areas that we'll cover with Annabelle and staff and try to see if there's ways that we can do things differently or more cost-effectively.

If we go to the next slide, page 31, we specifically speak to the Corrections Department overtime. We've already touched upon this a little bit. This basically breaks it down over the course of three fiscal years, 2008 to the current, and we break it down by the adult component, the medical component, electronic monitoring, and YDP. We think that a portion of the increase on the YDP side could be related to the fact that there was a switch to 12-hour shifts, versus the 4/10 shifts, and that was the reference I was making to in that component. That equates to eight hours of overtime every pay period. And that's currently reflected in both the electronic monitoring overtime, and the YDP overtime. So that equates to an annual cost of $95,000 per year. So that's something that we'll be asking when we go to the budget hearing.

MS. ROMERO: Could I address that just briefly? The shift [inaudible] that's required, if you use a 12-hour shift, actually it requires fewer staff, a smaller number of staff to be hired in order to do the 12-hour shift than the 8-hour shift. That's why we went to it.

We actually saved staff numbers. You increase the overtime, but you reduce total number of staff that you have to hire.

MS. MARTINEZ: Okay. So what we'll do is we'll bring the analysis back that you asked for, showing more employees or overtime, and truly what is more beneficial. So we'll qualify that and work together on that one. And we'll probably have to do that with Fire as well.

Okay, troubled funds, continuing with Corrections. We're speaking specifically to the administrative component. What we tried to do here is say, again, both the administrative component and the medical component don't have a revenue source. They're reliant on the care of prisoner revenue, so they need the inmate revenue at the adult facility and the juvenile revenue at the youth facility to assist in sustaining their operation. The administrative component costs have increased while the number of man-days have gone down. So the chart to your right basically shows that. The total cost to operate admin in fiscal years 2008, 2009, and 2010, we've gone from $926,000 to the current year of $997,000.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Mr. Chair, Teresa, have you identified what the administrative cost is of the total cost for Corrections? Like 15, 25 percent? Something like that?

MS. MARTINEZ: I don't know if we did it for the total? Do we have that? I know we did it for-

COMMISSIONER STEFANICS: Because that's a good way to analyze if there's something too high.

MS. MARTINEZ: Okay. We can do that.

COMMISSIONER STEFANICS: And Annabelle, have you already done that?

MS. ROMERO: No, I have not.

COMMISSIONER STEFANICS: Okay, because running an agency, running a business, you usually don't want over x-percentage used for administrative overhead. So that's why I'm asking that question. Thank you.

MS. MARTINEZ: Okay, so the chart represents, the solid blue bar, if you will, is the total cost of the admin component, and then the red line is the calculated man-days. So we've gone from in 2008, 197,000 man-days, down to 169,000 man-days. So based on these numbers, we've calculated that our administrative component costs per man-day has increased from $4.69 in 2008 to the estimated $5.89 in 2010. This represents a 26 percent increase in two years. We've also seen a 14 percent decrease in the number of man-days from 2008 to 2010. So this is something we'll be discussing at the budget hearings and try to analyze it come back with a little more detail and a little more analysis as to what we could possibly change or whatever ideas we may come up with.

If you look a the medical component it's the same thing. It's like the administrative component in that it doesn't have a recurring revenue source. It's reliant on the care of prisoner revenues. So again, the cost of the medical component has increased while the number of man-days has decreased. A lot of this is relative to the fact that we did a DOJ audit. We successfully completed it. And this is the staffing. Now, we question the staffing level that we have and is there any room for some of that to be decreased. So those are some of the questions we'll have for Annabelle and staff in their budget hearing.

But we did the same kind of chart, we showed you what the cost of the operations are and then we compared that to the man-days. So for this particular reference we showed that the medical personnel have increased from $3.1 million in 2008, to an estimated $3.8 million in fiscal year 2010, again, a 21 percent increase, and the number of man-days are down 14 percent. We do note that the largest increases were in the administrative and clerical staff area and the psychiatrist. Admin and clerical representing a 32 percent increase and the psychiatrist representing a 45 percent increase in cost.

As we go to the next page, on slide #34 we make the statement as financial people that the fees are too low. What we want to explore with Annabelle as we go into the budget hearing is we currently charge $85 per man-day at the adult facility. So I don't know if that's correct, Annabelle, based on what you said earlier. Is that correct?

MS. ROMERO: That was the old federal contract. We expect to go to $89.

MS. MARTINEZ: What we'd like to do is recommend if possible to increase it. We charge $85 per day; we spend $103 per man-day to operate the adult facility. So we're just asking is there any possible way to increase our fees to make up that $18 that we lose per man-day.

COMMISSIONER VIGIL: Teresa, is that an analysis just for federal inmates or does that include city inmates and other county inmates? Do we charge $85 across the board or do we negotiate different contracts with different entities?

MS. ROMERO: Commissioner, we're charging $85 pretty much across the board except for these new federal inmates that are at $65.

COMMISSIONER VIGIL: Okay. And what you're actually recommending is that we do a fee for service type thing.

MS. MARTINEZ: Right. We're not looking to make a profit; we're just trying to break even. And we make the points below. We put it into perspective and saying we're basically making the taxpayers pay that extra 18 percent to house inmates from other jurisdictions, or you could look at it like we're providing a subsidy to those other jurisdictions for their inmates.

COMMISSIONER VIGIL: And do we have to have agreements with all the jurisdictions?

MS. MARTINEZ: I think we have in the past.

MS. ROMERO: We do. The difficulty will be that some of those jurisdictions will probably drop out from housing inmates at this facility, which will drive up the cost of housing each inmate that we continue to house.

COMMISSIONER VIGIL: I guess that begs the question why? Why are our costs more? It would seem to me, Annabelle that they're going to go to somewhere where it's more cost-efficient. I don't know where that would be, because transportation and those kinds of issues come into it. But are our costs more than other jails?

MS. ROMERO: Essentially, the number of people that we house is going to bring the cost down. So we need to house more and more individuals. I need to be able to fill more of the facility. Where we lost a lot of money is when the state took their inmates out. The cost is actually going to go down per inmate the larger the number of inmates that we can house. And there's a – you can't reduce a lot of the medical care. I can't reduce the staffing because it has to happen 24/7. What we can do is increase the numbers, and to some degree I was in a position to do that until we complied with the Department of Justice agreement.

COMMISSIONER VIGIL: Thank you, Mr. Chair. We're on page 34.

CHAIRMAN MONTOYA: Okay.

MS. MARTINEZ: And we're ready to transition to 35. So we did the YDP analysis. These numbers are actually based on the general ledger numbers for the period of July through February. So the revenues are taken right off the GL, which are taken from the billings that are done at the facility, and the expenditures are taken for every accounts payable check that we write. So through February we show that we have 41 percent occupancy on the average, 25 percent of that is billable – 15 paying beds, and 16 percent of that is nine beds. We charge on the average about $170 per man-day at the youth facility. We spend $254 per man-day to operate the facility. So here we lose $84 per day.

So we tried to come up with what would be a breakeven number, and I know we have arguments back and forth on this, but I'll explain how we've calculated this. Our total revenues today are $572,985. Our expenditures to date are $1.5 million, and that doesn't include a component for both the medical and admin operations. So our operating loss through February is just over $1 million. So we say, how do we break even? We're taking that million dollars, we're dividing it by the numbers of days in that pay period, which is represented by 243. That comes to daily revenue needed to break even of $4,202. If we divide that by the average billable amount we say we need 24 paying beds every day to break even. So this is something that we'll work with Annabelle on as well, and based on some of the things she just told us about additional revenue, obviously the cost per day will go down if we're bringing in more beds and more paying revenue.

COMMISSIONER VIGIL: Teresa, I really need my question answered. How much are other jails charging per day? Do we have a comparison with San Juan County? Dona Ana? We would be competing with these, so what are they currently charging? Do you know, Annabelle?

MS. ROMERO: What I do know is that the private facilities are charging less than we are. Now, they provide many fewer services, but they're charging quite a bit less. And what happens is that's where County's will go if they need to. For example, Rio Arriba is going all the way to Cibola, because they can get the $64 a day rate there.

CHAIRMAN MONTOYA: Is that for youth?

MS. ROMERO: No, for adults.

CHAIRMAN MONTOYA: Oh, for adults.

MS. ROMERO: For youth we're kind of at the higher end.

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, again, my research is about a year and half, two years old, so when we looked back at that time Bernalillo County was charging a rate of $135 a day, Chavez $105, Dona Ana, $115, McKinley, $108, Quay, $125, and Taos, $121.

CHAIRMAN MONTOYA: For adults.

MS. MARTINEZ: For youth. For juveniles. And we charge $170 on the average. Some of those rates I think were as high as $185. So what we'll do is we'll update this research, because it is a year and a half old and we'll give you a complete analysis as to what others are charging.

COMMISSIONER VIGIL: It would be good to also know what kind of programs and services are included.

MS. MARTINEZ: We have that included in our analysis.

MS. ROMERO: Mr. Chair, Commissioner Vigil, also, if I were able to reduce the rates I would be able to fill the facility. So that's another issue, which would decrease the man-day cost.

MS. MARTINEZ: Okay. So we've finished our recommendation for Corrections. Again, we'll discuss this when we go to the budget hearings, but we're recommending that we increase our rates, like we mentioned earlier. An increase to the rates would give us an additional $700,000 a year in care of prisoner revenue. We want to look at increasing our electronic monitoring fees and maintaining better control of lost equipment. We don't want to make a profit on this but we just want to break even on that. So that's something we have on the agenda to work with Annabelle on. We want to make sure that we establish more adequate billing processes, and ensure that any available grant dollars that are out there are received and not lost.

On the expense side, Countywide, we're recommending freezing of vacancies, so we're going to do this with the Corrections Department as well, relative to the level of the administrative component. One of our suggestions was if there's any way possible, if we could move the administrative costs such that we would freeze an equivalent amount of vacancies, current vacancies to equal to what the administrative component of the – what the salaries and benefits of the administrative component are costing us, try not to lease that building anymore and maybe look at moving them to vacant County space so that we could reduce that budget potentially by $1.1 million. That's a big request, so I don't know how do-able that is, but that's something that we'll work through with Annabelle for the budget hearings. But that $1.1 million basically equates to the deficit that we are forecasting for the juvenile facility for the end of this fiscal year.

COMMISSIONER VIGIL: Do we have prospects for relocation of administration?

MS. MARTINEZ: Well, that's something we have to talk to them about, because we have some space in the juvenile facility. We don't know what you might have available at the administrative facility, and then we need to explore what other areas are available within County-owned buildings, Bokum or the ARC portion that was closed. So that's just a global suggestion that we're going to explore and bring back to you when we come for the interim presentation.

We would like to look at returning our shift schedules to 4/10s at both the electronic monitoring at youth programs. That would reduce the budget by $100,000, and we are working with Annabelle to qualify a few invoices from Summit that we saw that meals for staff were being addressed on the invoices so she's researching that to see if we truly did pay for staff meals and if we did, we need to stop that. So that would decrease $30,000. So if all of these recommendations were enacted upon then it would reduce the amount of general fund support that is needed and it could total at least $1.93 million. So this is something we'll work with and work through for the budget hearings.

Our next troubled fund is Health. In Health, what we did is we gave you a chart that basically shows the cost of the Health programs over several fiscal years, starting with 2002 and running through the current year. We are resurrecting Paul Griffin's quote: "You live by the grant, you die by the grant." So that philosophy has never rung more true than today. So if you're grant-funded and the grant funding goes away then the program would have to be decreased or go away.

The fiscal year 2011 Health programs, along with the SCP payment will exceed the total of the indigent and the EMS GRT revenues available to pay for those by $760,000. And this doesn't include the fact that we're going to transition the senior services component, which by the way for fiscal year 2011 is forecast at $871,000 to now be funded by the general fund. In addition to Health, these GRTs must also help fund inmate medical and the RECC, so our Health programs have increased to unsustainable levels over the course of the last ten years, and we need to take a good look at how we fund Health, RECC and jail medical.

Our troubled funds, continuing with Health, we broke down, hopefully concisely, what the Health programs are comprised of. We have the sole community provider payment of $6.7 million, indigent primary care to the tune of $1.8 million, MCH support of $180,000, the mobile healthcare van, $221,000, Health administration, $289,000 and teen court matching support for an appropriation that has been received in the past to the tune of $62,100. Total Health programs are $9.4 million.

So we're all certain here we all understand the sources of funding are not sufficient to meet our obligations. So we ask the question: if the GRTs are used to fund health then there won't be anything left for inmate medical. If the GRTs are used to help fund medical then we have to reduce Health. In any way, either case, what do we do about the RECC? So we have a lot of competing operational expenditures with limited revenue sources.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. I understand that the County received a DWI grant that's over a million dollars.

MS. MARTINEZ: We do.

COMMISSIONER STEFANICS: So how does this fit into the Health picture?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, it's not even included in this. The grant is separate and that program is separate so we don't have it in this analysis that it's something that we have to fund. So if that grant goes away the program goes away.

COMMISSIONER STEFANICS: Okay, but Mr. Chair, what I'm bringing up now that the grant actually could pick up some of the activities and services that are being provided under the general fund.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, they do already pick up the services that the grant enables them to do, and I think Becky Beardsley comes unglued every time we do this because we give her a hard time about why can't this support more here or there? But we will work with Becky Beardsley and see if there's any other areas where she can pick up more general fund expenditures via her grant. But she did give contributions to CARE Connection. There was some money that went to detox. She helps with Sheriff's officers in the DWI component, travel, those types of things. And the satellite office rent? I believe it is because we're running health initiatives out of the Pojoaque satellite office. So she actually does pick up a lot through that grant, but we'll put a note, we'll work with her and see if there's any other areas where she could pick up more.

COMMISSIONER STEFANICS: Well, it's come to my attention, Mr. Chair, and after talking with our County Manager about it is that we don't really have a lot of accountability for how all that money is spent in terms of what is going on. And we had this Alcohol Abuse Task Force between the City and the County and we're spinning our wheels about how are we going to come up with money to do new initiatives, and yet we have this grant sitting there. And that's when it came to our attention that perhaps we're not making that grant fully accountable to all of us about what their efforts and their outcomes are. And almost all grants have an administrative overhead component to it, so I would think that we would want to look at this a little bit carefully.

And I'm not just picking on DWI. I'm thinking any grant that comes into our County really needs to have an administrative overhead component to it. Many other entities take outrageous amounts for administrative overhead and I'm not suggesting that. But I am suggesting that for our government to handle some of these grants we do need that administrative overhead. Thank you.

MS. MARTINEZ: Okay. We'll research that for you. Okay, so our recommendation for Health is – I'm not sure and I'm still researching this – I don't know that the MCH received their allocation if you will from the legislature, so I need to research that. If they retain their funding through the legislature I propose that we eliminate the general fund support that goes to that MH program. I've actually talked to Steve Shepherd about this to see if we can manage it, and that would amount to $180,000 that we could save. I also recommend that we reduce funding to the indigent primary care program by 25 percent. That would reduce the budget by $459,000. And I also recommend that we eliminate the mobile healthcare van reducing the budget by an additional $221,000.

These recommendations would reduce the entire Health budget by $860,000, which would free up funds either for inmate medical and also reduce the amount the general fund would have to support.

The next troubled fund is Fire. The Fire Department is facing several alarms. One more recently we had the failure of our fire protection excise tax, so that's definitely going to have an impact on the five-year plan and our capital expansion projects. We are currently working with Stan and he has given us a revised five-year plan that would show a priority, basically, an order of priority for the projects and what we could afford to fund now and try to plan ahead as the economy recovers. We're also exploring bonding options with the capital outlay GRT, so we'll have more information on that for you at a later date.

In fiscal year 2011 our projections show that the Fire operating expenditures will outpace the revenue by $700,000, and this is assuming a five percent reduction in the GRT. So that's mainly what's driving this. We estimate that if things continue status quo our Fire operations fund cash reserves could be depleted within two years, and the new tax, the fire tax, which is again, emergency medical and emergency communication center's GRT is the primary funding source for our Fire operations. As the economy continues and we look down the road that tax may have to be shared at a higher level with the RECC operations. Those are the areas of concern.

Other considerations – we took a look at staffing. Again, we were trying to see if there's any areas where we could make improvements. We noted that fire administration personnel budget is about 32 percent of the total Fire personnel budget. The white shirts comprise about 17 percent of the Fire staff, and the payments to the volunteers are budgeted at $225,000. So we thought, well, let's compare it to another function that is close in size and same type of operation. So we compared it to the Sheriff's office. When you look at the charts to the right, we did a comparison by FTEs by type and the cost by type. If you compared Fire to Sheriff, we did it for the categories of admin and clerical, other field personnel, white shirts and field personnel. And then we also did it based on cost.

So we make the comment that if further reductions become necessary it's going to have to be a choice between admin staff or field personnel, or we'll just have to work together to become more creative with efficient operations or additional revenue sources.

DAVE SPERLING (Assistant Chief): If I may, Commissioners, I just thought I'd add in that this doesn't – this fails to recognize that we also have 343 volunteers in our force, and our 13 white shirts are also charged with monitoring, training, equipping and supervising, managing that volunteer contingent. So I think it's really important that we're comparing apples to apples on this score. And I think if you were to add in the volunteer component you'd find that the personnel that's charged with supervising is a much smaller percent than what's reflected in these bar charts.

MS. MARTINEZ: Again, all the comments that are made, we'll work with those individual departments to try to come up with an analysis for you.

Okay, as we continue with slide #42 we did an analysis of overtime as we have for some of the other functions and this is again a three-year history. We have it by year. 2008, 2009 and estimated for 2010. This is the overtime cost per year, and then the numbers identified in the red line, if you will are the number of employees that have received overtime. So we make the point and are going to work with the Fire Chief and staff during the budget hearing that project 48 is 92 percent complete. We have four vacancies outstanding, so we would expect that overtime would go down. So we'll discuss that with them and say, okay, what's leading to the rising overtime, even though we're increasing our staffing, and maybe there's components that we're not aware of.

The number of staff earning over time has increased by 70 percent since 2008. The actual number of staff has increased by 10 percent. So overtime paid has increased 112 percent since 2008. And through February, their overtime budget is over by $105,000. And then we included a quote from the Sustainable Land Development Plan that says basically for our demographics we're healthily staffed, if you will.

So these are the questions that we'll be taking to our budget hearings and addressing with the Fire Department and see if we can come back with a detailed analysis when we come to you with our interim budget. And these are strictly from a financial perspective, so we'll work with you Dave and you guys can give us information that we may not be party to.

Our recommendations for Fire is that we reduce overtime to the 2008 level. If we do that it would reduce our budget by $370,000. It came up in the survey, it's there for a point of discussion, potentially eliminate payments to the volunteers. That would reduce the budget by $225,000. See if we can reduce non-personnel operating costs by 10 percent. Freeze two administrative vacancies for all of next fiscal year. We know for sure that we're having no summer academy and future academies are on hold indefinitely until the economy recovers and we know we have sufficient resources to pay for them.

So we'll review the staffing based on information provided in the Sustainable Land Development Plan, and possibly throw out there discussions with the union to reduce or eliminate required COLAs. If all of this is enacted we would reduce the budget by $1.26 million, again, which frees up funding for the RECC, which in turn means less general fund support to operations.

COMMISSIONER VIGIL: Teresa, let me ask – Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. I'd like to find out just your opinion on whether or not volunteers would quit if they didn't have their volunteer payments.

MR. SPERLING: Commissioner, I think the volunteer payments recognize the fact that many of our volunteers contribute some of their own resources in their daily activities on behalf of the Fire Department and it would be a burden for them to have this incentive eliminated. I can't say that I really know how many would quit. I think in some of the busier districts they probably would. It's tough to call upon a volunteer to respond four, five or six times a day and n the north and the south and the west that's exactly what's going on. So I think it's important for us to recognize that we're calling upon them to provide a great deal of service on behalf of Santa Fe County, and this is a good way for us to recognize in some small measure that we appreciate that service and we'd like them to continue to provide it.

COMMISSIONER STEFANICS: Okay. And Madam Chair, Dave, the other question is when you talk about the 13 white shirts supervising the volunteer firefighters, how many outposts are there for the volunteer firefighters, numbers?

MR. SPERLING: Well, we have 32 stations countywide. Six of those stations are staffed stations; the remainder are volunteer stations.

COMMISSIONER STEFANICS: So six are staffed out of the 32.

MR. SPERLING: Yes, ma'am.

COMMISSIONER STEFANICS: Okay. Thank you, Madam Chair.

MS. MARTINEZ: Okay, we'll move on to our last troubled fund, slide #44, which is the RECC. We gave you again a three-year history of their overtime. In 2009 they increased overtime by 47 and in 2010 we've seen a 12 percent decrease. I think the decrease can be attributed to the fact that again, we did one-time increases trying to bring our salaries competitive with other entities if you will, and also we've had less staff turnover. We do think that a contribution to the overtime increases over the years has been the employees again on a 12-hour shift schedule, because they have eight hours of overtime every pay period automatically by being on that 12-hour shift. So that's something we'll talk to Ken and Joseph about.

Our fiscal year 10 overtime is estimated to be down by 12 percent from fiscal year 2009. Again, this is a good trend that we hope will continue. The RECC budget was balanced by using a million dollars in cash this fiscal year. We want to point out that's not a sustainable, long-term option.

Our recommendations for the RECC noted on page 45 cut the funding associated with capital expansion. That was $75,000 last year, we took $40,000. We're recommending that we probably can't fund $35,000 in this upcoming fiscal year. Again, we'll explore revising the shifts to 4/10s from the 12-hour schedules. That would reduce the budget by $116,000. We're like to freeze the ITT manager position and two trainee positions for the entire fiscal year 2011. That would result in an addition $155,000, and we'd like to propose cutting non-personnel operating expenses by $10,000. That is probably going to be very difficult for them to do, but that would result in an additional $35,000.

The other revenue options that we have out there are potentially renegotiate the JPA with the Town of Edgewood. And again, we summarize that this recommendation would reduce the budget by $341,000, again, freeing up tax GRTs for additional operations and decreasing the amount of general fund support that we would have to spend for the program.

CHAIRMAN MONTOYA: Commissioner Stefanics, and then Vigil.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Steve, we had talked at another meeting about renegotiating the contract with the City of Santa Fe, and that perhaps that contract and the rates that were sent were not sufficient to cover the costs.

MR. ROSS: Mr. Chair, Commissioner Stefanics, that's correct. When the gross receipts tax was approved by the voters – what was that? Two years ago? The budget at the time was around $2.5 million and it was do-able at that level but since then the County took the entire burden at that time of funding the RECC and the budget has just escalated. But the agreement says we'll pay 100 percent of the costs. So our revenue stream has remained constant but the costs have gone up. So it's always possible in addition – I think another possibility here is to renegotiate the JPA with the City.

COMMISSIONER STEFANICS: Well, Mr. Chair, I thought that – I know that we've talked about this at some of the Board of County Commissioner meetings, and I don't know if there's any consensus about that at all, but we probably need some kind of analysis to show how much over are we expending for providing service to the City incidents as opposed to what we're collecting. And then determine whether there needs to be renegotiation. When we discussed this with you, Steve, at one of the earlier meetings, one of the things that you indicated was – I had asked, I remember now, whether or not there was a sunset in there and you indicated no, but if we needed to just say it was null and void or we had to stop it and then we would go back to negotiations, that was a possibility.

MR. ROSS: Sure. There is a termination clause.

COMMISSIONER STEFANICS: There is a termination clause.

MR. ROSS: We could terminate it, for example, or just initiate a discussion of amendments to the JPA.

COMMISSIONER STEFANICS: Well, I think at this point, because we are looking at our entire budget, now would be the time to determine are we close, or are we really needing to think about renegotiating this?

MS. MARTINEZ: Okay. We'll work with Ken on that.

CHAIRMAN MONTOYA: I think we really should. I thought we had discussed doing that with the City of Santa Fe.

MS. MARTINEZ: I can tell you that it's been brought up at an RECC meeting by their current board makeup, at least just speaking to the fact that we may need to go back to the City and negotiate. But we'll do an analysis and then we'll talk to all the parties and see how we proceed further.

CHAIRMAN MONTOYA: Okay. Penny's telling me it's probably a good time to break for lunch.

CHAIRMAN MONTOYA: Okay. And you anticipate that we'll get done by 3:00? Okay. Great, so we'll recess for lunch.

X. Matters from the County Attorney

1. Executive session

a. Discussion of pending or threatened litigation

b. Limited personnel issues

MR. ROSS: Mr. Chair, there is an executive session on the agenda and I think that was intended to address matters that might come up during this meeting. We could certainly discuss litigation or limited personnel issues, and we could do it now if you wanted to.

Commissioner Vigil moved to go into executive session pursuant to NMSA Section 10-15-1-H (7 and 2) to discuss the matters delineated above. Commissioner Stefanics seconded the motion which passed upon unanimous roll call vote with Commissioners Holian, Stefanics, Vigil and Montoya all voting in the affirmative. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: Okay, we'll be back in an hour.

[The Commission met in closed session from 12:00 to 1:16.]

COMMISSIONER VIGIL: We're going to go ahead and get started. Commissioner Montoya and Commissioner Stefanics will be coming in here shortly. So we're on page 46 of the budget review. Do we need a motion to come out of executive session? I think we do, where we discussed personnel and litigation issues, and you may want to identify the people that were in there.

COMMISSIONER HOLIAN: Madam Chair, I move to come out of executive session where we discussed personnel issues and issues related to litigation, and the people present were the five Commissioners, our Deputy County Manager, Penny Ellis-Green, and our attorney, Steven Ross.

COMMISSIONER VIGIL: Is there a second?

COMMISSIONER ANAYA: Second.

The motion passed by unanimous [3-0] voice vote. [Commissioners Stefanics and Montoya were not present for this action.]

COMMISSIONER VIGIL: Please proceed, Teresa.

MS. MARTINEZ: I just wanted to let you know that the remaining portion of the presentation will summarize and explain but I wanted you to know that at the end there is a final recommendation with suggestions for possible action before we leave here today. We'll go ahead and begin on slide #46, and this is addressing the reverted project funding. We have a separate listing that we can make sure that we get to each of you. I don't know if I included it in your binders, but the State of New Mexico basically reverted $4.4 million in special appropriations for capital projects. This resulted in loss of funding for roads, community projects and utilities. The hardest hit were the community projects. I think related. To roads we lost about $200,000. So the reality of this is we have staff now and we may not have sufficient corresponding work for those staff members.

So we address the road project staff. They have actually begun transitioning project people to vacant positions in the road maintenance fund, and based on the reversion, we need to work with Community Services and address their project staff. That could potentially be transitioned to other vacancies within the County if available. And then if there are no vacancies available we'll have to say what other options do we have available.

Our utility staff is allocated appropriately for the current funding level that they have. We're in the middle of a rate study for the utility staff and we know that the future does definitely require two to four new positions for that function. So that will be coming up.

COMMISSIONER VIGIL: Teresa, and I'm just going to say I'll be turning this over to Commissioner Montoya, but could we get a listing of what projects those were? Because I'm still getting questions as to whether or not there's funding for a particular project and I'm not sure there's real clarity, but now that the Governor has finally signed everything, if we could get a listing of specifically what projects and how much dollars were lost I think we'd really be at a better place.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. I think that – I came in a few minutes late, so I think that what we're doing is great but I wanted to clarify something. Are we going to – are you expecting that we're going to let you know today what we don't want you to pursue?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that's exactly what we're expecting. We're hoping at the end of the day we'll get specific direction from you. We do have a final recommendation at the end that poses suggestions as to what we could cut and by cut I mean eliminate, or reduce and how we propose to balance the budget and we'll know it today based on the submissions that we've received thus far.

COMMISSIONER STEFANICS: Okay, well, the reason I ask, Mr. Chair, is there have been some things on these pages already that say we don't recommend you do this, or we recommend doing away with this. And so are you seeking feedback as we go through from us individually?

MS. MARTINEZ: Yes, I am.

COMMISSIONER STEFANICS: Okay. And I think, Mr. Chair, we haven't really said we agree or don't agree with something here. So I just wanted to clarify what we're doing here. Thank you.

CHAIRMAN MONTOYA: So at the end we'll have all those recommendations.

MS. MARTINEZ: That's correct, Mr. Chair. You'll have a proposal as to how to attempt to balance it, based on what we know today.

CHAIRMAN MONTOYA: Okay. Could we go there right away?

MS. MARTINEZ: If you want to. Let's go. We can. Because what's left is just summarized information and we can discuss the details in the final recommendation.

COMMISSIONER VIGIL: Okay.

COMMISSIONER ANAYA: That sounds good.

MR. GUTIERREZ: I do have a list here. I can make copies. Mr. Chair, members of the Commission, just for your information I do have a list here and I can make copies of all the active projects based at what we know happened with the legislature. *[Exhibit 2]*

COMMISSIONER VIGIL: That's what I requested. I would like a copy of that and I think you should go ahead and make duplicates for everyone.

MS. MARTINEZ: I'll refer you to slide 49, if we can touch on that one real quick, and then we'll jump to the recommendation slides, which I believe begin on – if we can start on page 60 after that. On slide 49 we just wanted to make sure that you knew – we've referred to frozen vacancies. Those have been our soft freeze over the last fiscal year.

From the troubled funds we have recommended freezes from Fire, there's eight FTEs. That would save $40,000. RECC, we recommended three FTEs. That would save $155,000.

COMMISSIONER STEFANICS: Where are you? Could you go back to page 47?

MS. MARTINEZ: Okay.

COMMISSIONER STEFANICS: I think there are some important things on that.

MS. MARTINEZ: On slide page 47, this was a quick synopsis slide of potential future general fund drains that we know of. Potential future operating expenditures or expenditures that would look to the general fund for funding. Under the recurring costs we would expect those costs to occur year after year, we have the BDD operational budget. I know for the next fiscal year that's $1.3 million. And the reason I reflect it as a general fund drain is that that is not an expenditure that our water utility can sustain right now. So this is in here and it will be in here probably at least two to three years of budgets until we can get the utility structured and it's self-sustainable. I have a five-year forecast. I can forward that to all the Commissioners and that's completed and compiled by an independent accounting firm that the City has hired to help with these costs. I spent extensive time reviewing it with the accountant so I feel comfortable with it.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chair. Teresa, that $1.3 million, is it not possible because we don't have the appropriate system to bill utility customers? Or because we do not have the appropriate amount of utility customers?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, we don't have sufficient customers right now, and the goal is to get to that. So when we finish BDD, when we deal with Aamodt we will double, triple our customer base and then at that time we can deal with it. But this strictly related to operations, our share. This is the County share for the BDD operations for next year.

COMMISSIONER VIGIL: Okay. Do we have any kind of remedies in place that might assist us to offset that? Have we looked at utility fees? Have we looked at hookup fees? Everything?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, we're currently in the middle of that. We're conducting a water rate study, which we have an independent contractor that we hired. So we're looking at trying to forecast what our rates need to be based on trying to develop a cash reserve, trying to develop a capital contingency that would deal with the replacement of the equipment and the operations. So we are forward thinking with that goal in mind, and we're also trying to get to the point where they could also do utility bonds if they were a self-sufficient utility. So that is on the agenda.

COMMISSIONER VIGIL: Is any part of that $1.3 million sustainable funding through the GRT?

MS. MARTINEZ: I don't know. I'll have to research that.

COMMISSIONER VIGIL: Because we still have that water/wastewater of the GRT. I don't know if that sunsets. I don't think it does.

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, I don't think it sunsets, but I do think we may have to look at the allocation spread among the different categories in 2012 maybe, but a very small portion would probably be taken out of this because it has to be strictly capital, and a good part of this is operations and maintenance of that facility. So I would think it would be a few years out before we'd be dealing with capital replacement needs on the BDD.

COMMISSIONER VIGIL: Okay.

CHAIRMAN MONTOYA: And as part of this study are they looking at us taking in the customers from Las Campanas?

MS. MARTINEZ: Mr. Chair, we are. That's been factored in.

CHAIRMAN MONTOYA: To reduce that number.

MS. MARTINEZ: Yes. The other cost is the maintenance of the Santa Fe Canyon Ranch, $8,400. The increase that we told you about to retiree healthcare to the tune of $170,000. Potential increase to health insurance costs again will be modified once we know what that rate will be, and transparency initiatives, these are the contracts with radio stations and the Santa Fe Community College, $160,000. And just a reminder at the bottom, that we're looking at decrease GRT revenues to the tune of five percent. That represents a decrease of $378,000 to the general fund, and all other GRTs we'll see a decrease of $1.7 million.

COMMISSIONER VIGIL: Total.

MS. MARTINEZ: Yes.

COMMISSIONER STEFANICS: Mr. Chair, I'd like to just clarify. Joseph, what you handed out, these are still funded or they are not?

MR. GUTIERREZ: Mr. Chair, Commissioner Stefanics, as far as we know, these are still active projects, and we speculate, based on how we looked at the bills that there's still going to be funding to carry on some of those projects. So they are active. And some of those are legislatively funded and some of those are County-funded.

COMMISSIONER STEFANICS: So, Mr. Chair, what we were talking about before was – and forgive me if I'm saying the wrong words, that we were going to eliminate staff for the projects that were not funded.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, I think what we were trying to say is that we have more staff than we have projects. So we have less work for our projects staff. So we were looking at, if possible transitioning them to existing vacancies or truly evaluate how many staff we need. In my proposal later you'll see that I proposed that we not staff one of the satellite offices that currently has a vacancy and we let existing staff do that kind of work so we could save in situations like that.

COMMISSIONER STEFANICS: Okay, so Mr. Chair, Teresa, so what we're talking about here is not eliminating any current staff but in fact transferring them to an existing vacancy.

MS. MARTINEZ: Where there may be a need. Exactly.

COMMISSIONER STEFANICS: Thank you.

MS. MARTINEZ: And for qualification, we have a list here and what we'll do is we'll sit with Joseph and our list shows what the original appropriation amount was, what we basically kept and what we think is reverting or terminated, so we'll sit with you, Joseph and reconcile that and then we'll get you that finalized list as well.

CHAIRMAN MONTOYA: Thank you.

MS. MARTINEZ: Then we'll go ahead and jump to slide 49. Slide 49 is information for you so that you know the impact Countywide with soft freezes that we've maintained thus far. We have again from Fire, eight FTEs, RECC has three FTEs for $155,000, for a total of 11 classifications if you will and save $595,000. Other recommended freezes include the County Manager's office, one employee, Growth Management, three, Public Works, four, Corrections-Admin one, ADF one, Medical three, YDP eight, Community Services two.

So an additional 23 positions resulting in savings of $1.2 million. So our recommendation is that these freezes become hard freezes in fiscal year 2011 and that they not be filled at all.

And then I believe we're okay to jump to the recommendation slides which begin on page 60.

COMMISSIONER STEFANICS: Wait a minute, Mr. Chair. On page 50, are these your furlough and layoff plans you're suggesting?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, these are summarized at a very global level, but yes, this is what we have proposed thus far. Just trying to give you – if we furloughed everyone outside of the Public Safety staff for one day a month that would result in savings of $1.2 million, and we spoke already as to how the staff would prefer to sustain that furlough, and suggestions were also made that we have Public Safety components where those staff cannot take a furlough, so the recommendations were made that maybe a percentage reduction to their salary that would be equivalent to the amount that everybody else would be furloughed would be an option. And if we do that, that could potentially save another $600,000.

COMMISSIONER STEFANICS: Mr. Chair, I thought that – I've had so many different messages come through from the County here, and I thought that we had talked about not furloughing, and now we're talking about furloughing.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, let me qualify. The last time we met we were instructed that no decisions would be made unless we had informed you of furlough and layoff plans. We are not recommending a furlough right now, nor are we recommending a layoff. We're just giving you information that's basically come out of the cost saving subcommittee, and suggestions that we've received as we've been dealing with the economy. But we are not recommending a furlough.

COMMISSIONER STEFANICS: But you are recommending the hard freeze.

MS. MARTINEZ: I am recommending the hard freeze. Let's go to page 53, because that's important too. Just so you know potential increases that the FY 2011 base budget is facing. These are the proposed new FTEs that we've received thus far and that we've been able to analyze. From the Assessor's office, we have a total of six, for a total of $197,550. The Sheriff's office is recommending one deputy, $57,300. This deputy would be dedicated to transportation. We're having current issues with our contractor. And the Treasurer has a tax assessment specialist for $40,100. And that person will help with two things. The tax installments that you referred to earlier with that process, and also with the tax assessments. All the omitteds, the corrections, that his staff is having to do. He indicates that they've gone from 50 corrections a month to 500 a month. So he's requested one staff person, and I mentioned earlier that our Utilities will need to hire two to four people over the next few fiscal years, so they've submitted on maintenance technician. It's a lead position.

So total new positions would be $366,350.

And I think now we can go to –

CHAIRMAN MONTOYA: So these are actual positions that you're recommending?

MS. MARTINEZ: Mr. Chair, they're in the balancing of the budget for 2011 as if we attempted to fill them. So they're included as if you approved them or directed us to go forward.

COMMISSIONER STEFANICS: So, Mr. Chair, Teresa, are any of these positions appropriate for people to be transferred into?

MS. MARTINEZ: I think, Mr. Chair, Commissioner Stefanics, the deputy for sure no. The waste utility tech lead, no. But probably we could try to do something and work something with the Assessor's office and the Treasurer's office. When we try to transition existing staff on a short term loan, if you will, to these offices, the Treasurer did express that he could probably take two to three people, if we could loan him that, and what he would do is he would train them on how to do basic research in his office, how to answer the phone, and then he would take his existing staff who are a little more seasoned and then move them in the direction of where he needs to go with the more technical stuff. So that's what we have.

COMMISSIONER STEFANICS: So these positions, Mr. Chair, are not necessarily needed for new people, and some could be transfers?

MS. MARTINEZ: I'd really need to work with both elected officials and try to transfer some. I think they probably would both argue to the contrary, but we could explore that with them.

COMMISSIONER STEFANICS: Okay. Thank you.

MS. MARTINEZ: Okay. Let's go ahead and move to slide #60. Again, this summarizes the troubled funds, and if you enacted everything that we recommended today Corrections could see a reduction to their deficit to the tune of $1.93 million. Health programs, you could see another $860,000. Slide 61, the Fire Department could result in additional savings of $1.26 million. And RECC, another $340,000.

For Corrections, if we increase the fees at the adult facility to $105 a day, again, this is on slide 60.

COMMISSIONER STEFANICS: Please go back to 59. Mr. Chair, I'd like to get a clear sense of timing on the Commission approving the budget for FY 11 so that we're not dealing with this in July.

MS. MARTINEZ: Okay. On the timeline, if you look at you're here. You're basically in April and what we're hoping to walk away today is some direction on, no, I absolutely cannot support that recommendation to cut, or I think you can reduce more. Something to that effect. Then next week we begin our budget hearings and we have to submit our interim budget to DFA by May 31st. So that typically means we try to schedule a retreat similar to this before the May admin meeting, and then at the May admin meeting we bring you what is our final interim presentation. If you approve it, that's what gets walked over to DFA as an interim budget. Then we have to have our final budget to DFA by July 31st.

So again, in some years we've had two budget study sessions for each different presentation, or in some years we've waited and only had one at either the interim or the final. So you can direct us as to what you would prefer there. But May 31st and July 31st are your two deadlines that we have to meet. And our hope today was that you could give us some direction with some of the cuts that we are proposing. And then at least direct us:

Explore this or do this. And I'll qualify that. In a lot of the revenue generation that we gave you the information, those are the ideas that we're supporting and those are the ideas that we have current information. So if you direct us to move forward on that then we will pursue that even stronger than we have been and see what we can produce before May and the end of July dates. These are all the ideas that we have so if you have additional ideas to create general revenue, or ideas to reduce, we would take that right now and jump on it and explore what we can.

COMMISSIONER STEFANICS: Okay, so Mr. Chair and Teresa, we will be approving a budget as a Commission prior to May 31st.

MS. MARTINEZ: We will do it at the May admin meeting.

COMMISSIONER STEFANICS: Okay. Thank you.

MS. MARTINEZ: Okay, the troubled funds slide, page 60. I went through it quickly summarizing in total, but I'll cite each increase or decrease that we think would help solve the issues. At Corrections, we'd like to pursue increasing the fees to $105 a day. We'd like to look at our current electronic monitoring fees and see what we can do to have better oversight of our lost equipment. We would like to decrease expenses by possibly transitioning the administrative component to vacant budgeted positions, and move personnel to vacant space and eliminate that lease and corresponding utilities. We'd like to see if we could return shifts to 4/10s at YDP and EM, and we'd like to eliminate staff meals at both facilities. And by our calculation, if we do all of that today, that would result in a savings of $1.93 million.

For the Health programs, if we eliminate general fund support of the MCH program, that's cutting $180,000. Again, that recommendation was made based on the fact that they still retain their appropriation from the state. Reduce funding to the Indigent Primary Care program by $25,000 and eliminate the mobile healthcare van. If we do that we will save $860,000.

COMMISSIONER VIGIL: What's EM, Teresa?

MS. MARTINEZ: Electronic monitoring.

If you move to slide 61-

CHAIRMAN MONTOYA: So based on these reductions, and then the addition of this staff, we're really saving about $500,000?

MS. MARTINEZ: When it's all said and done, yes.

CHAIRMAN MONTOYA: Okay. And these are going to become recurring costs here too.

MS. MARTINEZ: That's correct. The new FTEs. They'll add to our base expenditures.

CHAIRMAN MONTOYA: Okay.

MS. MARTINEZ: If we move to slide 61 we'll address the Fire and RECC. For Fire, we recommended that we look at overtime and try to reduce it, eliminate payments to our volunteers, reduce our non-personnel operating costs by 10 percent, freeze two administrative staff vacancies for all of next fiscal year. Currently we know there will be no summer academy, and we recommend that we put all other academies on hold until we see that the revenues are sufficient to sustain them. If you implemented all of that today we would have total savings of $1.26 million.

With regard to the RECC, we recommended the renegotiation of the JPA with the Town of Edgewood to increase revenue. We've added today renegotiation with the City of Santa Fe. We recommend revising the shirts to 4/10 schedules to reduce overtime every pay period. We also recommend that they freeze their IT manager and two training positions for the entire year next fiscal year. And also suggest that they cut their non-personnel operating expenses by 10 percent. If we do that our savings for RECC are at $340,000.

If we look at slide 62, we tried to put other options for you.

COMMISSIONER STEFANICS: So, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Just page 60 and 61 come out to $4.39 million?

MS. MARTINEZ: That's correct, Commissioner.

COMMISSIONER STEFANICS: Why don't you go ahead and then I'll get into my further questions about how these things have oversight. Thanks.

MS. MARTINEZ: On slide 62, other options, what we're trying to do here is summarize potential areas where you could see decreases or proposed cuts or reductions. We know that we're transitioning some of our services to St. Vincent's Hospital as well as the Sobering Center. That totals $1.379 million. That will be a reduction in next year's recurring expenditures as we plan that budget. We propose a decrease to the discretionary funds to the tune of $92,500.

That would leave each of you with $10,000. We propose a reduced capital package. Our capital package this year was $1.4 million; we did not fund that. We ended up cutting that significantly. So we propose cutting next year's capital package by $950,000. Basically, that leaves a little bit of money for fleet replacement at the Sheriff's office, and IT issues that may arise during the year.

We discontinued set-asides. We have a contingency that we usually have between $1 and $1.5 million. We are proposing a reduction of $750,000. If we total those all up they come up to just about $3.2 million.

We took some of our non-core programs and we propose cuts. The graffiti program, we don't really have a true recommendation here. This is the cost of the FTE, $46,500. We talked about maybe reducing the hours or seeing what options we'd have there. Transparency initiatives, in this line I should say we're not recommending we cut the whole thing but this is what it's costing us and we could look at maybe cutting this or reducing this amount by some percentage. Transparency costs us $160,000. Energy efficiency, that's $60,000. That's representative of the FTE. Boys and Girls Club, $75,000 is additional support from the general fund. That one I'd actually recommend that we take a strong look at cutting until we can get out of this economy, because they would still get their amount from Housing to the same level, $75,000. The intergovernmental summit is small, $7,700, but I put it in there in case it could sustain a percentage cut. Libraries have been when they're fully funded, $80,000. We recommend that we stick with the $40,000 that we funded this prior fiscal year. Satellite offices are $66,578. We're making a recommendation that we keep the one vacant FTE in Edgewood vacant, and we allow current staff to sustain those operations. And transportation. This would be the Eldorado bus. We are hoping that we could transition that to the Regional Transit District, and if we could, that would be a savings of $120,000.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I have a question on the satellite offices. Is that just for the cost of the employees or is that also the rental for two of the locations?

MS. MARTINEZ: Mr. Chair, Commissioner Holian, I believe that's total cost across the board for all offices.

COMMISSIONER HOLIAN: All right. Thank you.

COMMISSIONER VIGIL: Teresa, is it fair to say that on the non-core programs, you're only recommendations are to do away with the Boys and Girls, the libraries, the satellite and the transportation?

MS. MARTINEZ: Mr. Chair and Commissioner Vigil, I've just been informed that Housing is cutting the Boys and Girls Club funding so we better take a look at that and see if that's something you want to totally eliminate funding for.

Okay, what I'd like – my total is for everything. So let me qualify that these are just areas. I will have a final recommendation in a couple of slides. So these are just areas where I'm telling you we have potential to reduce or cut. Exactly.

So additional proposed reductions are obviously, to the Regional Planning Authority, and my recommendation here is that we cut, in terms of what we currently support for staff and we use existing staff to handle the RPA. And then the summer youth recreation program, we're proposing a cut or reduction of $20,000. And that's resulting from the Eldorado schools saying that they can't participate in the program this summer so we're proposing that we just cut that $20,000.

CHAIRMAN MONTOYA: Does that include Pojoaque?

MS. MARTINEZ: That would leave – Pojoaque would still stay intact at the current funding level, which is reduced, and Edgewood would stay intact.

With regard to the operational budget expenditures, department level if you will, we met with all department directors and we asked them to submit their budgets with the cuts listed below. Administrative Services, we asked for $60,000; they cut $60,000. Community Services, we asked for $600,000; they cut $600,000. Public Works, we asked for $400,000; they cut $400,000. Growth Management, we asked for $150,000, and they cut it. So that resulted in $1.2 million.

Corrections, we need to work it out through their budget hearing. We asked for $300,000 on top of the contracts that are being transitioned to St. Vincent's, so we'll iron that out for budget hearings. But right now, with what we have turned in, that's $1.2 million. Hopefully, we can add another $300,000 to that. So these are just areas to consider.

CHAIRMAN MONTOYA: Say that again. Hopefully we'll do what?

MS. MARTINEZ: Corrections, we asked the Corrections Department to cut $300,000, and that's something that we're going to try to work out during the budget review.

Okay, this just summarized the cuts. If you look at the troubled funds on slide 63, total $4.39 million. If we freeze 23 positions individually here and then this division is already with the troubled funds, with an additional $1.2 million. Reduced budget submissions that we know of are at $1.2 million. So those are areas where we have additional savings if we follow though on the recommendations made today.

As we try to balance all of this, we know that we can't do it all by cuts, so we know that we have to use some cash, and we're going to determine that amount. We actually have recommendations. We still strongly believe that we have to change our focus of governmental thinking in the years past and we really need to move to that business approach, really evaluate our current programs and our efficiencies or inefficiencies and try to see how we can operate smarter with less. So we're saying let's take the business approach, try to live within our means and survive this economic downturn without depleting our cash.

Now slide 64 is the final slide with my recommendations. On slide 64 we're trying to give you a forecasted total deficit. We know that we have a potential deficit of $8.2 million, when you factor or consider that we made a sole community provider payment. He have our Health programs, our RECC program and our medical programs at the rate we know them today. So we would be looking at a deficit when we bump that up to the corresponding GRTs of $8.2 million. We itemized for you the new costs that we know we're facing in 2011, which we talked about in a previous slide, leaving the operational, $1.3 million.

Santa Fe Canyon Ranch, $8,400. Retiree healthcare, $170,000. Health insurance, $800,000. Transparency initiative, $160,000. Corrections retirement – that's part of the union negotiations that we currently have going on and it's basically the equivalent of a 20-year retirement. This is the year that we are supposed to pursue that, 2011, so if we did that it would be an additional $400,000. We know that we have an additional general fund transfer to support the jail, the Corrections Department to the tune of $3.7 million, and we have new staff requests at $367,000. Those alone total $6.9 million.

So our total forecasted deficit is at $15.2 million.

Let me speak a little bit to the additional revenue, which when it's netted out with the decreases to GRTs, really is only $650,000. Again, until we have final and firm numbers from the Assessor, forecasting a property tax increase of $750,000.

I've never done this before but we're going to do it this year, and I think Carole's going into cardiac arrest probably, but on the investment income, I consider that to be a non-recurring income, but to balance the budget for next fiscal year I am proposing that go ahead and deem $2 million of investment income as a corresponding revenue to support the current expenditures for one year only. So we wouldn't look at anything that has an employee tied to it. We'd look at the program and then hope that the economy would recover. And if the economy recovers, or when it recovers I should say, we would shift that recurring nature to a permanent funding source, like a property tax or a GRT, so that it's not reliant on an investment income, which we are not guaranteed the levels that we will receive from year to year. So it's a risky –

CHAIRMAN MONTOYA: These are from the proceeds that we get based on the investments?

MS. MARTINEZ: Based on the investments on bonds, all cash that we have invested. Yes.

COMMISSIONER VIGIL: And currently, that investment income, is that a separate fund?

MS. MARTINEZ: It's within the respective funds, so if it's tied to a bond proceed, it would be within that fund, but there are some investments that are recorded in the general fund, and our past history is to never tie that to any type of expenditure. We'll budget a $2 million investment income and we typically bring in – in the good years we bring in $8 to $9 million. In the lean years now we're seeing $3 to $4 million. So this is the first year we would try to tie this to support a recurring expenditure and we want to make it really clear that I'm scared to death to do it but I'm willing to do it to balance the budget, but I want to make sure it's not a permanent fix. I don't want to tie a non-recurring revenue to recurrent expenditure. But I propose we do that for next fiscal year. Only to the tune of $2 million.

And then we know our GRTs, we're forecasting them five percent down. That represents a $2.1 million decrease. So total additional revenue possible is $650,000. And I have offset the forecasted deficit by that amount. We're looking to fund a net deficit of $14.5 million.

The slide if you will on the right-hand side is how we propose to do that. The net deficit of $14.5 million, we propose that we have cuts. We recognize the services that will be transitioned to St. Vincent's to the tune of $1.3 million. We propose that the Eldorado bus be cut to the tune of $120,000, and hope that the Regional Transit District could continue those services. That would total $1.4 million. And then an additional reductions – we support the decrease to the discretionary funds to the tune of $92,500. We propose a decrease to the capital package of $950,000. We propose decreasing the contingency set-aside by $750,000. Our total hard freeze on vacancies is $1.8 million, and our satellite office staff, if we kept the one position vacant in Edgewood, that was $16,000. If we went ahead and did not do the youth recreation program at Eldorado, that's $20,000, and then the operational reductions that the departments were able to come to the table with is $1.2 million. And again, we do see the funding for the RPA staff and letting current staff manage that, is $40,000. So that subtotal would come to $4,217,000.

In order to balance this we have to use cash. We're proposing to use indigent cash, $2.5 million, and that would strictly support indigent and health services; that's all we can use it for. Emergency medical services, we're proposing to use $1.8 million, and that could be directed either to health, RECC, and possibly Fire. And then the general fund would have to come up with $3 million, for a total use of cash of $7.3 million.

And again, you already know that I hate to use cash reserves, but in analyzing the budget and managing the deficit, no furloughs, no layoffs, this is my recommendation of how we keep everything with regard to employees being employed and entertain increases to the budget by the new positions that we've been requested, and look at the cuts that we think we can sustain.

So cuts, total reductions and use of cash. If we take this plan it would be balanced.

CHAIRMAN MONTOYA: Commissioner Stefanics and then Commissioner Anaya.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. Okay, first of all, on page 64, the $1.3 million cut to St. Vincent's. Are you talking about from sole community provider, from indigent payments? From what?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that represents all medical contracts that we spoke to. Dr. Rolig, the pharmacy, and then there's two small contracts and RECC, and then that also includes transitioning the Sobering Center to St. Vincent's. All of that added together would equate to about – it's $1.379 million.

COMMISSIONER STEFANICS: So, Teresa, those services would continue but just be in a different venue? Okay. Under transportation, I don't think this is our decision to make. The Regional Planning Authority is the one who prioritized routes and I think that we will have to go back to the RPA to ask that. And the list – it took for months to even come up with the priority list and was quite controversial. So I understand where we're going with this but as I've indicated to Penny and to legal, our gross receipts tax for transportation in Santa Fe County is not even going to cover the routes that we currently have in Santa Fe County, and there's going to be an issue anyway with what RTD can pick up and not pick up with our lack of gross receipts tax. But I just want to point out that transportation routes were prioritized by a City-County process. So we just have to be careful about that.

In terms of discretionary funds, if we did away with all discretionary funds, that would be another $50,000 there?

MS. MARTINEZ: Yes, Commissioner.

COMMISSIONER STEFANICS: Okay. The satellite office staff, which satellite is that?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that's Edgewood.

COMMISSIONER STEFANICS: That is Edgewood. And is there a vacancy now?

MS. MARTINEZ: There's a current vacancy now. We're proposing that we let existing staff take care of that office. I think it's open for three days. Joseph, is that correct?

MR. GUTIERREZ: Mr. Chair, Commissioner Stefanics, the office is open three days a week. We have two staff that rotate and they've been doing that for about a month now, since the FTE that we had left.

COMMISSIONER STEFANICS: So the satellite office would continue to be open but with other staff.

MR. GUTIERREZ: Right.

COMMISSIONER STEFANICS: Okay. And the youth recreation for Eldorado, Santa Fe Public Schools was not going to carry that program anyway this summer.

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: I understand. And even – I want to say this publicly is that I support youth programs, but since the public schools has already decided to pull out our $20,000 would not keep the program going. So I just wanted to make that clear for everyone.

In terms of operational reductions, could you expand upon that?

MS. MARTINEZ: Sure. What we did is we conducted meetings with each department director and we wanted to just say this is our strategy going into 2011. Throughout this entire process we've always made sure that we've worked with the department directors and we have been involved in the cuts because for us to sit here and try to make cuts programmatically could kill operations. So we met with each director and we went over the vacancies that they had in each department and we said, okay, what can you afford not to fill? So the frozen vacancy slide that you saw before you was a coordinate effort between pretty much everybody here at this table and each department director. And that's how we landed upon, by department, what vacancies they had and what they could freeze in terms of a hard freeze for next fiscal year. And these are my notes from those meetings so I can summarize those for you if you'd like me to, by department.

COMMISSIONER STEFANICS: Do you want to hear what those are?

COMMISSIONER VIGIL: Yes. It seems like the time for us to consider maybe staff taking on the direction of looking at consolidating a lot of the operations that are done so they're not as spread out. It seems to me that even though that wasn't a cost savings recommendation that might be a really good way for you to bring forth a cost savings plan. That would mean consolidating procurement. That would be consolidating finance. I think looking at the ASD Department in terms of consolidating a lot of those might bring forth a cost savings plan that would be a part of this budgeting, balancing process. And I don't know if anyone else has anything to add to that.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Well, Mr. Chair, I'd like to put that in a formal motion. I move that Santa Fe County centralize all of the ASD functions and that there not be separate functions out in the different departments but be controlled by the divisions in ASD, which I understand to be finance, HR, IT, procurement and risk management. And that no department, if this is agreed upon by the Commissioners, but that no department then would be doing their own finances. It would be managed by Finance and ASD. It's a formal motion, Mr. Chair.

CHAIRMAN MONTOYA: We have a motion by Commissioner Stefanics.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: Second by Commissioner Holian. Any discussion?

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: I don't have a problem with that as long as we don't hold up what the County is – we don't want to hold up purchasing things. So we need to make sure that we have enough staff in that department that keeps the County running. Because I don't want to have people say, well, we're waiting on purchasing. We're waiting on purchasing. And it stops the whole County. So we need to beef that up.

CHAIRMAN MONTOYA: Okay. Any other discussion?

COMMISSIONER VIGIL: Teresa, do you have any feedback on that?

MS. MARTINEZ: Can I just do a point of clarification so I make sure I understand the motion? So you're recommending that anybody that's out in the field that serves in a financial capacity, an IT capacity, procurement capacity or an HR capacity be centralized under – if it's finance they have to go to Finance, if it's an IT they have to go to IT? Okay. I just wanted to make sure. So you are recommending that they physically be moved to – or would there just be oversight from?

COMMISSIONER STEFANICS: Mr. Chair, my motion has to do with oversight. And whether or not you want to assign customer service reps to different departments from Finance or from procurement or whatever, and to speak to Commissioner Anaya's concern, if there are procurement people in other departments now, they can continue working in procurement but just be coordinated from the Procurement Division of ASD, and that we centralize the functions.

If we're looking at oversight, if we're looking at really knowing what the finances of our County are, one person should have the real detail and all of the entire picture. Not listening and not hearing from a finance person in another department. And so we are at the point now where, with our financial issues, I'm suggesting that we really pull it together. That was the intent of my motion, and not to make anything less efficient.

MS. MARTINEZ: Mr. Chair, Commissioners, just to let you know, this motion actually further supports our audit finding that we've had, where they've been after us for a few years now to centralize some of the finances relative to our delayed accounts receivable and our ability to collect for projects that are out there. So I'd be okay with that, and we'd work it out.

CHAIRMAN MONTOYA: Okay, we have a motion and a second. Any other discussion?

The motion passed by unanimous [5-0] voice vote.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. Under the eliminating the payments to volunteers. What would that be under on this?

MS. MARTINEZ: Reducing the payment to the volunteer firefighters is not in my final recommendation.

COMMISSIONER ANAYA: Oh, it isn't.

MS. MARTINEZ: No, I was hoping to get direction. Some of these we know that there's political ramifications, and we don't want to reduce the volunteers that we have out there. We don't want to reduce our ability to deliver the service, so we put them there for your consideration, and if you direct me today to walk away and take a look at that, or make some cuts we can do that in the interim budget presentation.

COMMISSIONER ANAYA: Capital package. What is that?

MS. MARTINEZ: That is a set aside in the general fund, and that's basically a capital package that deals with fleet replacements, buying new computers, Public Works equipment, road equipment, those types of things. So we're talking about having a very scaled back capital package, if we reduce it by $950,000, which I think is manageable. It would still leave a little bit of money for the Sheriff to do a vehicle replacement, and also for IT to do some computer replacements if necessary throughout the year. Or deal with potential software, hardware issues.

COMMISSIONER ANAYA: So, contingency set-aside?

MS. MARTINEZ: That is a set-aside we have that if any emergencies come up in the middle of a fiscal year that we did not anticipate, we can go to that set-aside and fund something that comes up.

COMMISSIONER ANAYA: You reduced it?

MS. MARTINEZ: I'm reducing it by half.

COMMISSIONER ANAYA: Oh, it was $450,000?

MS. MARTINEZ: Yes.

COMMISSIONER ANAYA: RPA?

MS. MARTINEZ: What we're proposing is that that director position is vacant. We're proposing to leave it vacant, take $40,000 worth of savings from that and have existing staff manage the RPA. And that's what we're currently doing right now.

COMMISSIONER ANAYA: And what about – you mentioned the health van.

MS. MARTINEZ: That is not in my final recommendation. That would be something you would direct me on.

COMMISSIONER ANAYA: The indigent?

MS. MARTINEZ: That would be – that money would affect our contracts with providers. Now, the reason we made that recommendation is that every year at the end of the year there is some money left on the table, and so we propose that they sustained reductions this fiscal year to balance the entire heath operation budget, and we're proposing that they sustain that next year. That's not in my final recommendation to you. That's something I would prefer to get guidance on. And if you say, yes, I think they can sustain that percentage cut, or a percentage cut, we could try to factor that in the balancing.

COMMISSIONER ANAYA: Okay. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Teresa, so not in your final recommendation is any look at mil levies or GRT. That's not in your –

MS. MARTINEZ: That's not in my final recommendation, hoping that you give me direction today saying, yes, I want you to pursue this.

COMMISSIONER VIGIL: What I would like in terms of direction with regard to that is timelines. We consider doing the mil levy or the GRT, and that was something that would be a necessary alternative for us to consider. How soon do we have to enact resolutions and move forward with those? Because unless we know those timelines I don't think that we can make an accurately informed decision. So I'm not sure I'm going to go there with those revenues, but I don't know that we have enough information to consider them as a viable alternative at this point in time. So when is our next budget hearing on this? Do we have an idea?

MS. MARTINEZ: I don't believe we have a schedule yet. We'll be doing the budget hearings with the departments and the elected officials beginning I think in the latter part of next week. So we probably should get direction from you today if you would like to have a budget retreat for both the interim and the final and we can start polling the calendar and seeing if we could get that in place.

COMMISSIONER VIGIL: It would seem to me that we could get a better idea, once you have budget hearings with the departments where we are. We'd get stronger figures and so from my perspective, this has been a really good overview and we may be able to give you really more of a sense of direction, but I think we can become more crystallized after you've met with department heads and you've got direction today.

So let me follow up. Penny, I think you had a comment on transportation for $120,000. It may have been the same one I had.

MS. ELLIS-GREEN: I just wanted to clarify that the $120,000 had been funded from general funds for the G Line. That shifted over to GRT in October of last year. So actually the GRT has been picking up the cost of the G Line at the moment, and we haven't actually been paying in on a monthly basis from the general fund. So that was the thought that the $120,000 has already been picked up for the moment by the GRT.

COMMISSIONER VIGIL: And I just would add to that, my understanding, when the Commission took action on this $120,000, it was on a temporary basis until the revenues from the NCRTD would be able to kick in for that. So that being changed I think we need to look a little bit more into how that actually can happen. I want to see the G Line occur, but when I initially voted on it, which was about five, six years – I'm not even sure. It was intended for Santa Fe County to provide a supplement until we found out what the outcome of the NCRTD GRT would be.

COMMISSIONER STEFANICS: On this point.

CHAIRMAN MONTOYA: Commissioner.

COMMISSIONER STEFANICS: I think that I agree with Penny, that the $120,000 is the past money that was spent and that the GRT is covering it now. But it's on the RPA list so we're not really talking about doing away with any route, because it's the RPA's decision about the routes.

COMMISSIONER VIGIL: Which GRT are you referring to?

MS. ELLIS-GREEN: That's the transit GRT. What had happened several years ago is that we budgeted $120,000. We got some Los Alamos money for the G Line, and we got some federal funding for the G Line. And what we've been doing every year is just budgeting that $120,000. Now, in the transit GRT started to be collected, we were no longer paying it from the general fund, so it's kind of $120,000 that we have been consistently budgeting each year, but really now has been picked up by the GRT.

COMMISSIONER VIGIL: Okay. On some other items, I'm in full agreement to reduce the community funds. I keep insisting that we call them community funds and that's not always how they're shown up, and I think that was a recommendation also from DFA, that they be identified as community funds, as they do benefit the community, and we can create that kind of a fund based on that. I also think that we should do away with them totally. So you would be able to bring – and I throw this out to the other Commissioners. I just don't see where $10,000 is going to create a benefit and I don't actually think that between now and the end of the year and until we find out where our revenues are that t his is going to make that much of an impact. I could go either way though.

CHAIRMAN MONTOYA: On that point, Commissioner Holian.

COMMISSIONER HOLIAN: I actually am not prepared to make a decision on that right now. I would like to think about that for a while before I committed myself.

COMMISSIONER VIGIL: Can I clarify that? Are you not prepared to make the decision on the additional $50,000 or are you okay on the recommendations?

COMMISSIONER HOLIAN: I'm okay on the recommendations.

COMMISSIONER STEFANICS: Mr. Chair, I would do away with all of the discretionary funds, the $92,5000 plus the $50,000.

CHAIRMAN MONTOYA: I would concur. Commissioner Anaya.

COMMISSIONER ANAYA: I'm okay with getting rid of my $10,000.

COMMISSIONER VIGIL: I think it's important to benefit the County employees, for them to know how many initiatives the Commissioners themselves have undertaken to reduce costs. How many of us have turned in our phone lines, how many of us pay for our own phones, how many of us have cut down on our cost savings, how we don't get reimbursed for mileage and things of that nature. I think the leadership decisions that we have made need to be communicated also. I'm concerned that County employees may have the misconception that we're not a part of this cutback, but we certainly are. We will continue to be, and I think we're all in the same boat here, so long as we can express the cost savings that the Commission is actually enacting. I would imagine that our travel budget is almost nil in terms of the cost expenditures that we've done in comparison to previous years. So those kinds of things I think need to be a part of the culture and a part of the communication that goes to our family here in the County.

MS. MARTINEZ: Okay. We can do that. Mr. Chair, would you –

COMMISSIONER VIGIL: Did you want to respond to that?

MS. MARTINEZ: I think that's great and we'll analyze and get some numbers for you. Because we can speak to travel. We can speak to the phone lines. We even had an analysis prepared that showed where your discretionary funds went to – what youth programs, what programs like that that were out there that you've contributed to. So we can prepare that. I just was going to ask if you wanted to make a motion on the discretionary, or you can't do that at this time.

CHAIRMAN MONTOYA: We'll pile it up. We'll keep track.

COMMISSIONER VIGIL: I was going to make a motion, because that was so specific. I'm not sure we're getting any more specific on anything else. So my motion would state that we do away with the community funds for the Commissioners as a cost savings measure.

COMMISSIONER STEFANICS: Second.

CHAIRMAN MONTOYA: I have a motion and second to eliminate all community funds, so that would be $142,500. Motion by Commissioner Vigil, second by Commissioner Stefanics. Discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

COMMISSIONER HOLIAN: Well, I guess I would like to say that I'd like to keep consideration of the indigent fund mil levy on the table, at least for a while, and perhaps we can do some financial analyses on how it would impact people in the lower incomes and how many people would be impacted by that. I'd like to see that. Also, I really think that we need to take another look at the solid waste fees and have a presentation on that, especially given that I know that the Caja del Rio fees are going to be increasing. And again, if there's anything that we can do with regard to franchise fees – well, I guess we can't do anything with franchise fees, but if we can do anything with like road cut fees and those sorts of things, to raise those, I definitely want to see those on the table. And I guess that's all have right now.

CHAIRMAN MONTOYA: Okay. Teresa, on the operational reductions, could you just – does that mean maybe bringing staff from different locations into a central location. Let me just say this: What I would like to see is that we utilize any existing County facilities that are vacant, where we may be paying rent somewhere. Is that under operational reductions?

MS. MARTINEZ: Mr. Chair, under operational reductions it's mainly the department directors going back saying I have these vacancies. I'll keep them vacant. I can also maybe cut my supply budget here, cut my contract budget here. So it doesn't really look at what you just pointed out. We have in our research in this done an analysis on all the leases that the County currently has so we'll copy that to you, and then we'll explore County-maintained buildings where we have offices and see if there's any opportunity to transition and eliminate leases and get people in County-owned buildings.

COMMISSIONER STEFANICS: Mr. Chair, on this point.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I would make a motion that we direct the Manager's office to identify how we can move staff from leased spaces into County-owned properties, including at the youth facility. And that's a motion.

COMMISSIONER HOLIAN: Second.

CHAIRMAN MONTOYA: Okay. Motion by Commissioner Stefanics, second by Commissioner Holian. Discussion on the motion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: I don't know if this is – well, actually, I'd like to go ahead and make a motion that we investigate renegotiating the RECC JPA with the City.

COMMISSIONER STEFANICS: I'll second.

CHAIRMAN MONTOYA: Motion by Commissioner Holian to revisit the contract that we have with RECC with the City of Santa Fe, second by Commissioner Stefanics. Discussion on the motion?

The motion passed by unanimous [5-0] voice vote. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: On the overtime, that seems to be killing us. Is that under the additional transfer on the left-hand column? Or where is that in this final recommendations?

MS. MARTINEZ: Mr. Chair, that's not in here yet. The additional transfer to the jail is just based on current operating expenditures and current revenues coming in. We are forecasting that we'll have to transfer from the general fund an additional $3.7 million. The overtime issue is not anywhere in here. Our intent was to work with all of the respective departments and divisions at the budget hearings and have them explain why is the overtime so high? Is there anything that we can do to reduce it? And then hopefully bring ideas and proposed reductions to the interim budget.

CHAIRMAN MONTOYA: Okay.

MS. MARTINEZ: So it's not factored in balancing.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: I would actually like to make another motion and make it a little more definite that our staff bring back to us a recommendation for the solid waste fees as to what they think is reasonable in the way of increase.

COMMISSIONER STEFANICS: I'll second.

CHAIRMAN MONTOYA: Okay, motion by Commissioner Holian, second by Commissioner Stefanics. Discussion?

COMMISSIONER STEFANICS: Should have a date tied to that?
COMMISSIONER HOLIAN: The next administrative meeting.
CHAIRMAN MONTOYA: The next administrative meeting?
COMMISSIONER HOLIAN: Right.

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: Let's see if I'm done with my questions. The other options on page 62, are those built into the final recommendations also in terms of the $1.2 million?

MS. MARTINEZ: The $1.2 million is built into the final recommendation on the right-hand side, operational reductions. So those budget submissions from those departments have already been turned in, and they were turned in to the lesser amount that we requested them to cut. So they did the additional cuts that we asked for. So that is part of the final recommendations.

CHAIRMAN MONTOYA: Okay. So 62 is built in.

MS. MARTINEZ: Not all of it. Pieces of 62 are built into the final recommendation.

CHAIRMAN MONTOYA: And the operations reductions, are they defined in the final recommendations? The operational expenditures meaning the –

MS. MARTINEZ: The amounts that you see on page 62 at the bottom, that are broken out by department, their budget submissions to us for fiscal year 2011 contain those reductions already. So we had those meetings. We said can you keep the staff vacant for the entire year? And where else can you entertain cuts? And this is what they've given us.

CHAIRMAN MONTOYA: Okay. So that's under operational reductions.

MS. MARTINEZ: Yes.

CHAIRMAN MONTOYA: So what's the additional $10,000? Under the operational reductions, it was $1.2 million, and then you have $1,210,000.

MS. MARTINEZ: Oh, I think it was rounding. It's just a total. That was intended to be the subtotal for all of those reductions by the departments, so if there's a mistake – is it right? Okay.

MS. PERRAGLIO: Mr. Chair, I think it's the same total. $1,210,000 on page 62 and on page 64, $1, 210,000.

CHAIRMAN MONTOYA: Okay. And then on the additional staff, I guess I'm having a little bit of heartburn with adding six to one particular department and we're cutting back on others. I would feel more comfortable if it were three or four. I don't know what the other Commissioners –

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Could we ask Bern, out of these positions, how many can be transferred from other departments?

MS. SALAZAR: Mr. Chair, Commissioner Stefanics, in looking at these positions, I believe as Teresa mentioned earlier, definitely the Sheriff's deputy I, there's some minimum qualifications for that. They have to be state certified to be an officer. As far as the senior appraiser, they need to have a state certification. They have go through the –

COMMISSIONER STEFANICS: Right, but Mr. Chair, earlier you said that the Assessor was looking at moving people up in his own office while we transferred people into lower positions. So my question is, how many of these positions can be taken care of by transfers from other departments? Because we're not talking about funding eight new positions, or nine new positions. So how many can we transfer in to the lower levels.

MS. SALAZAR: Mr. Chair, Commissioner Stefanics, I would say we could probably accomplish that with all of them with the exception of the Sheriff's deputy, and even with that, once a cadet graduates we can move them up. We will have to work with the unions because all of these posit6ions are union positions, and if it's a promotion, that won't be a problem but just a straight transfer from another department that maybe their business is slower now, if you will, and we tried to do a straight transfer, that would need to go through the union, and we have run into some issues with that as I mentioned earlier. But we could do that with all of these positions.

COMMISSIONER STEFANICS: So Mr. Chair, on your point, are you saying, Bernadette that except for the deputy and the Public Works, that all the rest of those people could be from within the County?

MS. SALAZAR: Yes. As long as they meet the minimum qualifications they can.

COMMISSIONER STEFANICS: So out of this page, Mr. Chair, Bernadette, we're talking about two new positions.

MS. SALAZAR: Correct.

CHAIRMAN MONTOYA: The Sheriff and the Public Works.

MS. SALAZAR: The utilities, yes.

COMMISSIONER STEFANICS: Okay. Thank you. And I hope I didn't interrupt you too much.

CHAIRMAN MONTOYA: No, actually you took over where – you did a good job. Thank you.

COMMISSIONER VIGIL: So do you want to make a motion on that?

CHAIRMAN MONTOYA: That would be my recommendation, is actually what Commissioner Stefanics said in terms of keeping those two positions only, and then filling from within on the other seven.

COMMISSIONER VIGIL: Do you need a motion?

MS. MARTINEZ: It would help me.

COMMISSIONER VIGIL: I so move.

CHAIRMAN MONTOYA: Okay. I have a motion by Commissioner Vigil.

COMMISSIONER STEFANICS: I'll second.

CHAIRMAN MONTOYA: Second by Commissioner Stefanics. Any other discussion on this motion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: Commissioner Vigil, that's all I had.

COMMISSIONER VIGIL: Okay. So just a couple of additional areas that I had thought about that we haven't spoken about, and this is with the summer intern program. Do we have any cost savings in terms of that? And I'm going to throw this out: I love the program. I love to be able to bring in summer interns, but I know there are some divisions that don't particularly love the program, and my fear is that while we started, and Bern's done a really good job of developing that program and professionalizing the internship program itself I'm not sure we're there, and a lot of what's happening with the summer interns is that development isn't occurring and actually in some cases I understand they create a burden for some of the supervisors and division heads. And unless we have really specific job scope and performance expectations for them I think even the interns themselves feel like they're earning some money but not really earning it.

So is that an area of cost savings that we could benefit? I just want to throw it out there for consideration.

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, there has been discussions about cutting the student intern program, but I know that it's a beneficial program to our youth. It probably has maybe some political recommendations, but our recommendation would be that we not continue that program until the economy recovers. And I can tell you that those prices have escalated. In 2006 we spent almost $47,000 on student interns. The majority of the work is done, obviously, during the summer months. There will be a couple that will work during maybe spring break and the Christmas holiday. In 2007 that cost went up to $48,000. 2008, it jumped up to $60,000. 2009 that cost was $81,000. And currently through 2010 we're currently at $58,000. So our recommendation would be to discontinue that program until the economy bounces back and we can fully sustain that. So that would definitely be an area where we could chop at least $60,000 right now.

COMMISSIONER VIGIL: And I just said that after consideration, because part of the problem, at least that I'm having, having been here so long is there's so many youth that want to serve. It's too hard to make a choice. I don't know where to start and who to help out. So if it's an area of cost savings maybe that's the necessary evil that will help me from having to make hard choices. I recommend that we institute cost savings and make a motion that we do away with the summer intern program. Commissioner Sullivan has just entered the room. Did you notice the color has changed, Mr. Chair.

CHAIRMAN MONTOYA: Welcome.

COMMISSIONER SULLIVAN: And not a penny more.

CHAIRMAN MONTOYA: You'd like this part; we're actually cutting.

COMMISSIONER VIGIL: I made a motion. Was there a second?

COMMISSIONER STEFANICS: Second.

CHAIRMAN MONTOYA: Motion by Commissioner Vigil, second by Commissioner Stefanics.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I'd like to just say the reason I'm seconding this is that I believe that our investment first needs to be in our employees. And this is not about anything about denying our youth an opportunity, it's about protecting our employees. And we are cutting many other things that are worthwhile, so I just want it taken in the right vein. Thank you.

CHAIRMAN MONTOYA: So this would essentially be the last summer.

COMMISSIONER VIGIL: I think if the economy recovers it's certainly a program that we need to reconsider, but I think for this year we can look at that as a cost savings. Mr. Chair, that's kind of the direction I was –

MS. MARTINEZ: For the current fiscal year, is that right?

COMMISSIONER VIGIL: Yes.

CHAIRMAN MONTOYA: Oh, so current fiscal year.

COMMISSIONER VIGIL: Yes. This summer.

CHAIRMAN MONTOYA: So it's effectively eliminated with your motion then?

COMMISSIONER VIGIL: That was my intent. Effective immediately.

CHAIRMAN MONTOYA: Okay. Well, I concur with what Commissioner Stefanics said. This is certainly an opportunity to help our youth but we're at a point now where it's a luxury; it's not a necessity in terms of employing youth for the summer, and quite frankly you please two and then you upset six or seven that you have on your list that you can't help. So I think this is something that at least temporarily hopefully is something we need to do.

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: I think that is all I had that I wanted to include that we hadn't discussed. I think that the other thing that I want to say, and I haven't kept really good track, some of the recommendations you made throughout the presentation, like looking at permitting for the film, those kinds of things, it sounded to me through the process, Helen, through your presentation also, that we're already working on those and it looks like other avenues for revenues. I encourage you to continue that. I don't know if you need official action on that, but it sounds like that's something that came out of the committee structure that you actually originated on looking at cost savings and revenue enhancements. Thank you for doing that. I think you should continue to do so. I think the permitting is definitely a place. The business permitting, if we can clarify, crystallize that and create it administratively and operationally we're going to be doing pretty well with that.

So all the other recommendations that you have presented through the budget presentation process that weren't a part of your recommendations that look at revenue enhancements. I'm recommending you continue. And I'm assuming you were going to anyway. I just wanted you to know that I think this Commission would validate that.

MS. MARTINEZ: Okay. Thank you.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair. And Teresa, I think when you come back with the next recommendation I would like to know specifically what new revenue sources we could put out, including the solid waste that was talked about before, and I would also like to know what firm number you're looking at to take out of our cash reserves. So we are clear about what we're doing to our reserves.

MS. MARTINEZ: Okay. I'll be on top of that. Mr. Chair, can I ask, are you – could you make a motion on the hard freeze? Is that something you could support right now or do you need more information on the hard freeze on vacancies?

COMMISSIONER VIGIL: I would move a motion that we accept your recommendation on the hard freezes. Would you restate them again, Teresa?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, you bet. There were – I guess I would ask before the final motion is made that we address my reductions to the capital package, my proposed reductions to contingency, the hard freeze. Are you okay with existing staff covering the Edgewood satellite office? The public schools backed out or couldn't sustain doing the youth recreation program; can we entertain that $20,000 cut? And probably even include the operational reductions. So which slide is my troubled funds summarized? Actually, on the troubled funds recommendations – for the vacancies, I'm sorry. For the hard freezes. If we go to slide 49, I'm asking if you could make a motion on the rest of the recommendation that's in there, which would include reductions to capital package, contingency, hard freeze on the vacancies that are note on page 49, use existing staff to cover the satellite office in Edgewood, youth recreation, $20,000 cut, accept the departments' submission of operational reductions to the tune of $1.2 million, and accept that we continue staffing the RPA with our existing staff. So in total we're talking 34 vacancies generating $1.8 million, if they were frozen hard, that meant no filling next fiscal year.

CHAIRMAN MONTOYA: And that's not on the final recommendation on page 64?

MS. MARTINEZ: The frozen vacancies is. It's on the right-hand side, right in the middle of the reductions category, at $1.8 million.

COMMISSIONER VIGIL: So that in addition to all of the motions we've made, which further clarify some of your recommendations, Mr. Chair, maybe this is a procedural question. If we make a motion adopting the final recommendations on page 64, then in fact the hard freeze would be a part of that.

MS. MARTINEZ: That's correct.

COMMISSIONER VIGIL: Okay.

CHAIRMAN MONTOYA: And we've made some changes already with the new staff requests. That's going down to $128,700, base on that previous motion. The transportation, Eldorado route, that's actually zeroed out also as a result of the RPA.

COMMISSIONER STEFANICS: It's a savings but nothing to do with the –

CHAIRMAN MONTOYA: Yes. And then we've taken action on the discretionary funds, eliminating an additional $50,000, and were there any other ones? Where are the interns?

MS. MARTINEZ: The interns were not part of the final recommendation. We were just looking for direction. That's an additional.

CHAIRMAN MONTOYA: Okay. So that's not here but is already taken care of. So we could take one motion if you'd like to just approve everything else that hasn't been acted on, the items I just mentioned.

COMMISSIONER HOLIAN: Okay. So moved.

CHAIRMAN MONTOYA: We have a motion by Commissioner Holian to act on all of the rest of the recommendations that staff has provided on page 64.

COMMISSIONER STEFANICS: I'll second.

CHAIRMAN MONTOYA: Second by Commissioner Stefanics. Discussion?

COMMISSIONER STEFANICS: So could somebody just clarify what got added? The interns got added to this, the extra $50,000 in discretionary and what else?

CHAIRMAN MONTOYA: The new staff requests went down from $367,000 to $128,700.

COMMISSIONER STEFANICS: Okay.

COMMISSIONER VIGIL: But we've also included motions that bring forth further recommendations on looking – keeping the mil levy on the table, giving us information on timelines for those and the GRT, continuing to do the review process in terms of revenue enhancements for fee process. All of those are sort of separate.

MS. MARTINEZ: And the increase to the solid waste fees. We'll include all of those on there.

CHAIRMAN MONTOYA: And utilizing exiting public buildings.

MS. MARTINEZ: Right. Public buildings, transferring employees, those types of things.

COMMISSIONER VIGIL: Right. I have a question on that, Mr. Chair. When I voted in favor of that what I was thinking about was we do have the youth facility and things of that nature, but now that we have Santa Fe Canyon Ranch, can the property there be utilized for any operational, administrative – could it also be looked at for some of the programs that we have to take care of like the Mountain Center or can we look at – can we explore all the options that we have to utilize our facilities at their maximum benefit is what I'm looking at, and that's not only administratively but also with outreach to some of the other responsibilities we have.

CHAIRMAN MONTOYA: Okay. Any other discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

COMMISSIONER STEFANICS: I have a comment.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Mr. Chair, and I guess this is for Penny and Bernadette and Teresa and everybody else who's in ASD, but by centralizing the authority in your department and divisions, you have been given a framework now of how to work with the numbers, and if you determine that something is needed somewhere then you have the authority to move those around. So for example, even though we cut 11 from Fire and RECC, if down the line you determine those are absolutely necessary and there's another vacancy somewhere, you have the ability, by having a centralized authority to handle that.

And so I just want you to know that it's not just about oversight, it's really about managing the County. Thank you.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: I have a comment too, Teresa. This is an area that we haven't really spoken of at length because we're so focused on how we're going to balance the budget through cuts and looking at revenue enhancements. One area, and I look at this in terms of Corrections and maybe Health and other areas that the County hasn't really been able to create a focus for and maybe as we consolidate these services we can, is looking at a grant-writer, looking at key people within administrative offices, and we do do that. And there's some divisions that actually have very talented people within their own divisions who actually can go out there and look and find some of the grants. But we really haven't taken a really strong leadership role. I did look at the handout sheet that we have with regard to grants and I'm glad we received some of this. Some of these are recurring. Some of them the application can just be rubber-stamped for the following year.

There's some wonderful grants out there that can assist us through NACo, the National Association of Counties, through a lot of other unsolicited agencies, both federal and private on a lot of the initiatives we're taking, particularly energy right now. Definitely in Corrections and definitely in Health. I'm not sure how we could institutionalize that but it might not be a bad idea to discuss that, and I know sometimes institutions have hired a specific grant-writer to do that. I don't know if that's an avenue we can take. But those grant-writer positions usually pay three to four times what the salary is, in most cases. I just throw that out there for your consideration in looking at other ways of enhancing our revenue.

CHAIRMAN MONTOYA: Any other discussion.

COMMISSIONER HOLIAN: I have a question.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Well, Mr. Chair, just to interject a more positive note, I just did a little back-of-the-envelope calculation. If we have roughly $10 million worth of renewable energy projects installed on people's homes that should be about $50,000 in GRT that's generated for us. So I think that anything that we can do like that to really promote economic development in our community is going to be a positive thing.

CHAIRMAN MONTOYA: Absolutely. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair, it's a question. Teresa, if you would back – it's about revenue. We talked about the mil levy, but did you indicate that we have the ability to adjust the gross receipts tax for indigent funds again?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, I wasn't certain of the answer in terms of increasing the increments on the GRT. My gut says no, but I wanted to go back and research that. I don't think we can increase that. Is that the same question that you're asking?

COMMISSIONER STEFANICS: Right. Yes.

MS. MARTINEZ: I don't believe we can but I need to research it before I give you a final answer.

COMMISSIONER STEFANICS: Okay, because one part of the GRT that's in statute has to do with Class A counties with a population of x-number for uses – I just want to see if we would qualify for that or not.

MS. MARTINEZ: Okay. When I was doing the research I got myself very confused on the indigent mil levy, because there's also the hospital care funding act. So when I was writing the slide I was actually telling you there was a term limit, there were certain things, so I think you and I probably saw the same section of statute. So what we'll do is we'll prepare you information relative to that as well. I think that's the section that you're referring to, because Class A county for me has different definitions but I came upon that in the statute and said, oh, my goodness. We're a Class A county by definition but we don't have a population of 200,00.

COMMISSIONER STEFANICS: So, Mr. Chair, maybe Steve you could look at that too with Teresa because I want to know do we have some kind of option or is it only for Bernalillo County. And I'd like to just find out where our options are with GRTs.

MR. ROSS: We'll look at that. I think we're out of GRTs except for the ones we know about it but we'll double-check.

COMMISSIONER STEFANICS: Thank you.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Teresa, I wonder if also when you come with sort of this final estimate that you could sort of give us an idea about how much we have left in our reserves, what our cushion is. Because you sort of budgeted a certain amount of cash in there at this point.

MS. MARTINEZ: Okay. We can do that.

CHAIRMAN MONTOYA: Okay. Is there anything else, Teresa?

MS. MARTINEZ: No, sir. I think that's enough. Thank you.

CHAIRMAN MONTOYA: Anything else to cut? Now's the time.

MS. MARTINEZ: No, I am grateful for what you do. Is there anything else that we can think of? I think you did great. I appreciate it. I think we have a lot to work with. We can go back, conduct our budget hearings, see where we fall and try to come back to you with firm numbers, and hopefully by then I'll have firm numbers from the Assessor so we can give you a stronger forecast on the revenue and tie it to the five positions that we've already given them. So I think we have enough. Thank you.

COMMISSIONER HOLIAN: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: I just want to make one final comment. I just want to say thank you to Teresa and Helen and Carole and your whole staff. This package is truly impressive. It was clear how much work you put into it and it made it a lot easier for us to understand what was going on. So thank you.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Mr. Chair, I want to thank Teresa too, and I also want to thank all Santa Fe County staff, the division heads, because one of the poignant statements that was made is we asked them reduce this amount and they came back with that reduction. That's a huge step in decision making with the leadership throughout our employment force. So that's the recommended and kudos to everyone who participated in bringing us to this place.

MS. MARTINEZ: Mr. Chair, if I could. It was a huge, coordinated effort and I also want to thank – there was a lot of people in the background that you don't see here today, including my staff, all the department directors came to the table, and their staff came to the table and these are difficult decisions, difficult times. Sometimes people take it personal; it's never intended personal but these are tough times.

COMMISSIONER VIGIL: It's always personal.

MS. MARTINEZ: But everybody stepped up.

COMMISSIONER VIGIL: I always say, don't take it personal, and they tell me, it's personal.

MS. JARAMILLO: Mr. Chair, Commissioners, I just wanted to let you know that our budget hearings are going to start late next week and I would be happy to

send you a schedule of them once we have them, so that you could, if you wanted to, sit in on one. If you felt compelled to.
We'll have it by entity that's going to have the budget hearings and we can forward that, as long as we don't bump into any Public Meetings Act. Please come. It would be interesting.

CHAIRMAN MONTOYA: You'll get us an agenda, Carole?

MS. JARAMILLO: Yes.

CHAIRMAN MONTOYA: Of who's going to do what when.

MS. JARAMILLO: Absolutely.

CHAIRMAN MONTOYA: I too just want to thank staff. You did a great job in terms of presenting all of the information. I thank all of you for making it kind of a painless exercise, even though it is painful. And I want to commend my fellow Commissioners because you all did a great job too in terms of I think giving direction of where we need to go for the future of Santa Fe County.

COMMISSIONER VIGIL: And Penny, if you have any communication, please thank Roman. I know he participated very much in every step of the way and we miss him and hope he can get back here really soon.

VI. ADJOURNMENT

Chairman Montoya declared this meeting adjourned at 2:45 p.m.

Approved by:

Board of County Commissioners
Harry Montoya, Chairman

SANTA FE COUNTY CLERK
ATTEST TO:

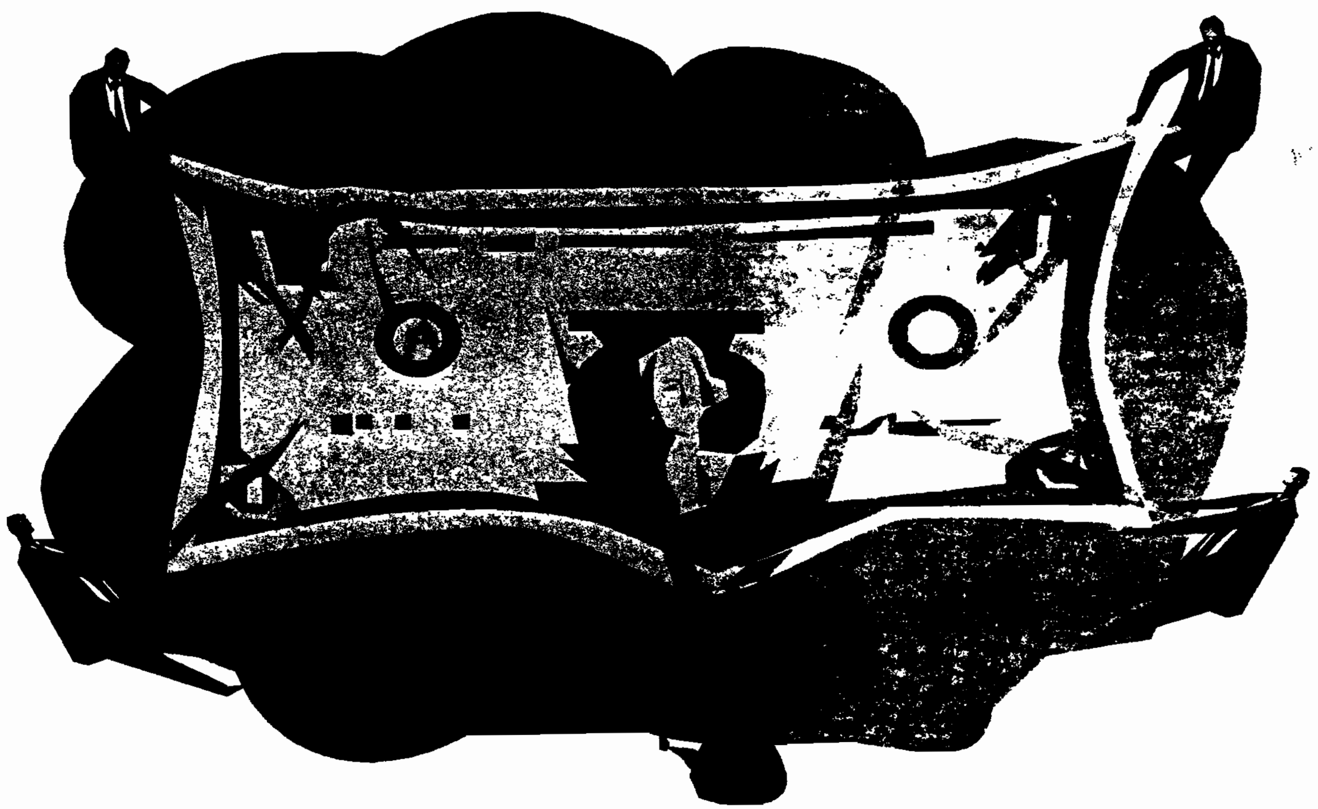
VALERIE ESPINOZA
SANTA FE COUNTY CLERK

Respectfully submitted:

Karen Farrell, Wordswork
227 E. Palace Avenue
Santa Fe, NM 87501

SFC CLERK RECORDED04/28/2010

SANTA FE COUNTY
BOARD OF COUNTY COMMISSIONERS
Budget Retreat Workshop
March 31 – April 1, 2010



Highlights of the Presentation

Revenue 101

Recurring Revenue

- Money (income) received, the source of which is considered reliable and on-going from one year to the next.

Examples:

- ✓ Property Tax
- ✓ Gross Receipts Tax
- ✓ Fees and charges for services of a continuing nature

Non-Recurring Revenue

- Money (income)received, the source of which is temporary in nature and not expected to continue from one year to the next.

Examples:

- ✓ Insurance recoveries
- ✓ Investment income resulting from bond proceeds
- ✓ ***CASH!***

Revenue 101 (continued)

Unrestricted

- Money received that can be used for any legitimate, legal governmental purpose. May be recurring or non-recurring

Examples:

- ✓ Property Taxes
- ✓ 1st 1/8th GRT
- ✓ Some investment income
- ✓ Development Permit Fees

Restricted or Dedicated

- Money received that must be used for specific purposes named by statute, ordinance or contract. May be recurring or non-recurring.

Examples:

- ✓ Correctional GRT
- ✓ Grant Funding
- ✓ Bond Proceeds
- ✓ Some Cash

Expenses 101

Recurring

➢ Costs (expenditures) that support continuing, on-going services and programs.

Examples:

- ✓ Personnel costs
- ✓ Utilities
- ✓ Supplies
- ✓ Fuel

Non-Recurring

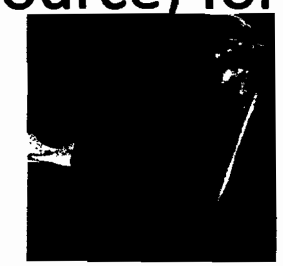
➢ Costs (expenditures) that support one-time efforts or services that can reasonably be terminated at the end of a fiscal year.

Examples:

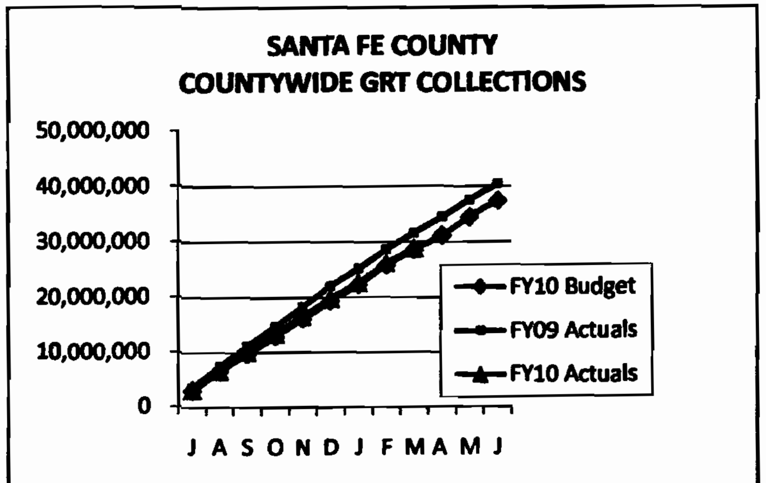
- ✓ Building or land purchase
- ✓ Vehicle purchase
- ✓ Furniture, Fixtures & Equipment purchase

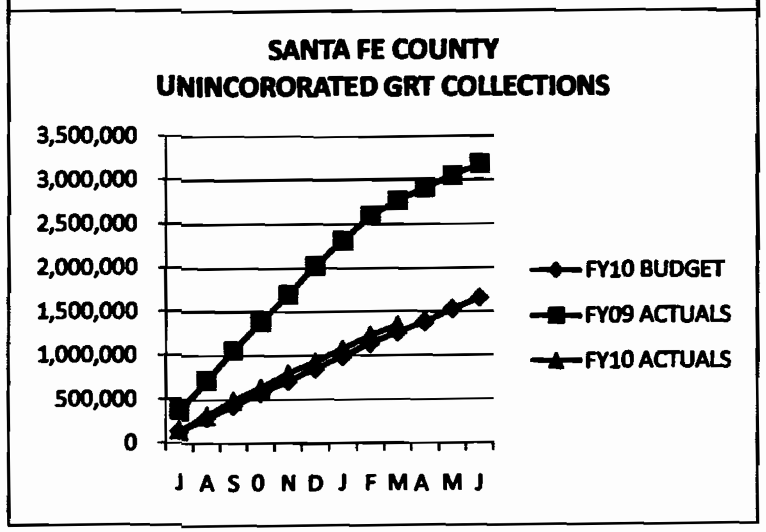
Expenses 101 (continued)

- In March, 2008 the BCC adopted Resolution 2008-47, a formal Budget and Financial Policy that follows the Government Finance Officers Association (GFOA) recommended policies.
  - The policy dictates that ***recurring*** expenses be funded with ***recurring*** revenue.
  - The intent and effect of the policy is to ***limit the use of CASH*** (a non-recurring revenue source) for recurring/ongoing County operations.



Current Year Outlook





Gross Receipts Taxes

- Currently 101% of budget.
- Current collections are 11% below the same time last year.
- Any drop below budget will have an impact on programs Countywide.

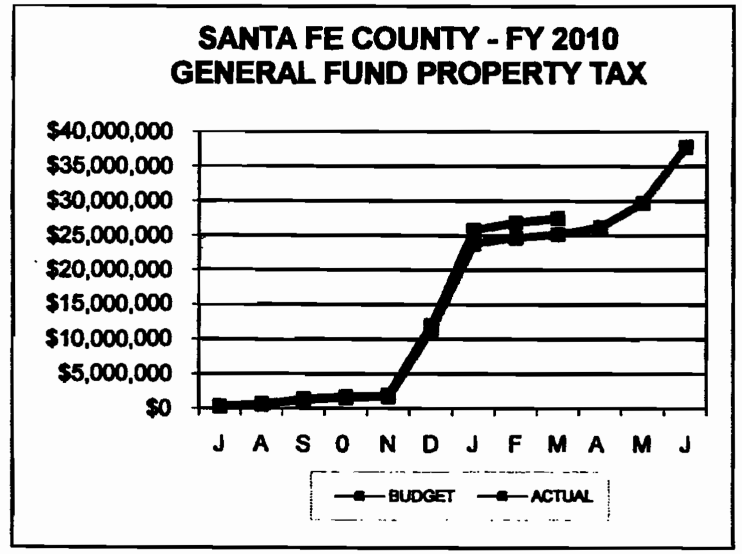
Current Year Outlook

Property Taxes

- March, 2010 collections were below budget for the first time since July, 2009.
- Cumulative collections through March are hovering above budget overall.
- We are cautiously optimistic that we will meet the FY10 budget property tax collections budget,

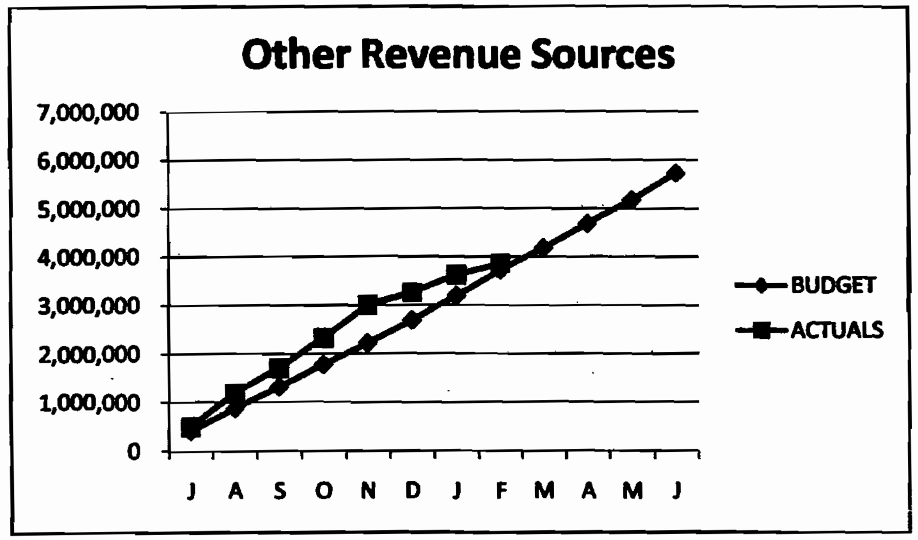
BUT...

- May and June are heavy collection months and a drop in collections in one of those two months could throw us below budget for the year.



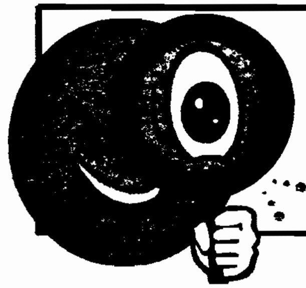
The 2009 Property Tax Valuations increased by a weak 1.3% -- down from 7.8% and 12.4% in the prior two tax years respectively.

Current Year Outlook

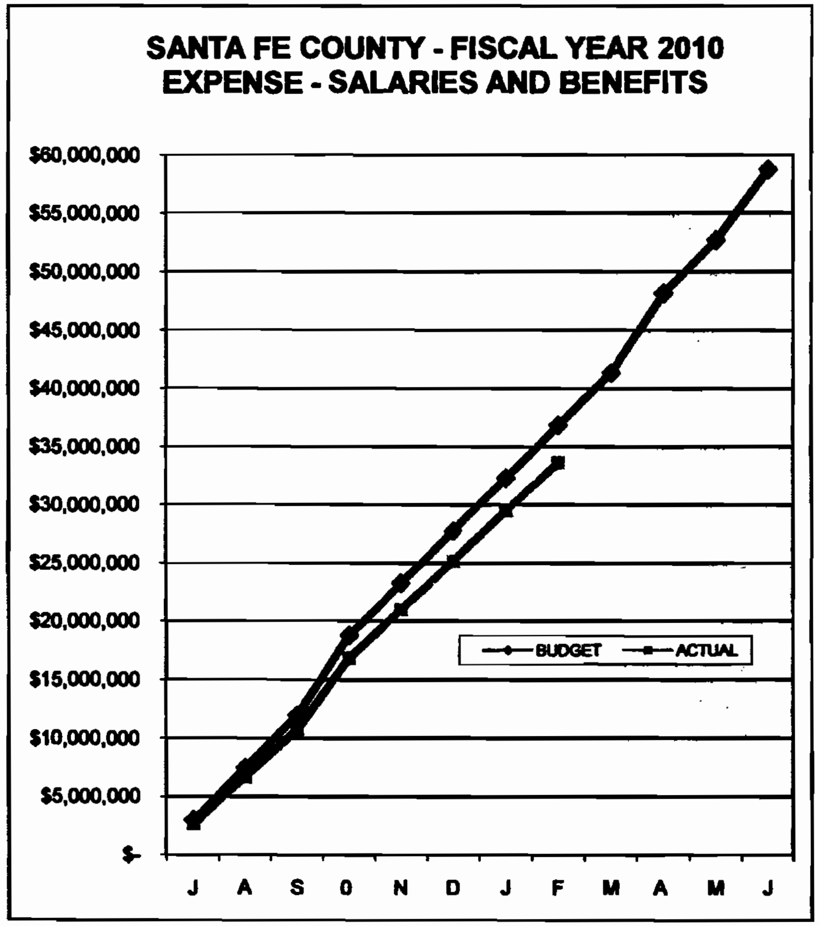


OTHER REVENUE SOURCES

- Individually other sources of revenue are at or above budget with the exception of Clerk's Recording Fees which are below budget by 16% and State Shared Taxes which are below budget by 3%.
- Combined other revenue sources are just above budget but flattened out during January and February.
- Continuing with this trend until the end of the fiscal year will mean that these other revenue sources will be below budget.



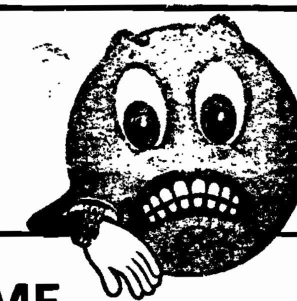
Current Year Outlook

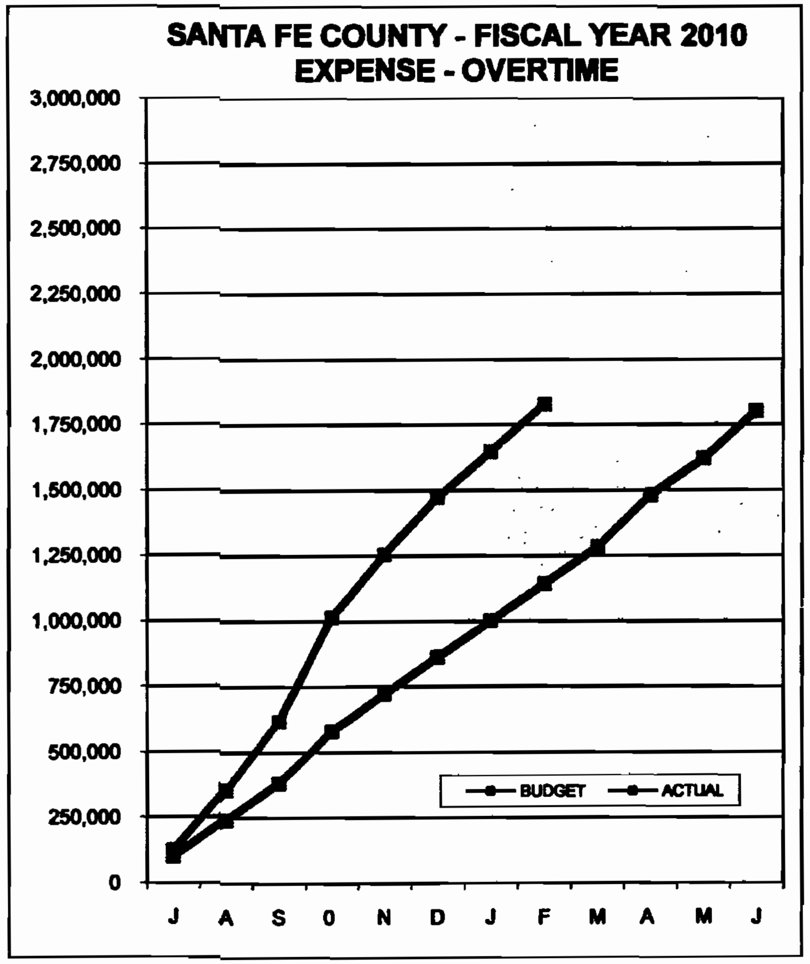


SALARIES & BENEFITS

- Through February, 2010 there is a total salary and benefit savings across all funds of $3.2 million ***not including overtime***.
- The County implemented a "soft" hiring freeze which left vacancies unfilled.
- A 9% increase in health insurance costs was budgeted and did not materialize.
- A 20% increase in health insurance costs will be budgeted for in FY2011 in anticipation of a large increase by the carriers.
- The County was given notice of an increase to the contribution for the Retiree Health Care program.

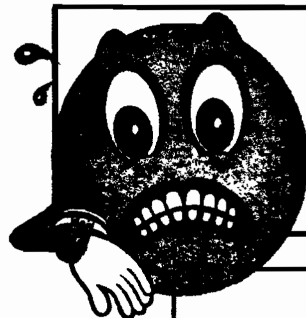
Current Year Outlook



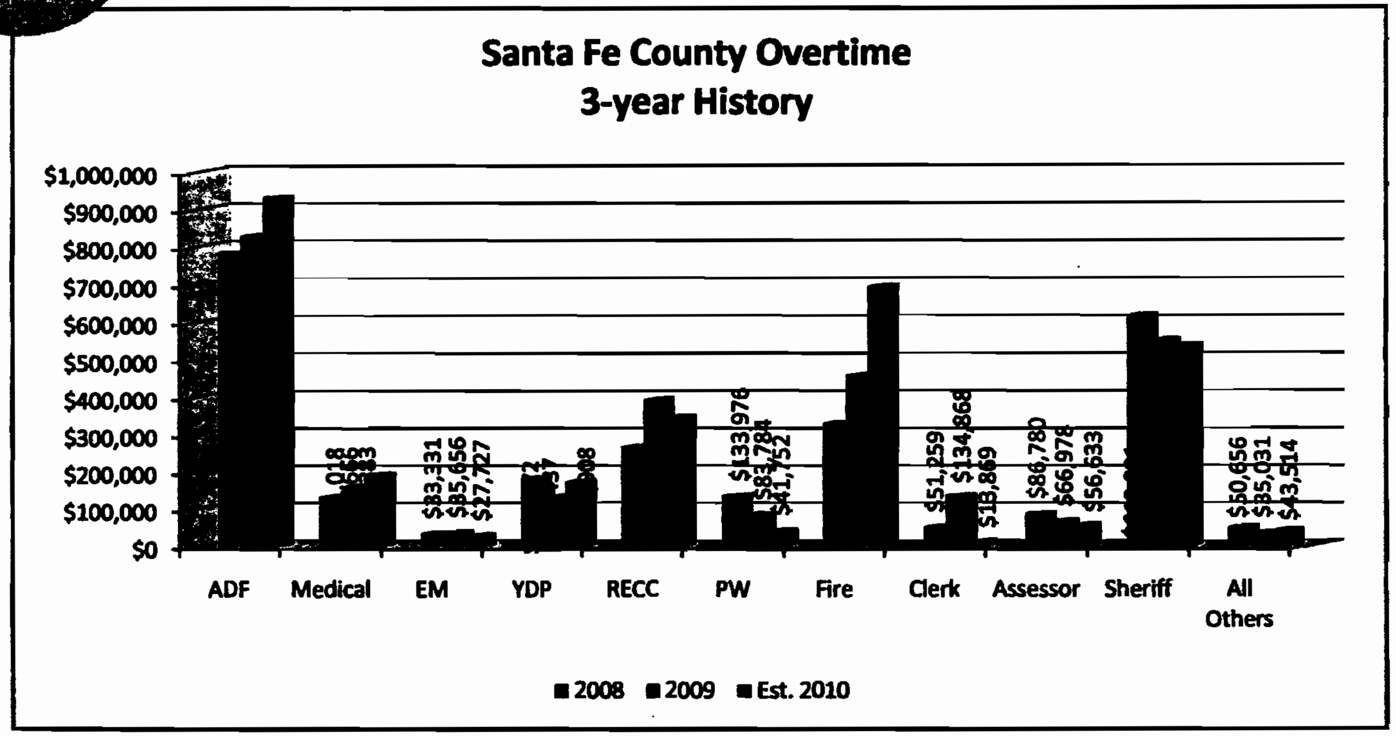


OVERTIME

- Through February, 2010 and ***with four months left in the fiscal year,*** the County has exceeded its entire FY 2010 overtime budget by $26K.
- The Corrections Department in total is already $324K over its total FY2010 overtime budget.
- The Fire Department is already $105K over its total FY2010 overtime budget.
- Other Departments are at or below their overtime budgets.

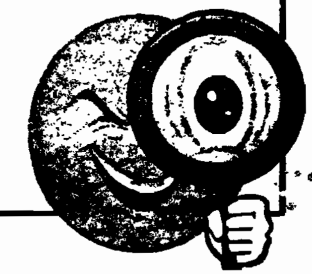


Current Year Outlook



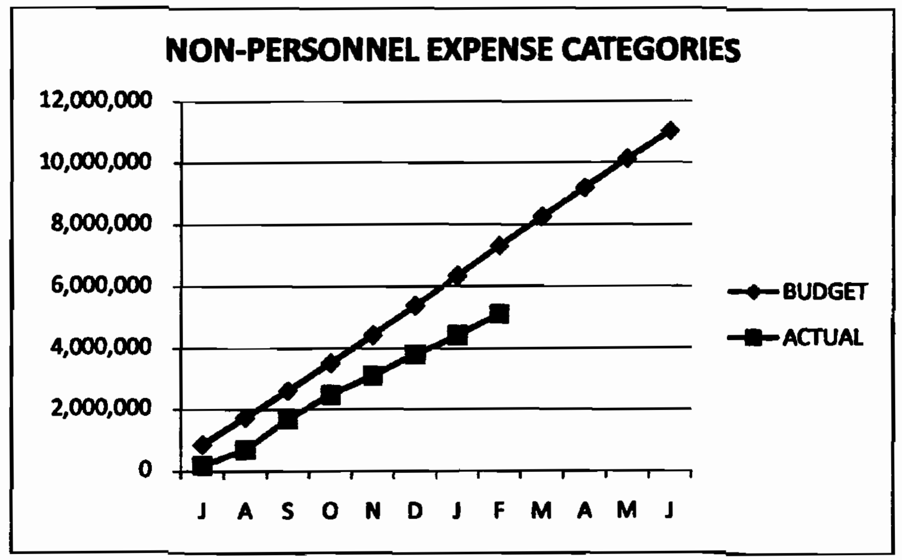
Countywide, overtime expense is increasing at an unreasonable rate.

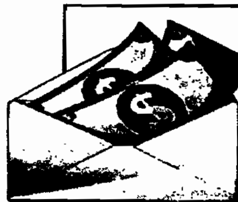
Current Year Outlook



NON-PERSONNEL EXPENSE CATEGORIES

- Gas and oil budgets are below budget by $300K due to lower than anticipated fuel costs.
- Fuel costs are expected to climb into the $4.00 range and will be budgeted accordingly.
- Travel budgets were cut to travel for certifications only (excluding elected offices).
- All other categories are coming in below budget for the year.





S.A.V.E. - Revenue Generation Committee Activities

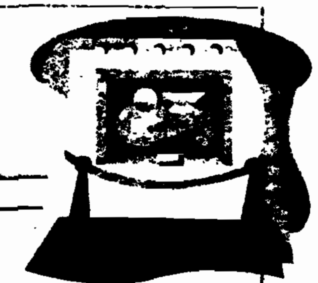
FY 2009/2010 Progress Made:

- **ARRA Federal Grants Secured**
  - $264,000 Renewable Energy Program
  - $402,300 Housing Energy Efficiency Initiatives
  - $115,445 Law Enforcement
  - $100,000 Santa Fe Rail Trail
- **Enterprise Fund Charges for Services / Grants**
  - Conducted Enterprise Fund analyses and determined that some should be re-designated to special revenue funds, and saw that there are still future potentials for Utilities and Housing.
- **Solid Waste Fees**
  - Increased Solid Waste Fees and anticipate $121,000 in estimated new revenues.
- **Public Works Fees and Penalties**
  - Successfully brought an increase to BCC that is now on hold due to pending litigation and will be mediated for a final fee structure.
- **Santa Fe County General Governmental Fees (where statutorily allowed)**
  - Addressed by Legal in Ordinance 2009-6

FY 2010/2011 Initiatives & Potentials

- **Business License Audit**
  - Determined more than 3,445 businesses registered with NM do not have business licenses with Santa Fe County.
  - Potential Revenue will be $346K for licenses and application fees to get these registered, with about $85K increased annual recurring revenue.
- **Open Space Revenue Potentials**
  - Commercial Permits
  - Grazing Permits
- **Property Leases**
  - Film Production Leases of County-Owned Property
    - Currently working on listing all County Properties with the NM Film Office
    - If a property is chosen, a lease will be established with film company
    - Potentials for Charging by the day along with entrance fees of $500/property.
  - Top of the World Lease (approximately $20,000)
    - Potentials for Crop-Sharing
    - Establishing Day or Camp Use Fees like a Park
  - Longer Term Potentials
    - SF Canyon Ranch
    - District Court
- **Increase Electronic Monitoring Fees**

Other Revenue Generation
[illegible] GRT



HIGHLIGHTS OF THE TAX

- ✓ Can be enacted in increments of 1/16th up to a maximum of 1/4th of one percent.
- ✓ Must be used for cultural activities of a non-profit or publicly owned cultural organization, or local government.
- ✓ Objective of the tax is to develop or expand programs and ***not*** to replace current funding.
- ✓ Oversight of all funds distributed must be by a cultural advisory board appointed by the BCC.
- ✓ Funds must be used for specific purposes:
  - ❖ Promoting and preserving cultural diversity,
  - ❖ Enhancing the quality of cultural programs and activities,
  - ❖ Fostering greater access to cultural programs,
  - ❖ Promoting culture to further economic development,
  - ❖ Programs must have identifiable and measurable benefit to County residents.

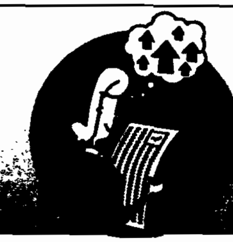
ANALYSIS

- ✓ Tax would yield $2.25 M to $9.0 M at the maximum increment.
- ✓ Few County programs would qualify for funding.
- ✓ Community benefit may result from additional cultural programs through increased tourism.
- ✓ Any benefit would be several years down the road.
- ✓ Passage of additional GRT by the voters is unlikely.

RECOMMENDATION

Due to the uncertainty of the benefit, the method of funding distribution, and the likelihood of failure at the polls, it is the Finance Division's recommendation that the Board of County Commissioners ***does not consider*** enacting an ordinance to impose a quality of life gross receipts tax at this time.
However, consideration should be given at such time as the economy improves.

Property Tax Forecast FY 2011



- Estimated full assessed value as of March 1, 2010 is $20,338,604,582.
- Estimated Net Taxable Value (w/State Assessments and Less 2009 Exemptions) is $6,787,918,726.
- 52,000 residential values were updated by 3%, which produced an additional $300,000,000 assessed value.
- Net Tax Value with estimated successful protests totals $6,633,434,357.
- Total forecasted increase of $300,107,469 in net taxable value over the previous year.
- Increases also based on 3% updates and Assessor's staff continuing to add values – does not represent an increase in property tax rates.
- Current vs. Maximum Rates
  - Residential 4.67 7.65
  - Non-Residential 11.85 11.85
- Omitted billings to date total $945,000 if collected.
- Finance comfortable in forecasting an increase of $750,000 for FY 2011 or a 2% increase.

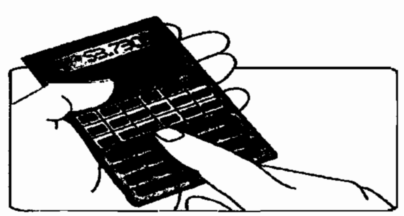
Mil Levy

•In New Mexico, a property's tax value is one-third (1/3)of its assessed value.

• The mil rate is applied to the taxable value.

•1 mil equals $1.00 for each $1,000 of taxable property value.

Example: A home with an assessed value of $150,000 equates to a taxable value of $50,000. A 1 mil levy on this property would compute to $50.00 per year.

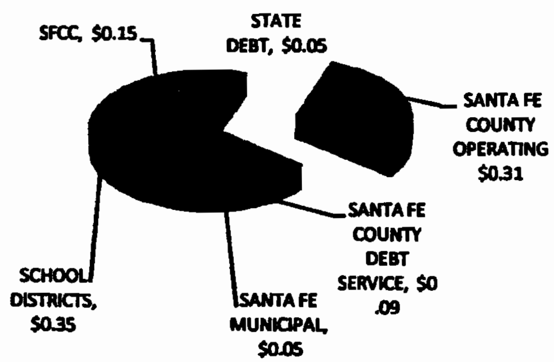


Indigent Mil Levy

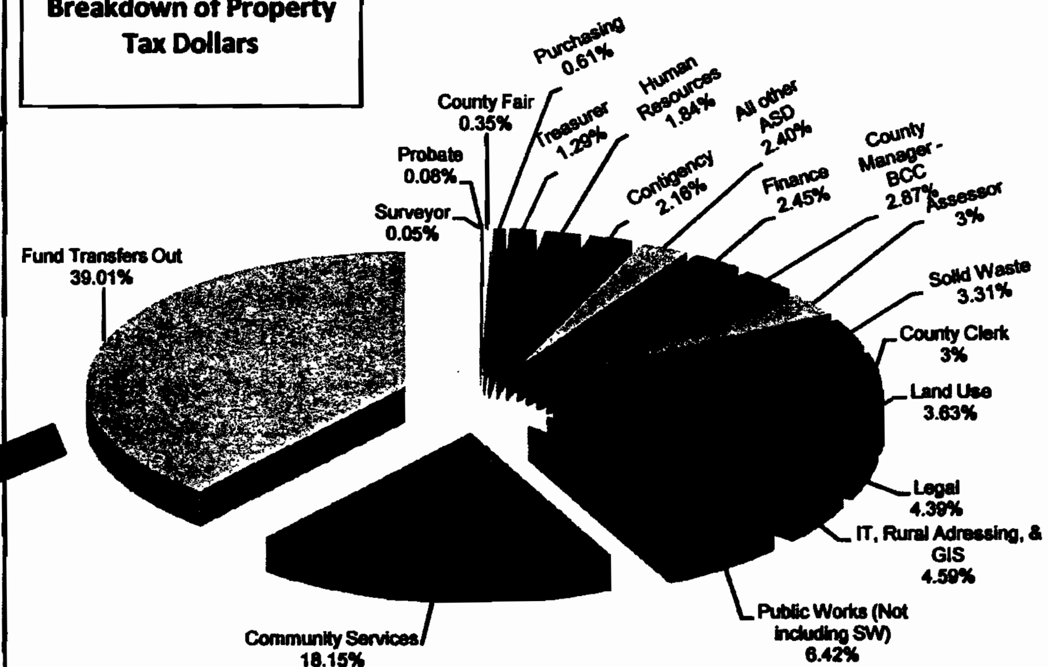
- The BCC could impose a levy against the net taxable value of the property in the county. The amount imposed is certified annually by the Healthcare Assistance Program Board (Indigent Board) based upon its determination of funds needed to support indigent claims.
- The mil levy would require one-time voter approval. The election must be conducted in the same manner as for general elections.
- One mil would generate approximately $6.5 million.
- 2009 indigent claims totaled $1.35 million, the remainder could be used towards the County's participation in SCP.
- Examples of cost to taxpayer:
  - A home with an assessed value of $200,000 equates to a taxable value of $66,666. A 1.00 mil rate would equate to $67 per year.
  - A home with an assessed value of $350,000 equates to a taxable value of $116,666. A 1.00 mil rate would equate to $117 per year.
  - A home with an assessed value of $500,000 equates to a taxable value of $166,666. A 1.00 mil rate would equate to $167 per year.

Where Do My Property Taxes Go?

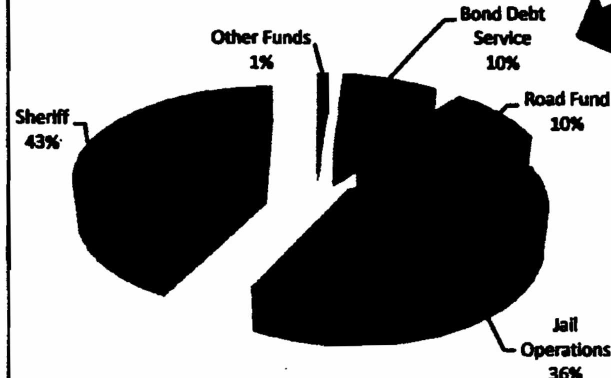
BREAKDOWN OF $1.00 IN SFC PROPERTY TAX BY CATEGORY



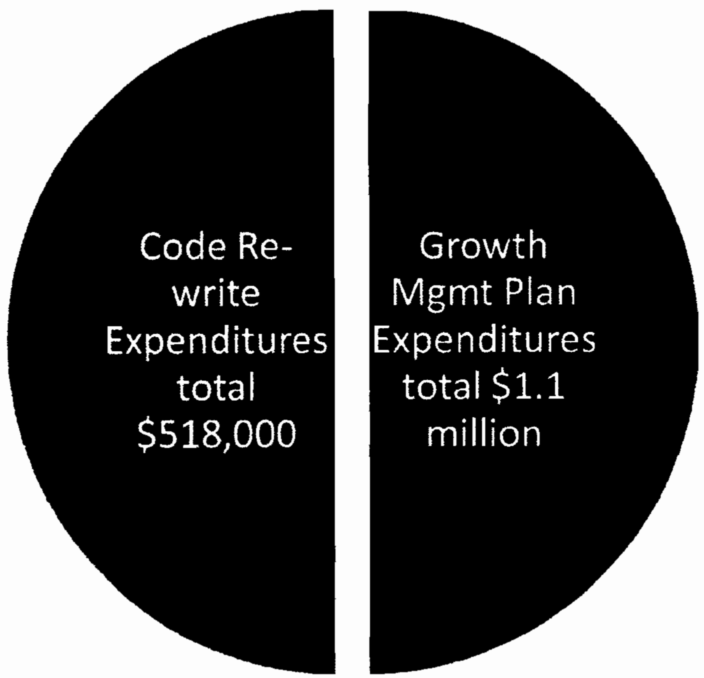
County Operational Breakdown of Property Tax Dollars



Transfers Out



Growth Management Plan/Code Re-write



Project Status

- 75% complete
- GM Plan Stakeholder meetings (2Xper week)
- Plan revisions to account for stakeholder comments
- CDRC Hearings
- Plan Approval by BCC
- Code is next – 5 chapters already authorized for publication

Growth Management Plan/ Code Re-write

How do we finish this project?

- Maintain a higher level of oversight and transition to internal staff
- Limit further expenditures and scope of work
- Establish a short timeline to finalize the project!

Cost Savings Measures

FY 2009

- Reduced take-home vehicles
- Reduced cell phones
- Implemented energy savings initiatives
- Implemented “soft” hiring freeze
- Closed the ARC program
- Restricted travel by County personnel
- Restricted contractual services
- Eliminated merit pool

Reductions totaled
$1.5 million

FY 2010

- Implemented “smart buying” of supplies
- Further restricted travel by County personnel
- Restructured model of providing County Health services
- Maintained “soft” hiring freeze
- Phased out numerous temporary positions
- Attempted voluntary furloughs
- Did not give COLA to employees

Reductions totaled
$4.6 million

Legislative Actions

From the Regular Session:

- **SB207 – Re-hired Retired Employees "Double Dipper" Bill**

  Outcome: Re-hired retired employees (grandfathered in) may still draw their pension but will have to pay their employee portion of retirement.

  Future re-employed retirees pension will stop, and they may either:

  1. Elect not to contribute to PERA, not earn service credit, and/or opt to recalculate final average salary or,
  2. When re-employed, choose to contribute to PERA, accrue service credit, and be eligible to recalculate avg. final salary.

  Possible future savings for retired employees is estimated at $90,000.

- **SB182 – Capital Outlay Reversions for Solvency**

  Outcome: Numerous capital project special appropriations were reverted back to the State. The total number of special appropriations reverted is 63 totaling $4 .4 million in lost capital funding.

Legislative Actions

From the Special Session:

HB114 – Postpone Fire Protection Fund Increase

Amounts distributed from the Fire Protection Fund will remain the same 13.4% versus the proposed increase of 20.1%

Outcome: The County will still receive a distribution of $1.7 million.

HB 144 – Unemployment Contribution Schedule

New schedule approved

Outcome: The bill reduces the unemployment contribution schedule to 53.5% of average weekly wages. This is back to its prior level before the US Department of Labor issued an opinion that the rate be increased to 60% of average weekly wages. The change will yield an approximate savings to the County of $40K unless the number or amount of unemployment claims increases significantly.

SFC/SB 10 (SB 10, 12 & 13) – Appropriating Money (Food Tax)

Vetoed the food tax, vetoed the provisions that would have eliminated the food deduction hold harmless distributions to counties and municipalities and also vetoed the increase to the Low Income Comprehensive Tax Rebate (LICTR) which was meant to offset the cost to low income families of the food tax. Increased the cigarette tax by $.75 per pack and vetoed the earmarks from the cigarette tax.

Outcome: The County will be held harmless for the food tax component, which equates to $3.9 million. The "hold harmless" is likely to be an issue in future legislative sessions. The revenues received by the County from the cigarette tax are minimal ($47 y-t-d) and will have no financial impact on the budget.

Core vs. Non-Core Functions

What is required of us?

Statutorily Required Functions

- Board of County Commissioners
- Sheriff
- Assessor
- Clerk
- Treasurer
- Court House
- District Attorney's Offices
- Maintenance of County-Owned Buildings
- Quarters for County Health Department and District Health Officer (including administrative staff and office space for physician personnel, clinic space for patients and waiting area)

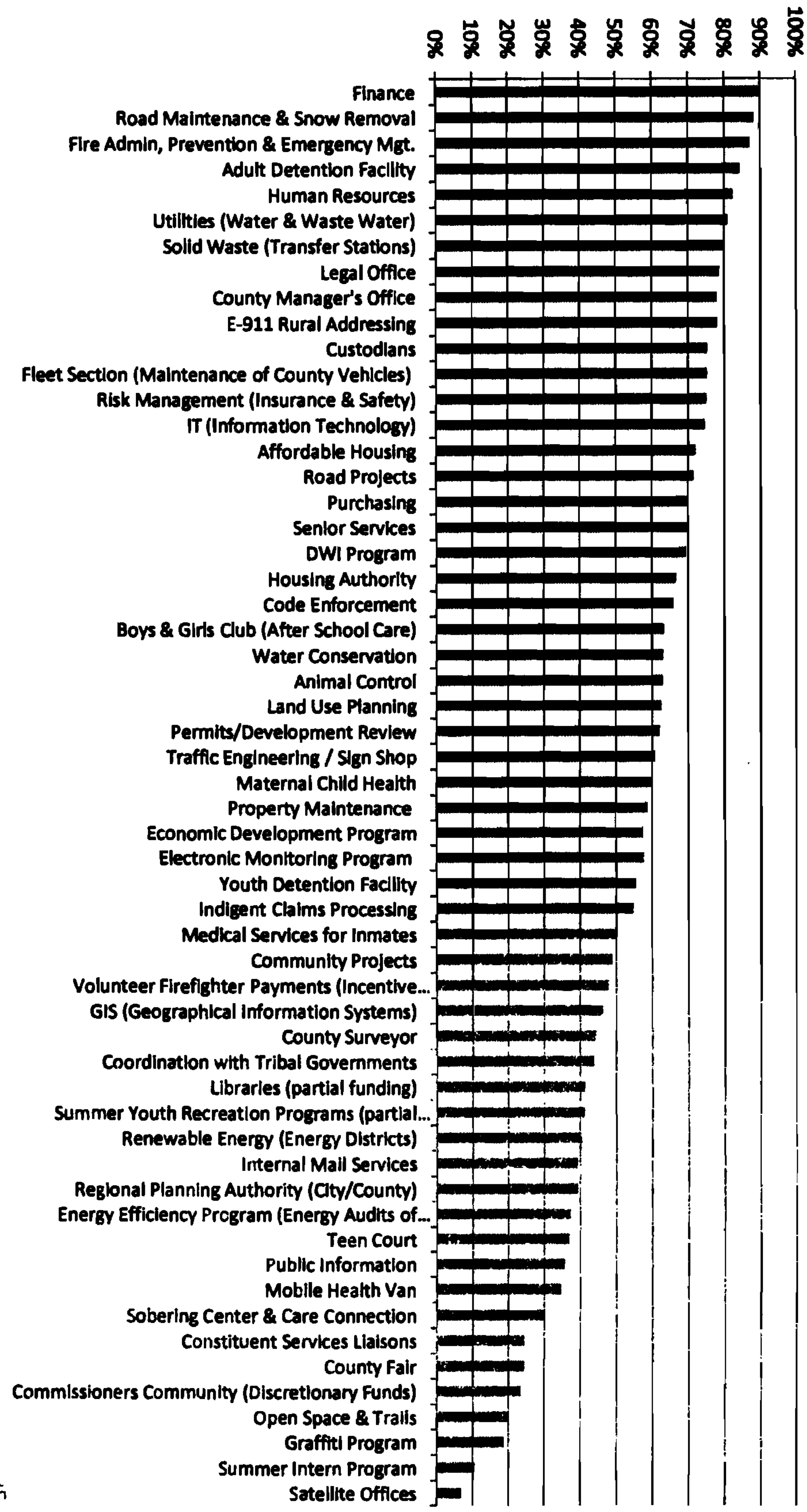
Extended Core Functions

- Public Works
- Adult Jail
- Finance
- Purchasing
- Human Resources
- Legal
- Fire (can be volunteers)
- Information Technology
- SCP Payment

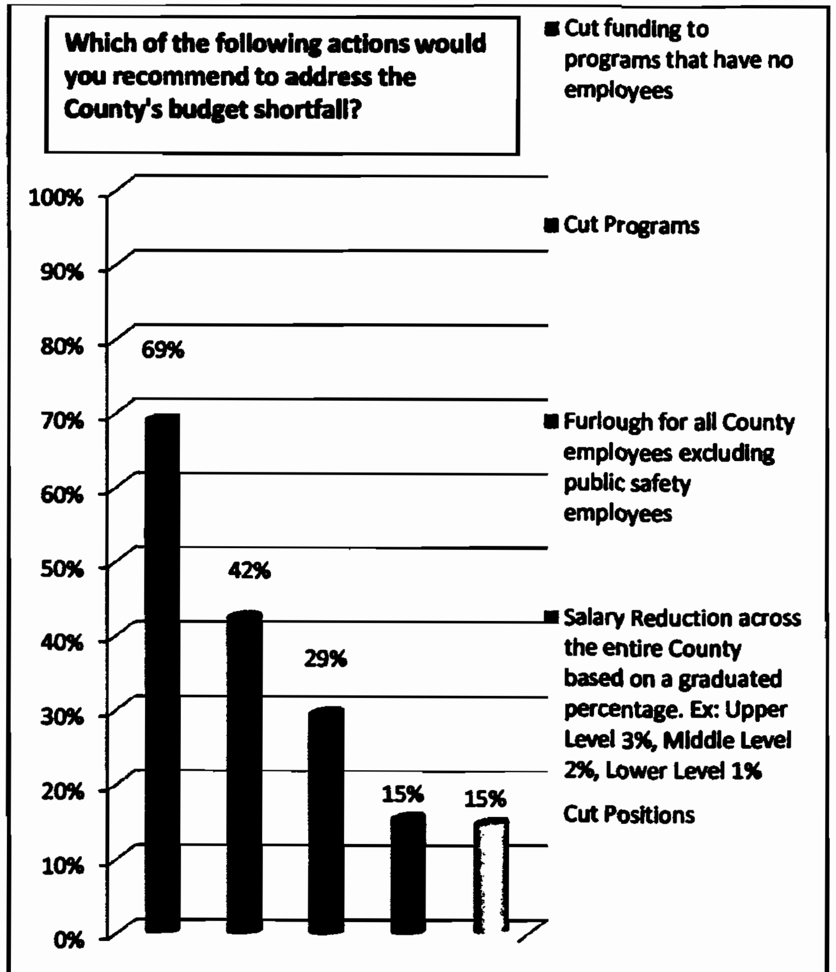
[illegible]

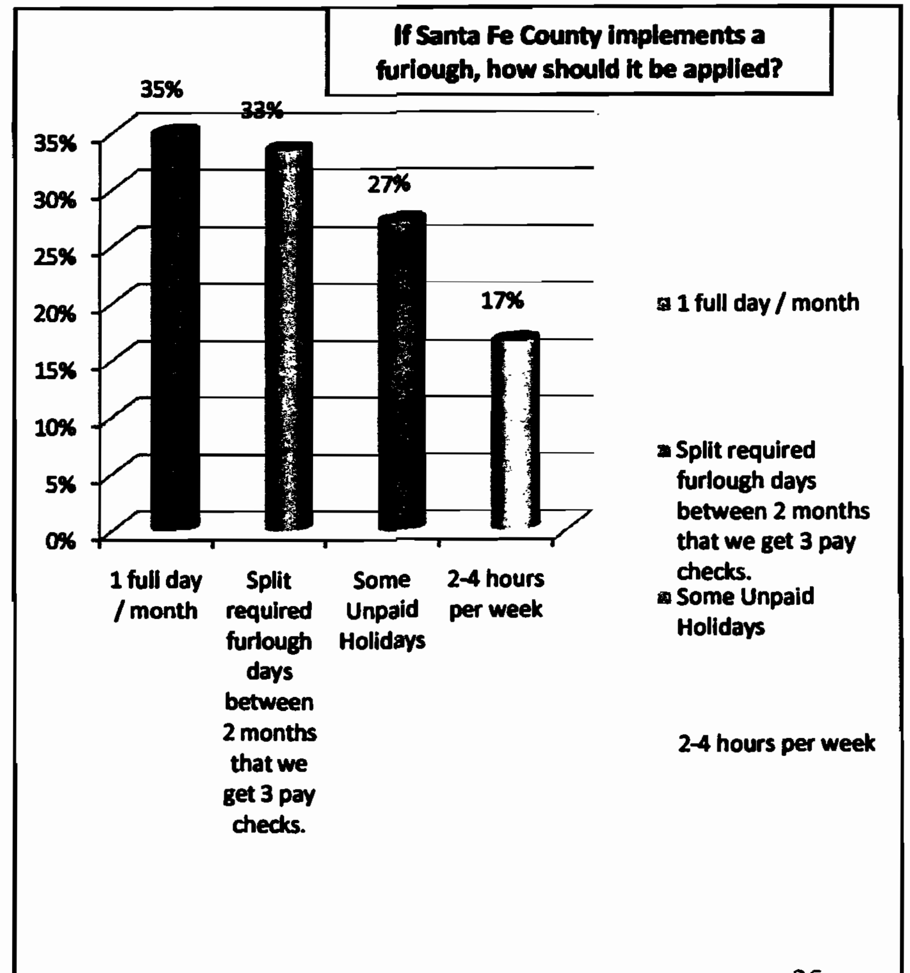
Employee Survey

OPINIONS OF CRITICAL FUNCTIONS



Employee Survey Continued . . .





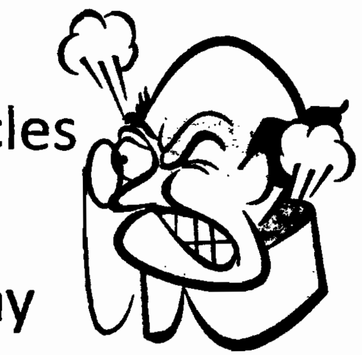
Employee Survey Continued . . .

Layoff Order:

- 1st – Temporary
- 2nd – Casual
- 3rd – Probationary
- 4th – At Will
- 5th – Term
- 6th – Classified

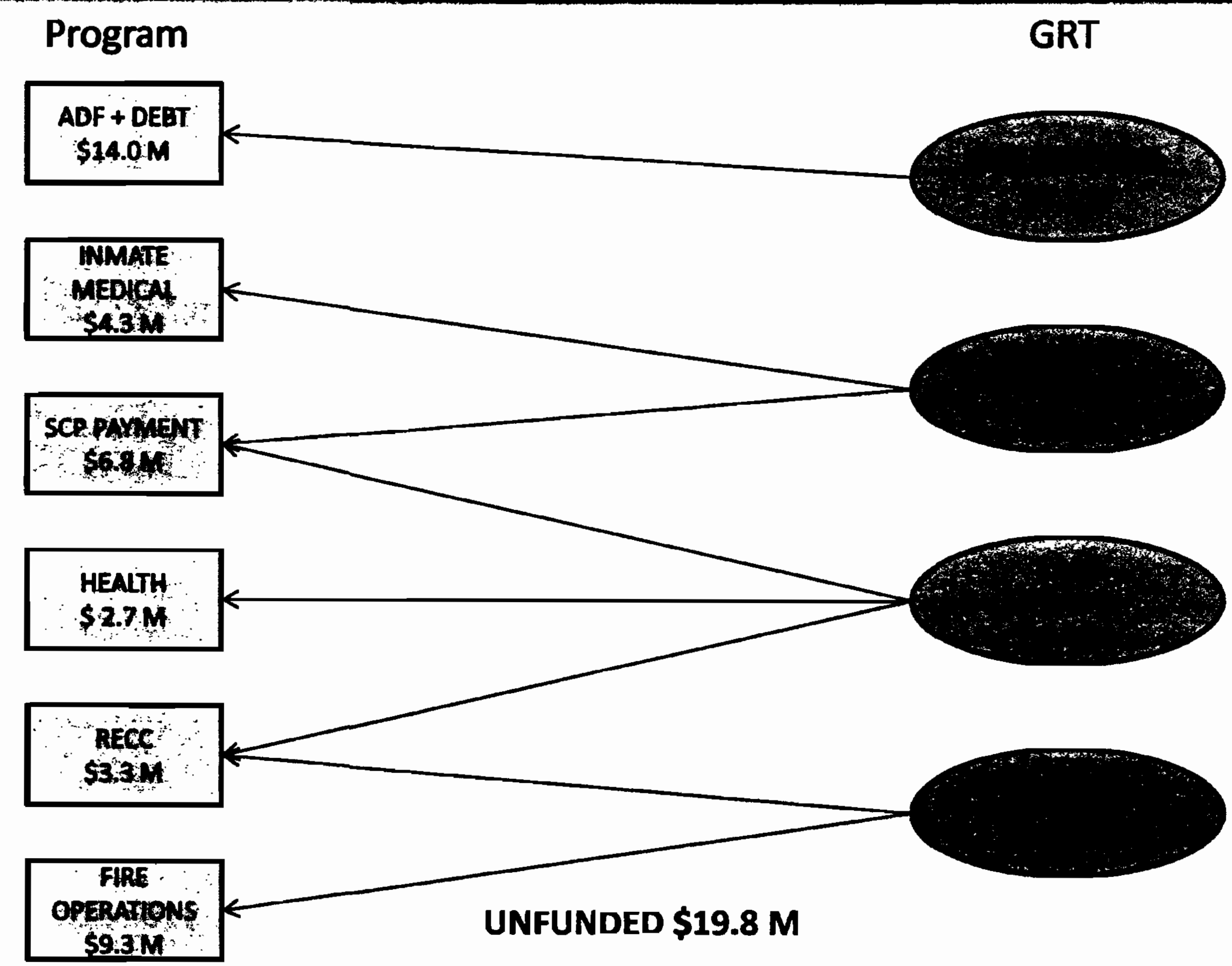
Employee Comments (most common issues)

- Double Dippers
- Take Home Vehicles
- Cell Phones
- Volunteer Fire Pay
- Unnecessary Spending & Contractual Services
- Court House Project
- Santa Fe Canyon Ranch



***492 EMPLOYEES OUT OF 871 COMPLETED THE SURVEY**
This Equates to a 57% Response Rate

Which GRT Can Fund What Program?



UNFUNDED $19.8 M

TOTAL PROGRAMS $40.4M

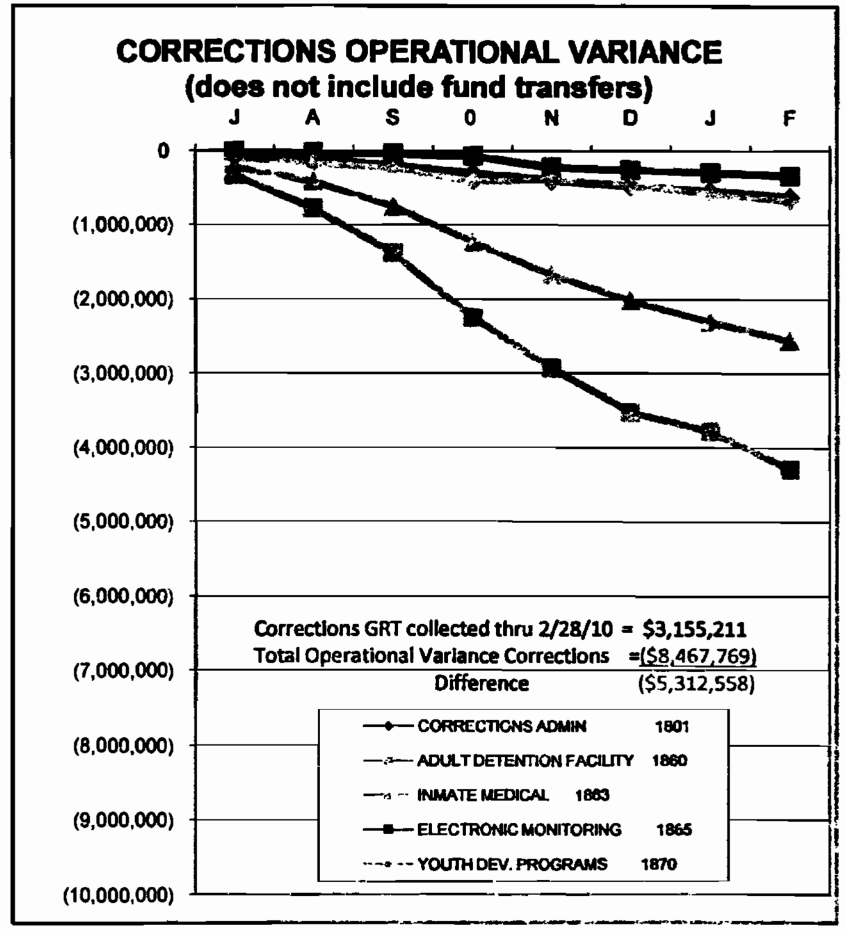
TOTAL GRTs $20.6 M

TROUBLED FUNDS - Corrections

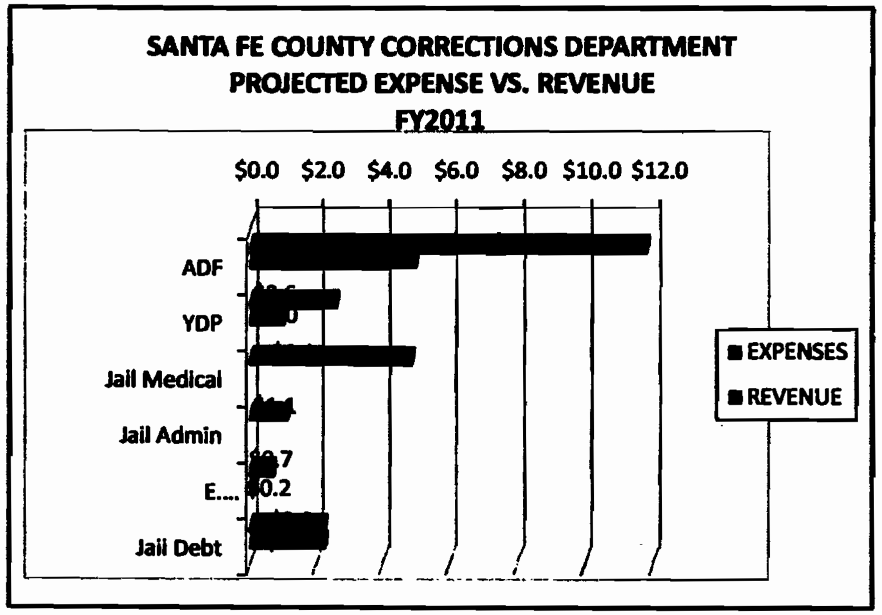
- $ Operational Variances by organization are:

$	Administration	($622,188)
$	Adult Detention Facility	($4,289,070)
$	Inmate Medical Div.	($2,555,358)
$	Electronic Monitoring	($328,531)
$	Youth Development Prog.	($672,622)
TOTAL		$(8,467,769)

- $ Through February, 2010 the Corrections Department is "in the hole" ***$8,467,769*** (not including debt service).
- $ Offsetting GRTs are only ***$3,155,211***
- $ Care of Prisoners revenue is down at the Adult and Youth facilities by $107K and $244K respectively.
- $ Grant funding awarded to the facility was not billed timely and thus the Youth Facility lost $53K in potential funding.



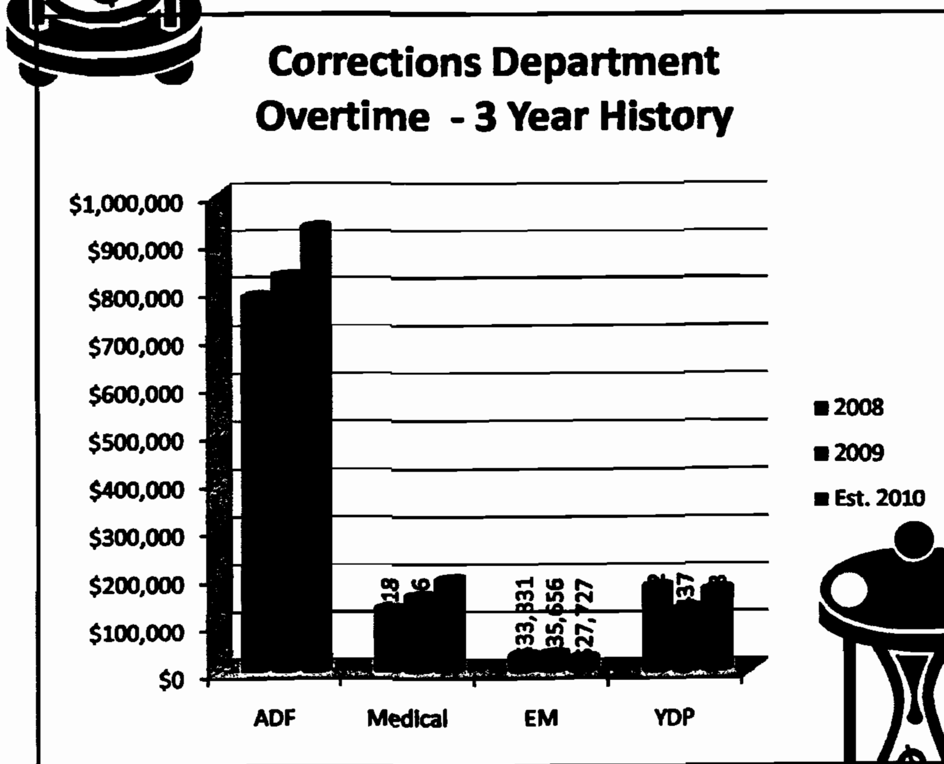
TROUBLED FUNDS - Corrections



In FY2011 Santa Fe County will have to plug a $14.45 m total budget shortfall in the Corrections Department. This support will need to come from the General Fund. ***This equates to about 22% of the total General Fund budget.***

CORRECTIONS DEPARTMENT FY 2011 PROJECTIONS (IN MILLIONS)				
PROGRAM	REVENUE	EXPENSES	DEFICIT	[illegible]
ADF	$ 4.95	$ 11.80	$ 6.85	Based on FY10 revenue, GRT (after debt payment) down 5%, flat expense budget
YDP	$ 1.00	$ 2.60	$ 1.60	Based on FY10 revenue, flat expense budget
Jail Medical		$ 4.35	$ 4.35	Based on FY10 revenue, flat expense budget
Jail Admin		$ 1.10	$ 1.10	Based on FY10 revenue, flat expense budget
E. Monitoring	$ 0.15	$ 0.70	$ 0.55	Based on FY10 revenue, flat expense budget
Jail Debt	$ 2.24	$ 2.24	$ -	GRT (down 5%) pays debt service
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FY 2010 GF Support	*$ 10.70*			*Amount increased from $8.6 to $10.7*
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TROUBLED FUNDS- Corrections



- Changing staff from 4-10s to 12-hour shift scheduling has produced 8 hours of overtime per pay period per shift employee in Electronic Monitoring and YDP.

Cost = $95K per year

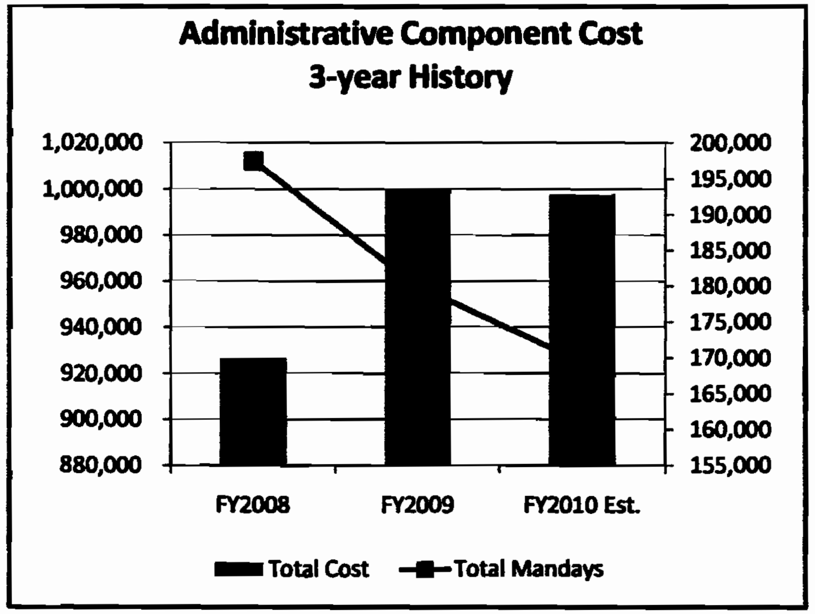
TROUBLED FUNDS - Corrections

Administrative Component

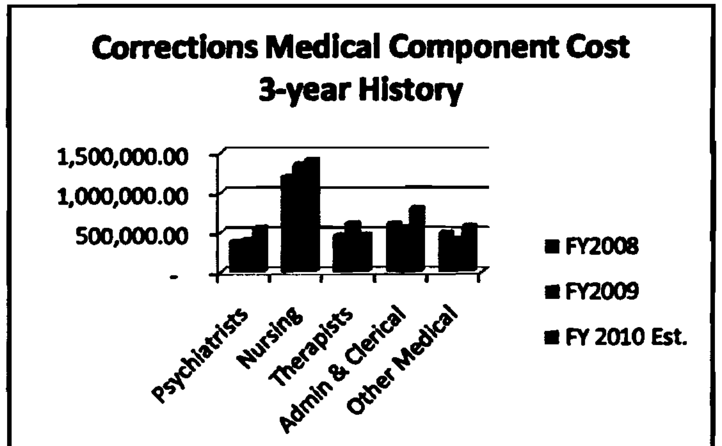
- Administrative Component costs have ***increased*** substantially while the number of mandays (number of occupied beds) has ***decreased*** steadily.

- Administrative Component cost per manday has increased from $4.69 in 2008 to an estimated $5.89 in 2010. ***This is a 26% increase in 2 years.***

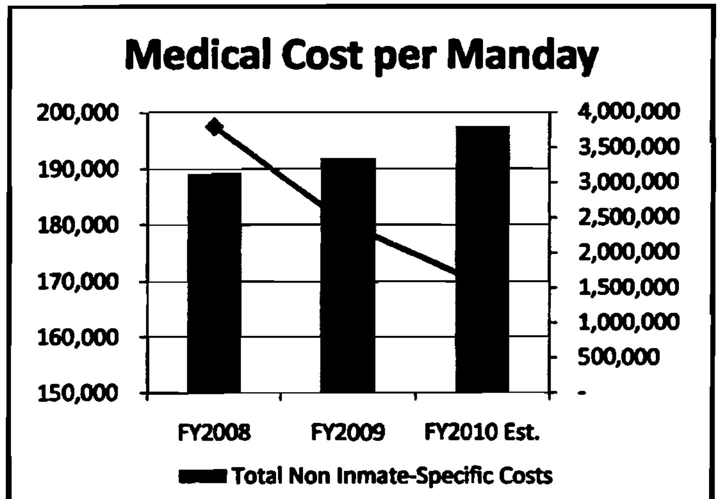
- The number of mandays has decreased from 197,452 in 2008 to an estimated 169,394 in 2010. ***This is a 14% decrease in 2 years.***



TROUBLED FUNDS - Corrections



Does not include inmate-specific expenses.



Does not include inmate-specific expenses.

MEDICAL COMPONENT

- The cost of the Medical Component has ***increased*** while the number of mandays (number of occupied beds) has ***decreased***.
- The cost for medical personnel has increased from $3.1 m in 2008 to an estimated $3.8 m in 2010. ***This is a 21% increase in 2 years.***
- The number of mandays has decreased from 197,452 in 2008 to and estimated 169,394 in 2010. ***This is a 14% decrease in 2 years.***
- The largest increases were in Administrative & Clerical staff and Psychiatrists. At 32% and 45% respectively.

TROUBLED FUNDS - Corrections

ADF Fees are TOO LOW

- ✓ We charge $85 per manday at the Adult Facility.
- ✓ We spend $103 per manday to operate the Adult Facility.
- ✓ **We lose $18 per manday per non-SFC inmate.**

PUT INTO PERSPECTIVE

- ➢ We are essentially burdening Santa Fe County's taxpayers with 18% of the cost to house inmates from other jurisdictions.

or, put another way….

- ➢ We are providing an 18% subsidy to other jurisdictions for their inmates.

CAN SANTA FE COUNTY AFFORD TO CONTINUE TO DO THAT?

TROUBLED FUNDS - Corrections

YDP Analysis July 1, 2010 - February 28, 2010

- 41% occupancy on average
- 25% Billable (15 Beds)
  Beds per Month
- 16% SFC (9 Beds)

✓We charge $170 on avg. per manday at the Youth Facility.

✓We spend $254 per manday to operate the Youth Facility.

✓**We lose $84 per manday per non-SFC inmate.**

July – February FY 2010			
Revenues	**$572,985**		
Expenditures *	**$1,594,110**	***Includes Medical & Administrative Components**	
Operating Loss	**-$1,021,125** YDP Detail		

BREAK EVEN CALCULATION:

Operating Loss	**-$1,021,125**	**Daily Revenue Needed**	**$4,202.16**
Days in Period (July-Feb)	**/ 243**	**Avg. Billable Rate**	**/ $170.41**
Daily Revenue Needed to Break Even	**= $4,202.16**	**Paying Beds Necessary to Break Even**	**= 24.66**

CORRECTIONS - Recommendation

REVENUE

- ✓ Increase ADF rates charged to $105/day. **Increases Care of Prisoners Revenue $.7 M.**
- ✓ Increase Electronic Monitoring Fees and maintain better control of lost equipment.
- ✓ Establish more adequate billing processes to ensure that available grant dollars are received and not lost.

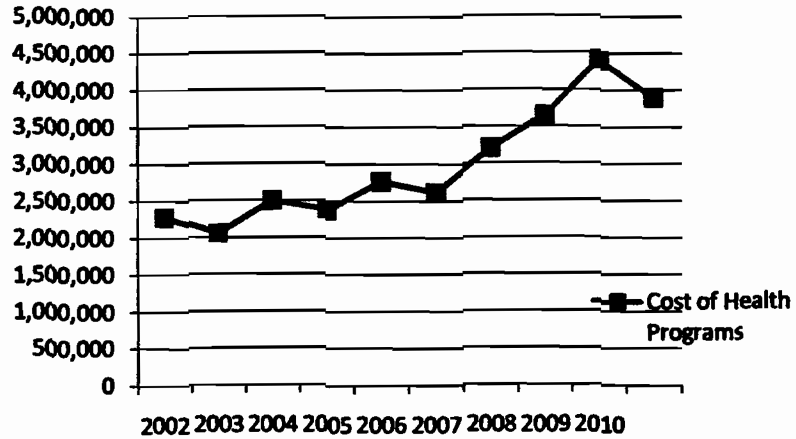
This recommendation would reduce the deficit (and thus the amount of general fund support needed) in the Corrections Department by $1.93m.

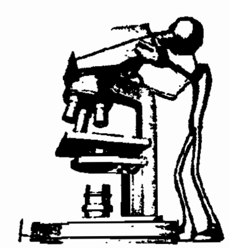
EXPENSES

- ✓ Freeze vacancies within the Corrections Department to the level of the Administrative Component, and move personnel to vacant County-owned space. **Reduces budget by $1.1 M.**
- ✓ Return shift schedules to 4-10s at EM and YDP. **Reduces budget by $.1 M.**
- ✓ Eliminate meals for staff at both facilities. **Reduces budget by $.03 M.**

TROUBLED FUNDS - Health

History of Health Programs
(excluding grant funded and Care Connection)





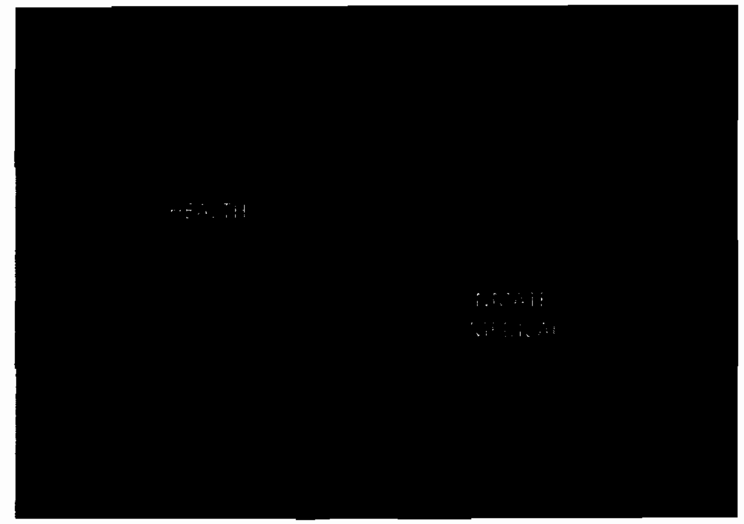
AS ALWAYS...
Live by the Grant, die by the Grant

- ✓ FY11 Health Programs along with the SCP payment will exceed the total of Indigent and EMS GRT revenue by $.76M. (This does not include Senior Services which is moving to the General Fund in FY11.)
- ✓ In addition to health, these GRTs must help fund Inmate Medical and the RECC.
- ✓ Health Programs have increased to unsustainable levels over the course of the last 10 years.

TROUBLED FUNDS - Health

Health Programs

SCP Payment	$6,776,252
Indigent Primary Care	$1,834,223
MCH Support	$180,000
Mobile Health Van	$221,284
Health Administration	$289,041
Teen Court Support	$ 62,100
Total	$9,362,900



Current Sources of Funding Are Not Sufficient to Meet Obligations

If GRTs are used to fund Health, there won't be anything left for Inmate Medical.
If GRTs help fund Inmate Medical then Health must be reduced.

IN EITHER CASE... WHAT ABOUT THE RECC?!

HEALTH - Recommendation

This recommendation reduces the Health budget by $860k. This frees up funds for inmate medical which in turn reduces the amount of General Fund support needed.

- ✓ Eliminate GF support to MCH. Reduces budget by $180K. (MCH retains State Funding to sustain operations)
- ✓ Reduce funding to Indigent Primary Care program by 25%. Reduces budget by $459K.
- ✓ Eliminate Mobile Health Fair Van. Reduces budget by $221K

TROUBLED FUNDS - Fire

SFC IS FACING MULTIPLE FIRE "ALARMS"

- Failure of the Fire Protection Excise Tax has severely impacted the Fire Departments 5-year plan and capital expansion projects.

- In FY 2011 projections show that Fire operating expenditures will outpace revenue by $700K (more if any EM & EC GRT is used for RECC operations).

- Fire Operations Fund cash reserves will be depleted within 2 years.

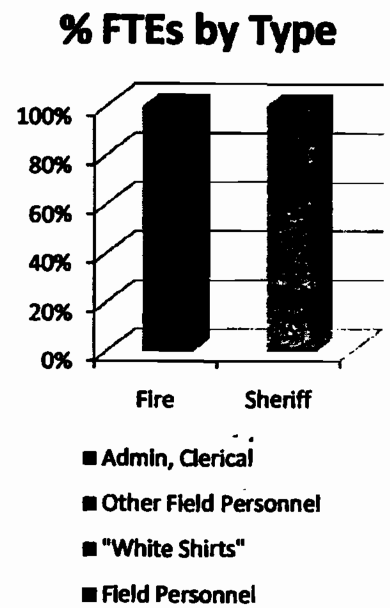
- EM & EC GRT (the primary funding source for the Fire Operations fund) must be shared with RECC for its operations.

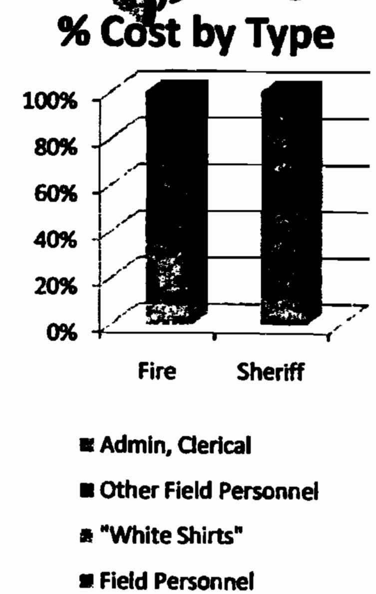
TROUBLED FUNDS - Fire

OTHER CONSIDERATIONS

- Fire Administration personnel budget = 32% of the total fire personnel budget.
- "White Shirts" comprise 17% of the Fire/EMS staff.
- Payments to ***volunteer*** Fire/EMS personnel are budgeted at $225,000.

Compare these statistics to the Sheriff's Office which is similar in that they are a 24/7 operation, emergency response, and comparable in size.

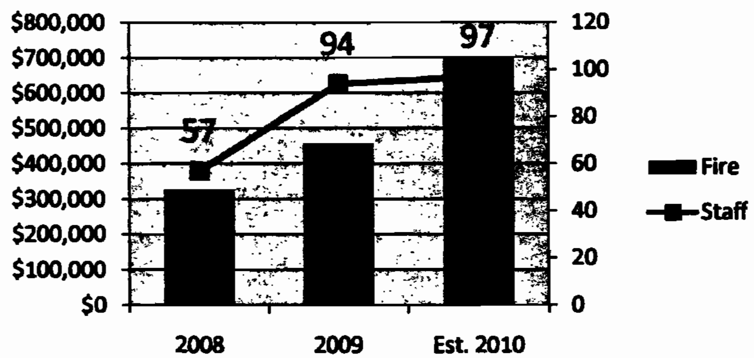




If further reductions become necessary it will be a choice between admin staff or field personnel.

TROUBLED FUNDS - Fire

Fire Overtime
3-year History



This is an unexpected trend. One would expect overtime to decrease with the addition of more staff.

- ✓ Project 48 is 92% complete with 4 vacancies outstanding.
- ✓ The number of staff earning overtime has increased by 70% Since 2008. The actual number of staff has increased by 10%.
- ✓ Overtime paid has increased 112% since 2008.
- ✓ Through February overtime is $105K over the budget for the entire fiscal year.
- ✓ The Sustainable Land Development Plan states " *there are approximately 0.93 paid employees in the fire department per 1000 residents (full county population). This includes two-thirds of RECC employees. This is about three times the level of most other County fire departments (.30 per 1,000) for counties of 100,000-200,000 population, nationwide."*

FIRE - Recommendations

EXPENSES

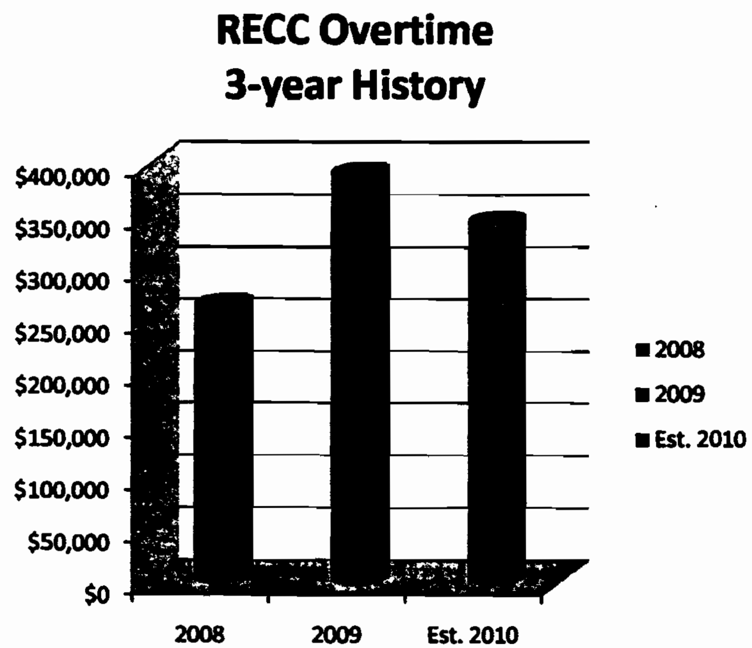
- ✓ Reduce OT to 2008 level. Reduces budget by $.37M
- ✓ Eliminate Payments to volunteers. Reduces budget by $.23M
- ✓ Reduce Non-personnel operating costs by 10%. Reduces budget by $.19M
- ✓ Freeze 2 administrative staff vacancies for all of 2011. Reduces budget by $.14M
- ✓ No summer academy and other academies are on hold indefinitely. Reduces budget by $.33M

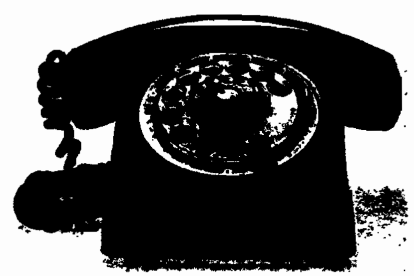
OTHER ACTION

- ✓ Review staffing based upon information provided in Sustainable Land Development Plan to ensure appropriate level.
- ✓ Possible discussion with IAFF Union to reduce or eliminate required COLA.

This recommendation would reduce the Fire budget by $1.26M. This frees up funding for RECC, which in turn means General Fund will need to support RECC to a lesser degree.

TROUBLED FUNDS - RECC





- ✓ Employees are on a 12-hour shift schedule which costs the County 8 hours of overtime per pay period per shift employee.
- ✓ FY10 overtime is estimated to be down by 12% from FY09. This downward trend needs to continue.
- ✓ FY10 RECC budget was balanced by using $1M in cash reserves. This is not sustainable long-term.

RECC - Recommendations

EXPENSES

- ✓ Cut funding associated with capital expansion. Reduces budget by $35K.
- ✓ Revise shifts to 4-10s schedule eliminating 8 hours of OT per pay period per shift employee. Reduces budget by $116K.
- ✓ Freeze ITT Manager position and 2 trainee positions for all of FY2011. Reduces budget by $155K.
- ✓ Cut non-personnel operating expenses by 10%. Reduces budget by $35K.

REVENUE

- ✓ Renegotiate JPA with Town of Edgewood.

This recommendation would reduce the RECC budget by $341K. This frees up the EM & EC GRT for Fire Operations or the EMS GRT for Health Operations which in turn will reduce the amount of General Fund support needed for those programs.

Reverted Project Funding

THE PROBLEM

- The State of NM reverted $4.4 in special appropriations for capital projects. Reversion Detail
- This resulted in the loss of funding for roads, community projects and utilities.
- Hardest hit were the community projects.

THE REALITY

- Roads projects staff has begun transitioning to vacant positions in the Road Maintenance Division.
- Based on the reversions, some community project staff should be transitioned to vacancies if available.
- If no vacancies are available…
- Utilities staff is allocated appropriately for the funding.

POSITIONS SHOULD NOT BE FUNDED FOR PROJECTS THAT HAVE NO FUNDING SOURCE.

Future General Fund Drains

Recurring Costs	
Buckman Direct Diversion Operational Budget	$ 1,300,000
Santa Fe Canyon Ranch Maintenance	$ 8,400
Increase to Retiree Health Care	$ 170,000
Potential Increase to Health Insurance Costs (20%)	$ 809,000
Transparency Initiatives	$ 160,000
TOTAL	$ 2,447,400
Forecasted Decrease to GRT Revenues (5%)	
Decreased General Fund	$ 378,900
Decreased Countywide	$ 1,683,900
TOTAL	$ 2,062,800

$ 4,510,200

What have other Governments done?

In New Mexico

- State employees were furloughed 5 days in FY10 with potentially 12 days in FY 2011.
- State employees' contribution to PERA went up while the State's contribution went down by 1.5% on a temporary basis (for 2 years).
- State Agency budgets cut an average of 3.3%. Some agencies sacrificed travel for required employee certifications.
- City of Santa Fe employees were given a COLA and subsequently furloughed 1.5 hours per week. Reorganizing government structure in an effort to adapt to changing economy.
- City of Rio Rancho hard froze 78 positions, increased fees, and cut pool hours and recreation programs. Further fee increases are anticipated.

Around the Nation

- California state employees furloughed 3 Fridays a month.
- Oklahoma Department of Corrections furloughed workers for 10 to 12 days.
- Rhode Island state employees were required to work eight days without pay.
- Nevada state employees furloughed one day per month while teachers and higher education employees took a 4% pay cut.
- Hawaii state employees furloughed every Friday.

Frozen Vacancies

TROUBLED FUNDS RECOMMENDED FREEZE

Program	FTEs	Savings
Fire	8	$440K
RECC	3	$155K
SUBTOTAL	**11**	**$595K**

TOTAL SAVINGS FROM RECOMMENDED FREEZE

34 FTEs Frozen
$1,814,000 in Savings

OTHER RECOMMENDED FREEZE

Program	FTEs	Savings
CMO	1	$68K
Growth Mgt.	3	$246K
Public Works	4	$169K
Corrections Admin	1	$41K
Corrections ADF	1	$62K
Inmate Medical	3	$135K
Corrections YDP	8	$389K
Community Svcs.	2	$109K
SUBTOTAL	**23**	**$1,219K**

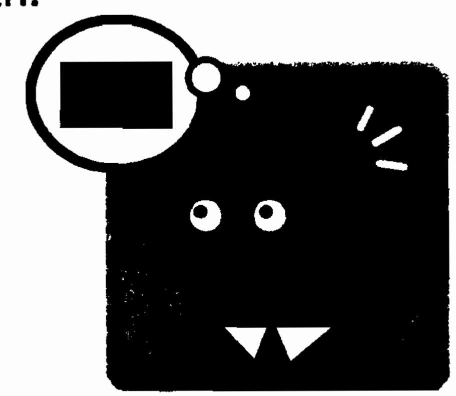
Furlough and Layoff Plans

FURLOUGH

- Furlough of non-public safety staff for 1 day per month. Reduces budget by $1.2M.
- 35% of staff prefer a one day/month furlough structure, and 33% of staff prefer furlough days to be "loaded" into the "3 paycheck" months.
- A 4% salary reduction for public safety staff (equivalent to the furlough amount). Reduces budget by approximately $.6M

LAYOFF

- Individual Union's contracts specify the order of layoff for their members.
- Non-core programs and services should be reduced or eliminated. This equals people or services or both.



Details by Function
(Info based on FY2010 budget)

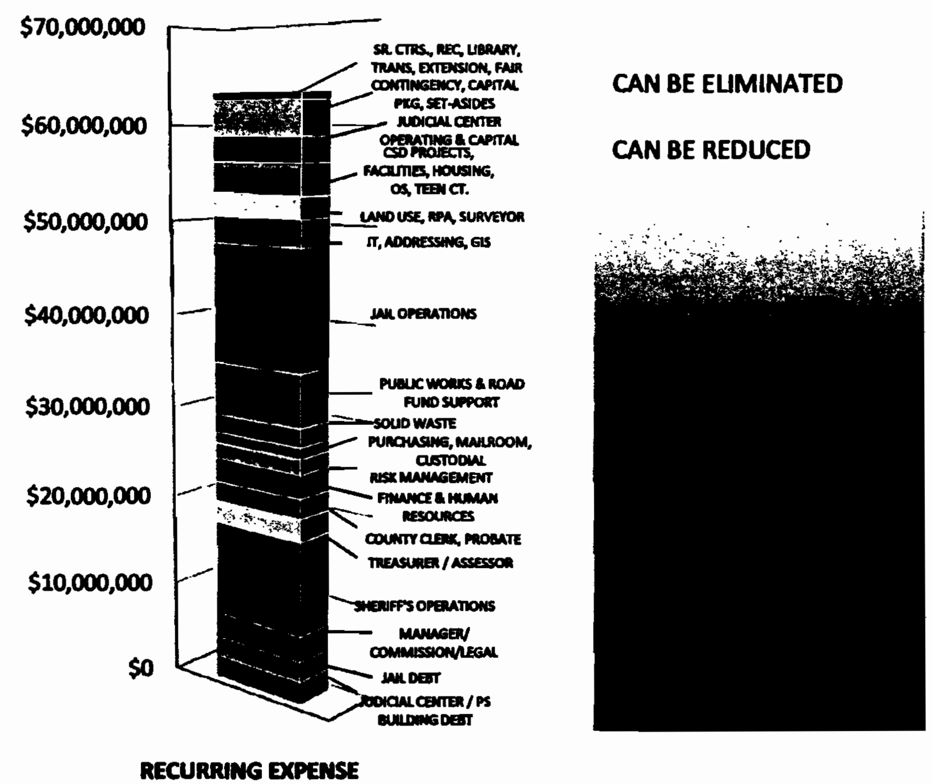
- [redacted] SANTA FE COUNTY
  - Board of County Commissioners
    - County Attorney
    - CMO
      - Other CMO Initiatives
      - Finance
      - Human Resources
      - ADMINISTRATIVE SERVICES DEPARTMENT
        - IT
        - Purchasing
        - Risk & Safety
        - Other ASD
      - [redacted]
      - PUBLIC WORKS DEPARTMENT
        - Public Works
        - Utilities
      - COMMUNITY SERVICES DEPARTMENT
        - Comm Projects & Facilities
        - Fire
        - Health & Human Svcs.
        - Housing Services
        - Regional Emergency Comm. Ctr.
        - Teen Court
        - Other CSD
      - CORRECTIONS DEPARTMENT
        - Corrections Admin
        - Adult Detention Fac.
        - Inmate Medical
        - Electronic Monitoring
        - Youth Development Prog.
  - ELECTED OFFICES
    - Assessors
    - Clerks
    - Probate Judge
    - Sheriffs
    - Surveyor
    - Treasurer

PUBLIC SAFETY PROGRAMS
- Corrections
- Fire
- RECC
- Sheriff

DEFINING BUDGET PRIORITIES

- ✓ Santa Fe County must define what is considered "Core Government" services.
- ✓ Current Level of support to Corrections Operations cannot be sustained indefinitely.
- ✓ General Fund must prepare to support RECC and/or Fire Operations in FY2012.

FY2011 General Fund



How do we BALANCE the budget????

Increases to the Base Budget:

Proposed New FTE's

ELECTED OFFICIALS – Requested Positions

Organization	FTE	Annual Sal & Benefits
Assessor		
Senior Appraiser	1	62,550
Field Auditor	1	36,700
Quality Control/Internal Audit	2	61,600
Assessment Specialist	2	36,700
TOTAL	6	197,550
Sheriff		
Deputy I	1	57,300
Treasurer		
Tax Assessment Specialist	1	40,100
TOTAL ELECTED OFFICIALS	**8**	**$ 294,950**

COUNTY STAFF – Requested Position

Organization	FTE	Annual Sal & Benefits
Public Works - Utilities		
Maint. Tech Lead	1	71,400
TOTAL COUNTY STAFF	**1**	**$ 71,400**

TOTAL $ 366,350

SCP Transition FY 2008 – FY 2010

FY 2008	
SCP Commitment	$9,285,000
3rd Party Funding:	
RECC	$ 2,297,937
Health Adm	$ 236,500
MCH	$ 180,000
Espanola	$ 69,000
ParaTransit	$ 90,500
Care Connection	$ 547,000
Jail Medical	$ 3,200,000
Indigent	$ 2,050,000
Senior Programs	$ 651,000
Total	$ 9,321,937

FY 2009	
Available Revenue	$9,684,900
Actual SCP Payment	$9,684,900
3rd Party Funding:	
RECC	$2,450,650
Health Adm	$ 239,870
MCH	$ 180,000
Espanola	$ 69,000
ParaTransit	$ 90,500
Care Connection	$ 547,000
Jail Medical	$3,620,520
Indigent	$1,974,450
Senior Programs	$ 493,450
Total	$ 9,665,404

FY 2010		
Available Revenue		$9,635,900
Total Health/RECC/Medical Ops (not including SCP)		$9,527,450
Actual SCP Payment:		
SFC Commitment		$5,163,000
Federal Credit		$1,710,000
Total SCP Commitment		$6,873,000
Total Shortfall		$5,054,550
3rd Party Funding		$ 0
Budget Cuts (Soft or 1 time) Total		$3,372,439
Health	$ 247,261	
RECC	$ 348,628	
Jail/Medical	$ 491,050	
Fire	$ 105,000	
Gen. Fund	$2,180,500	
Use of Cash (1 time) Total		$1,664,423
EMS Fund	$ 465,679	
Indigent Fund	$ 698,744	
Fire Fund	$ 500,000	

BALANCED BY USE OF CASH & BUDGET CUTS COUNTY WIDE (CUTS WERE NOT PERMANENT AND INCLUDED SOME SOFT FREEZES)

SCP Transition FY 2011

FY 2011

Available Revenue	$ 8,550,000
Total Health/RECC/Medical Ops	$ 9,982,679
SCP Commitment	$ 6,776,252
Total Shortfall	$ 8,208,931

How do we manage the deficit??

- Maintain a flat budget from 2nd round of cuts in FY 2010
- Additional use of cash
- Request additional budget cuts from RECC, Health and Jail Medical

- Amounts reflected for operations are based on initial budget submissions for FY 2011 (may still be reduced at budget hearings).
- Shortfall reflected is less than $9.0 M given that Senior Services will be supported by the General Fund in FY2011 for a total requested amount of $871,000.
- Evaluate reductions to Health programs based on non-core definition of government services defined by Legal.

Use of Cash Reserves

- **Using Cash Reserves for Ongoing Operations:**

✓ Makes the assumption that the economy will quickly recover. (After the depression, the economic recovery occurred over a 10 year period).
✓ Will potentially bankrupt Santa Fe County in 1.5 years.
✓ Moves the County dangerously close to thresholds at which bond rating agencies begin downgrading debt, jeopardizing the County's bond rating.
✓ Possibly causes a "Going Concern" audit finding (worst audit finding possible)!
✓ Santa Fe County would need to cut down to operate only those programs that are statutorily required once reserves are exhausted!
  ✓ All Debt Service
  ✓ Elected Officials
  ✓ Indigent – as long as second 1/8th increment is in place

- **Alternatives to Using Cash:**

✓ Review revenues, improve collections and reduce inefficiencies in government.
✓ Make programmatic cuts necessary to balance the budget.
✓ Furloughs countywide.

Preserving Cash Reserves

Examples where "Use of cash went very bad!":

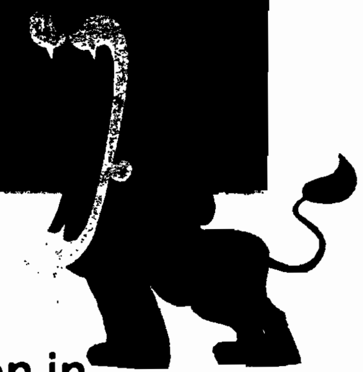
Vallejo, California

1. Simple arithmetic – cash flow was insufficient to cover contractual obligations.
2. Shrinking revenue and escalating labor costs for police & firefighters led to crisis.
3. City was forced to reduce staff and cut services. "In a first, bankruptcy judge rules California City can void union contracts."

Jefferson County, Alabama

1. Record municipal bankruptcy of $3.2 billion was almost twice the $1.7 billion Orange County, California record!
2. Top expert advised the county to use the threat of filing for bankruptcy protection to force the county's creditors into serious negotiations to resolve a sewer debt crisis.
3. Jefferson County unable to make $636 million sewer debt payment.
4. Threat of $4.6 billion bankruptcy on sewer bonds – 44% increase over the original issue price.

In a nutshell:
CASH: To Use or Not to Use?
That is the question…



To Use

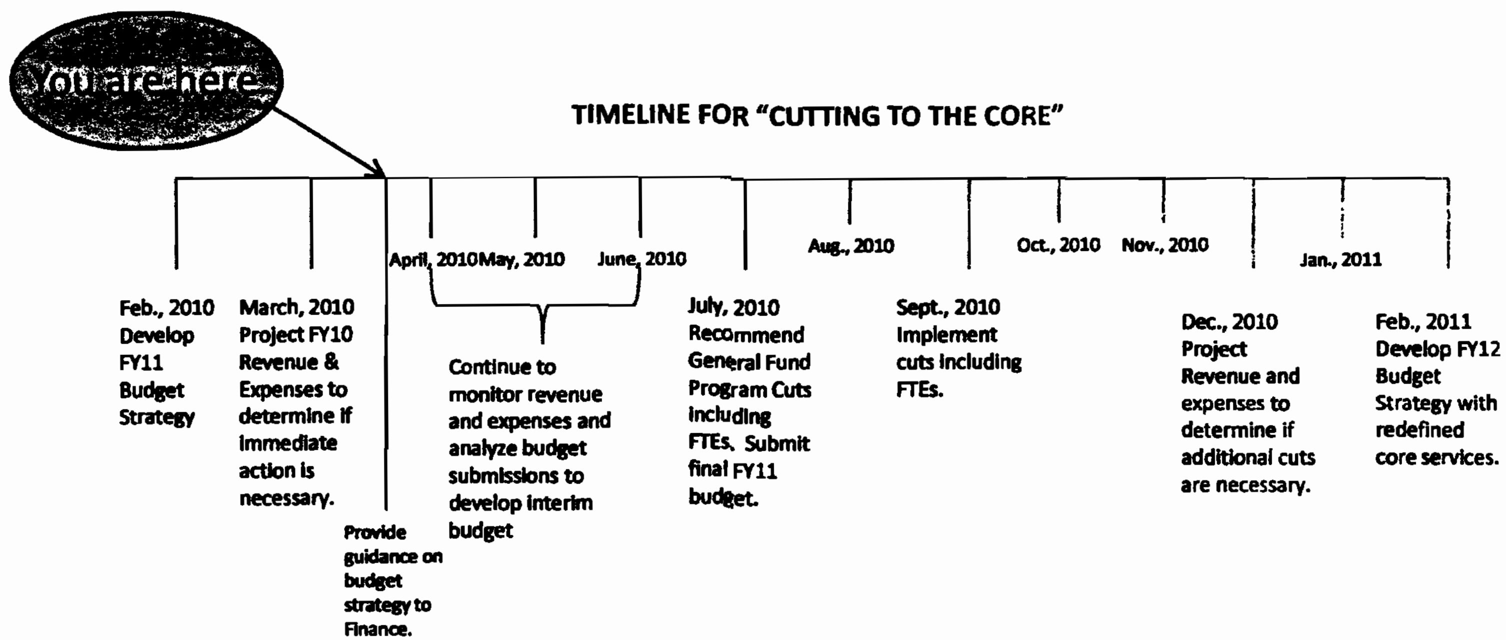
- Will allow for status quo operations.
- Will postpone making choices while awaiting a miracle.
- Cash will run out within 1-3 years.
- Bond rating would drop leading to increased cost to borrow for capital.
- Risk State take-over.
- Long-term financial health of the County would be jeopardized.

Not to Use

- Will force a reduction in County government.
- Will create difficult priority setting challenges.
- County can retain its high bond rating which allows for affordable borrowing.
- Protects the long-term financial health of the County.
- Leaves cash reserves intact for investing or necessary one-time purchases.

Implementation

- ✓ Consider the recommendations presented at this retreat.
- ✓ Provide guidance to management as to cuts and other measures.
- ✓ Review contracts and other legal requirements for taking the recommended action.



Troubled Funds Recommendations

Corrections Department

- ✓ Increase fees at ADF to $105/day.
- ✓ Increase EM fees and implement better oversight of equipment to prevent losses.
- ✓ Decrease Expenses by:
  - ✓ Transitioning Administrative Component to vacant budgeted positions and move personnel to vacant space.
  - ✓ Return shifts to 4-10s at YDP and EM.
  - ✓ Eliminate staff meals at both facilities.

Total deficit reduction - $1.93 million

Health Programs

- ✓ Eliminate General Fund Support of Maternal & Child Health Program.
- ✓ Reduce Funding to the Indigent Primary Care program by 25%.
- ✓ Eliminate the Mobile Health Fair Van.

Total Savings – $.86 million

Troubled Funds Recommendations

Fire Department

- ✓ Reduce overtime.
- ✓ Eliminate payments to volunteers.
- ✓ Reduce non-personnel operating costs by 10%.
- ✓ Freeze 2 administrative staff vacancies for all of 2011.
- ✓ No summer academy and put other academies on hold.

Total Savings – $1.26 million

RECC

- ✓ Renegotiate JPA with Town of Edgewood to increase revenue.
- ✓ Revise shifts to 4-10s schedule to reduce overtime.
- ✓ Freeze ITT Manager and 2 Trainee positions for all of 2011.
- ✓ Cut non-personnel operating expenses by 10%.

Total Savings – $.34 million

Other Options

[illegible]		
•Transition of services to St. Vincents	$ 1,379,000	
Medical contracts ($500,000)		
Sobering/Care Connection ($879,000)		
•Decrease to discretionary funds	$ 92,500	
•Reduced capital package	$ 950,000	
•Reduced Contingency Set-Asides	$ 750,000	
SUBTOTAL		$ 3,171,500
Non-Core Programs		
Proposed Cut		
Graffiti Program	$ 46,500	
Transparency	$ 160,000	
Energy Efficiency	$ 60,000	
Boys and Girls Club	$ 75,000	
Inter-governmental Summit	$ 7,700	
Libraries	$ 80,666	
Satellite Offices	$ 66,578	
Transportation (transition to the Reg. Transit District)	$ 120,000	
SUBTOTAL		$ 616,444
Proposed Reduction		
RPA	$ 40,000	
Summer Youth Recreation Programs	$ 20,000	
SUBTOTAL		$ 60,000
[illegible]		
Operational Budget Expenditures Proposed Reductions		
Departments		
Administrative Services	$ 60,000	
Community Services	$ 600,000	
Public Works	$ 400,000	
Growth Management	$ 150,000	
SUBTOTAL		$ 1,210,000
GRAND TOTAL		$ 5,057,944
Furlough Plan (8 hours a month)	$ 1,200,000	

Additional cuts to take-home vehicles, cell phones, trainings, travel and supplies may be considered.

Recommendations

Cuts & Reductions

Troubled Funds

▪ Corrections	$1.93m
▪ Health	$ .86m
▪ Fire	$1.26m
▪ RECC	$ .34m
	$4.39m
Freeze 23 Positions	$1.22
Reduced Budget Submissions	$1.2m

Other Action

- Use some cash in amount to be determined.
- Review programs to determine core and non core and analyze need for existing services.
- Promote efficient operations to reduce excessive overtime and other operating costs.
- Take a business approach, live within our means as driven by the economic downturn.

Final Recommendation

Forecasted Total Deficit

Resulting from Operations:

SCP/Health/RECC/Medical		$ 8,200,000
New Costs in FY2011:		
BDD Operational	$1,300,000	
SFC Ranch	$ 8,400	
Retiree Health Care	$ 170,000	
Health Insurance	$ 800,000	
Transparency Initiative	$ 160,000	
Corrections Retirement	$ 400,000	
Add'l Transfer – Jail	$3,750,000	
New Staff Requests	$ 367,000	
Total New Costs		$ 6,955,400
TOTAL FORECASTED DEFICIT		$15,155,400

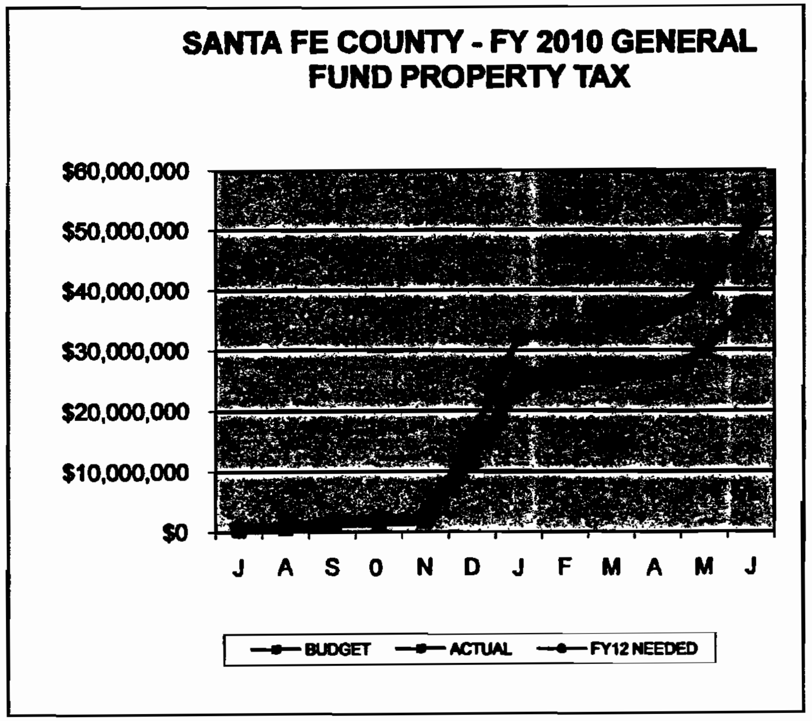
Forecasted Additional Revenue

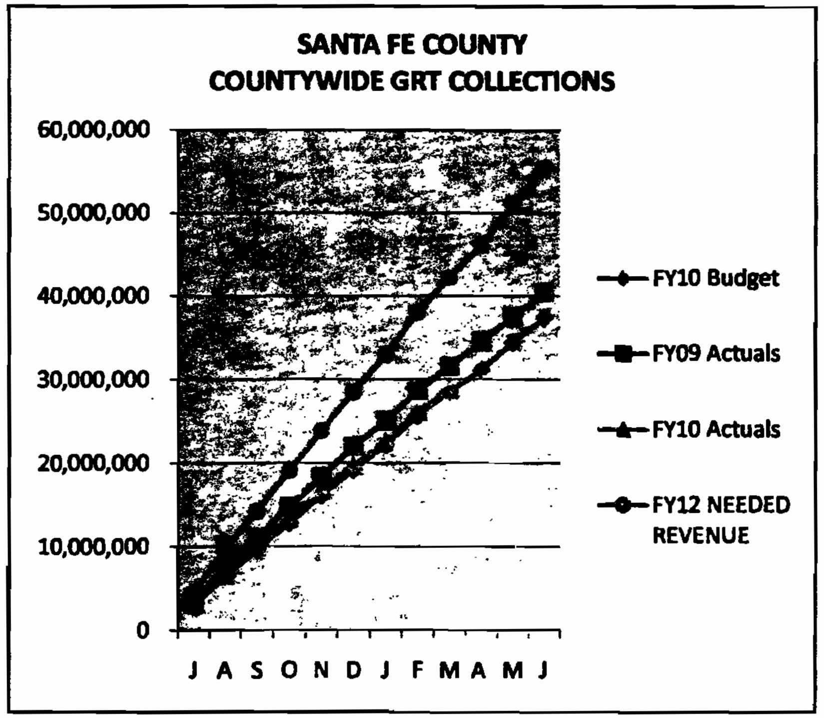
Property Tax Increase	$ 750,000	
Investment Income	$ 2,000,000	
GRT's	$(2,100,000)	
Total Add'l Revenue		$ 650,000
Net Deficit		**$14,505,400**

Net Deficit	**$14,505,400**
Cuts:	
Services to St. Vincent	$ 1,300,000
Transportation	$ 120,000
Subtotal	$ 1,420,000
Reductions:	
Discretionary Funds	$ 92,500
Capital Package	$ 950,000
Contingency Set-Aside	$ 750,000
Hard Freeze on Vacancies	$ 1,814,000
Satellite Office Staff	$ 16,000
Youth Recreation	$ 20,000
Operational Reductions	$ 1,210,000
RPA	$ 40,000
Subtotal	$ 4,217,500
Use of Cash:	
Indigent	$ 2,500,000
EMS	$ 1,800,000
General Fund	$ 3,012,500
Subtotal	$ 7,312,500
Deficit	***$ 0***

Looking Beyond FY2011

If no action is taken in FY2011 to reduce staff and programs, Indigent and EMS Cash will be *depleted.*
FY2012 Property Taxes and GRTs would need to look like this to maintain staffing and program levels.





✓35% increase in property tax collections would be needed, or
✓48% increase in gross receipts tax collections would be needed.

HOW LIKELY IS THAT?

This time next year…

Will the news be good:

"Through sound financial management Santa Fe County will be able to maintain a healthy and lean government that provides core services to its citizens."

or will the news be bad:

"Santa Fe County forced to cut 25% of its workforce as cash reserves run dry and revenues can't keep pace with spending. Officials say this drastic measure is needed to keep the County out of bankruptcy."

Community Services
Community Projects
Current And Active Projects

Project Name	Project Manager	Balance	Project Status
Southern Region, Edgewood Fire Station	Ron Sandoval	$3,500,000.00	A&E plans are available. Funding has not been identified.
Western Region, Rancho Viejo	Ron Sandoval	$3,000,000.00	Rancho Viejo Fire Station contract has been approved and construction will start in February. Funds are available.
La Puebla Fire Station Remodel/Addition	Ron Sandoval	$280,000.00	Project is under construction and 99% complete.
Pojoaque Fire Station Living Quarters Addition	Ron Sandoval	$750,000.00	The project is ready to go out to bid for construction. Funds are available.
La Tierra Fire Station Living Quarters Addition	Ron Sandoval	$600,000.00	The project is ready to go out to bid for construction. Funds are available.
Cundiyo Fire Station	David Padilla	$132,692.00	Construction on-going. Project 90% complete. Construction of Retaining wall is still pending.
Agua Fria Fire Station Firefighter Living Quarters Addition	David Padilla	$123,000.00	Landscaping and retaining pond needed to complete project. Funds are available.
Esperanza Shelter Administrative Complex	David Padilla	$1,837,829.00	Funds were not listed in SB182 to be cancelled therefore grants may be reissued.
Madrid Grandstand	David Padilla	$272,557.00	A&E is on-going and is 40% complete. Grants removed from SB182. Funds still pending.
Edgewood Senior Center Fire Suppression System	David Padilla	$30,000.00	Funding lost from legislature. Funds to complete will be transferred from Cundiyo GRT.
Recovery Center Construction	David Padilla	$271,000.00	Funding available.
Eldorado Soccer Field	Laura Epler	$175,000.00	Funds are available and project is 90% complete.
Santa Fe Mountain Center - Camp	Laura Epler	$679,730.00	Staff is moving forward with the Master/Development plan for the property. Final grant is still pending.

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Project Name	Project Manager	Balance	Project Status
Clubhouse Model Facility Serving Disabled	Laura Epler	$462,574.00	Staff closed on the property on 2/12/2010. Staff will be hiring an architect and contractor to do interior renovations.
Stanley Youth Agricultural Facility	Laura Epler	$424,292.00	$76,000 was reissued in grants to purchase the property. The remaining grants were removed from SB182. Funding for the property improvements are pending.
El Mirador	Laura Epler	$40,000.00	A&E is underway and is 50% complete. Funds were not fozen due to an existing contract.
South Meadows Open Space Master Plan Approval	Scott Rivers	$10,000.00	Funding is available in Open Space and Trails GRT budget.
Top of the World	Scott Rivers	$100,000.00	Project is on-going. Funds availabale.
Burro Lane Park	Scott Rivers	$59,000.00	A&E is waiting approvals.
Galisteo Park	Scott Rivers	$5,000.00	Drainange and landscaping. Funds available.
Pojoaque Tennis Courts	Rudy Garcia	$86,000.00	Project is on-going 50% complete.
Old Public Works Clean-up	Rudy Garcia	$300,000.00	Site remediation on-going. Funds available.
Valle Vista Waste Water Plant	Rudy Garcia	$3,500,000.00	Project on-going. Funding available.
Nambe Park	Rudy Garcia	$500,000.00	Funds were vetoed in HB182 and are to be reissued from DFA.
Santa Fe County Fair Grounds	Frank Jaramillo	$175,000.00	$175,000 in grants were reissued. Staff is improving water and sewer lines as well as upgrading power to the site.
Santa Fe Co Women's Health Services	Frank Jaramillo	$397,000.00	Women's Health Services lost $100,000 in SB182. The remaining $397,000 is pending but has not been listed to be cancelled in a bill to-date.

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Project Name	Project Manager	Balance	Project Status
1st Judicial Complex	Joseph Gutierrez Paul Olafson	$35,000,000.00	Construction is scheduled to resume in June 2010.