

**SANTA FE COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
**BUDGET STUDY SESSION**

**June 8, 2010**

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



COUNTY OF SANTA FE )  
 STATE OF NEW MEXICO ) ss  
 BCC MINUTES  
 PAGES: 58

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 Valerie Espinoza  
 County Clerk, Santa Fe, NM

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This Budget Study Session of the Santa Fe Board of County Commissioners was called to order at approximately 1:07 p.m. by Vice Chair Virginia Vigil, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Following the Pledge of Allegiance and State Pledge, roll was called by County Clerk Valerie Espinoza and indicated the presence of a quorum as follows:

**Members Present:**

- Commissioner, Harry Montoya, Chair [1:10 arrival]
- Commissioner Virginia Vigil, Vice Chair
- Commissioner Kathy Holian
- Commissioner Liz Stefanics [1:10 arrival]
- Commissioner Mike Anaya

**Members Excused:**

[None]

**VI. Approval of the Agenda**

County Manager Roman Abeyta said an executive session was not necessary.

COMMISSIONER VIGIL: Thank you. How does the Commission feel about that? I would like to reserve the right to go into executive session and despite the fact, based on the budget you prepared, there isn't a need from your perspective but this is a public open hearing and if there's an issue that does come up that requires an executive session I'd like to keep that option available for the Commission. So with that, I'd recommend we keep that on.

COMMISSIONER ANAYA: Move for approval.

COMMISSIONER HOLIAN: Second.

COMMISSIONER VIGIL: Okay. This does include keeping executive session on.

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

#### IV. Presentation by County Assessor

COMMISSIONER VIGIL: Mr. Assessor, according to the agenda you have 20 minutes. Do you think you can meet that time? Do you need more? Will you require less? I would like to reserve some time for questions and answers also.

DOMINGO MARTINEZ (County Assessor): Madam Chair, members of the Commission, this report is long overdue from our administration. This is a report that should have been coming to you every year according to the property tax code, and it's a report on our office as far as what we've done over the year and a reappraisal plan. This is really the plan that enforces exactly how we're going to do things in the Assessor's Office, and therefore you have a roadmap as to how we're going to spend the budget that you allocated to us.

To paraphrase the first two pages, first of all I'd like to take this opportunity to thank all of you for all the help you've given to the Assessor's Office, not only the Commission but the Property Tax Division. The past three years that we have been in the Property Tax Division we've seen a lot of change and part of that change is due to the appropriation you've given the office for our new computers, the mass appraisal system which we were able to put in place. We're still working with it, trying to get it fully functional. You have also given us appropriation for additional staff that has been used to try and get that system going, plus getting all the appraisals done that we need to do.

Under 7.36.16, the County Assessor shall implement a program of updating property values so that the current and correct values of property are maintained and shall have full responsibility and authority at the County level for property valuation maintenance. That is in the property tax code. 7.36.16.d is the Department of Finance and Administration shall not approve the budget of any county in which there is not an adequate allocation of funds to the County Assessor for the purposes of fulfilling the responsibilities for the property valuation maintenance under this section.

So that basically says that the Department of Finance and Administration, Local Government Division will be looking at the budget and they'll be looking at whether we're completely funded so that we can make sure that we comply with all the areas of the property tax code.

7.36.16.e basically calls to mind this report, that I've got to report to you so that you can have some information so that you can make those decisions appropriately. 7.38.30.1.d basically says expenditures of the County property valuation fund – that is a separate fund. It's not general fund. It's a separate fund. Whenever an entity that shares in the property tax – a school district, a city, the county, the community college – any entity that shares in the property tax, every time that the Treasurer sends money to them, after he's collected the property tax, he retains one percent and puts it in the valuation fund. And that one percent that is retained is used by you to appropriate to the Assessor's Office for our budget. Our budget basically now is just under \$3 million. Half of it comes from general fund; the other half is coming from this one percent fund.

To continue with the letter, all provisions or requirements regarding property valuation are made pursuant to the New Mexico constitution of the New Mexico Property Tax Code. The implementation of this plan also provides that the Santa Fe County Assessor shall comply with the standards and codes of ethics of the International Association of Assessing [inaudible]

Go on from there, if you will look at page 16, that's the first thing. I'm not going to cover everything. I'll leave that for you to read because I've only got 20 minutes. On page 16 I do want to call attention to the assistance we have received from the First Judicial District Attorney. As you have heard through the media and through reports from me there's a lot of properties that aren't on the tax rolls. We approached the district attorney and asked her if she would be welcome to the fact that perhaps we could do something, some amnesty. If an individual does not report their property and they're evading the property tax she can go ahead and criminally prosecute that individual for evading the property tax. So we approached her and we said if we allow people to come in and report after the fact, would you mind if we had a sort of amnesty and not prosecuted them under the criminal act. She said she would and we were able to put some articles in the newspaper where we asked people, bring in your properties now and go ahead and report them and we'll appraise them and we'll issue you tax bills going back ten years.

This little piece here generated over 100 properties that were reported by the taxpayer. Those 100 properties produced over a million in taxes. That was give us by a report from the Treasurer's Office. In one year we were able to assess properties that have now been on the tax rolls for over ten years, some less than ten years. But we were able to generate a million dollars in taxes based on just these 100 and there's a lot more out there. But we were able to do that because the district attorney allowed us to give them that amnesty.

To go on further. The accountability of the Office of the County Assessor. We are held accountable by two individual entities. First of all, we're evaluated by the Property Tax Division of the Taxation & Revenue Department. And a little bit later on there's some tabs here that will have the valuations enumerated for you. We are also subject to the audit of the County. I think the auditors have been very critical of some of the issues that they have found in our office and those will be attached also in one of the tabs here.

The present state of the Office of the County Assessor is a lot bigger than what it was in 2007 when we took it over. Basically, because we were able to implement the new computer system mass appraisal system. But still we are not in compliance with the property tax code as seen by the Property Tax Division and by the auditor that audits the County. There has been a lot of influx of new positions in the office. We have used them very, very well I think. We have been able to generate more properties that go on the tax rolls. The problem is that the economy set it. The economy has basically put a halt to the amount of new homes that are being built and homes that are being traded back and forth, either sold or traded. So therefore you have less homes that are being built so we've got less appraisals of those types of homes, and you have less homes being traded back and forth between buyer and seller.

So the economy has had a major effect on how much value we can bring in. But what we have done is we have reverted to reappraising properties, number one, and number two, trying, searching for those properties that are not on the tax rolls and putting those on the tax rolls. So we've been able to have the value of Santa Fe County not decrease but steadily increase. Not with the amount of increase that you saw in the big booms in 2006, 2005, 2004. But we still have not lost value. There have been some homes that have had some value decreases based on the fact that those valued did decrease. But when you look at the total amount of homes that we have picked up, commercial properties and those kinds of things, we have steadily increased the value of Santa Fe County.

On page 23, you will see a dissertation there basically saying – what I did, I tried to compare some other counties in New Mexico and compare them to Santa Fe County. If you look at Bernalillo County they have an \$11.9 billion dollar net value base. They have 104 people assigned to do that work. That means that we're at 56 percent of the amount of value that they have on their books, but they have staff levels of 104, where we only have 42. So that means that using them as a guiding point we're about 16.5 people short in the Assessor's Office in Santa Fe County. If you take Sandoval County and Dona Ana County they're very similar to Santa Fe, they're the most similar counties that we have in the state. They have respectively \$3.4 billion and \$3.6 billion. And the staff levels are at 31.5 and 41. If you look at that, if you combine both of those counties they come up to a total valuation of \$7.085 billion. When you take a percentage of that, that means that Santa Fe County alone has 94 percent of the value of those two counties combined. Sandoval County includes Rio Rancho. So if you take that 94 percent and you add the two staffing levels of 72.5, it means that if we use the same criteria we should have 68.15 employees. We only have 42. So this shows you that we're 26.15 employees short.

COMMISSIONER VIGIL: Mr. Chair, can I ask a question? Domingo, please, the questions I ask are only for my information, only I'd really like to be as informed as possible based on all these data. Do you have this breakdown in terms of units available for assessment and/or population. I know that we do compare similarly to Dona Ana, but we certainly aren't in the same population as Bernalillo. And we don't know what we don't know, so I guess I have a three-part question, Domingo. Let me just throw it at you. One is can we distinguish these with a population factor? And secondly, can we distinguish them with unit per population factor? How many assessable units are there out there? And I guess ancillary to that question is have we been able to know what we don't know? And I'm thinking about the orthodigital photography project that we had at one point in time – I don't know if that still exists. But that was going to be a project that was going to make us far more knowledgeable on what units are out there that need to be assessed. Can you just comment on all those.

MR. MARTINEZ: What I can tell you is when you use the number of parcels per county, we are very close to the number of parcels in Sandoval and Dona Ana, which basically means that you have very close to the amount of employees to do both, when you use parcel figures. The problem you have when you use parcel figures is the amount of work

that it takes to appraise and defend those parcels. Santa Fe County is very unique in that Santa Fe County is only second to Bernalillo County in the amount of value that we have on the books. Even though you have a lot of parcels within Sandoval County, and that's the one that has the most parcels because of Rio Rancho. A lot of their parcels are vacant land. They subdivided all of that west mesa part. So all you have is vacant land and once you appraise a one-acre lot it's easy to appraise that.

What we have here in Santa Fe is very small pieces of property. Subdividers are finding it very hard to find extra pieces of property anymore to develop, but they're very expensive. When you have expensive pieces of property that way it's very hard for us to defend those values and do all those things, so there's a lot of work that goes into Santa Fe County that you don't see in other counties that have the same thing.

We have the most expensive homes in New Mexico right here in Santa Fe County, million dollar mansions that take a lot of work to defend and I'll tell you that when we defend these values we never even see the taxpayer. They're defended by high-priced attorneys, high-priced appraisers, and there's a big insurgence of tax practitioners and offer them to defend their value and all they want is a third of the tax that they save that taxpayer.

COMMISSIONER VIGIL: Okay. And Domingo, I'm looking for amounts that are needed, based on your premise that if in fact there were more available FTEs that you would be able to bring in more. I'm thinking, and maybe you can clarify this, you testified that you were able to bring a million based on current assessments. And I'm thinking is that solely the result of the FTEs we've provided for you previously? The last action we took?

MR. MARTINEZ: No, it's a combination of things. In the Assessor's Office we have – there's a lot of things we do in the Assessor's Office. We just don't appraise properties. There's a lot of administrative work that has to be done. That is separated, billed out to a bunch of people. Some of the five people that you gave us last year, they handle not only the appraisals but also a lot of administrative work. Like when we have protests, we just finished the protest season and we're trying to put those in and see how many we've got. We basically stop appraising properties and we start concentrating on just protests. And that's administrative. That's not new money coming in, but it is money that we don't include in the budget and I'll get into that a little bit later on.

COMMISSIONER VIGIL: And further, Domingo, do we know how many properties we haven't assessed that we might be able to assess and how much that might be able to bring into the County?

MR. MARTINEZ: No. We don't have that. I wish we knew which ones they were; we'd assess them. The problem is, and we'll cover this later on, is that we're trying to do a sweep of the entire county, and by doing that sweep we're going to visit every parcel of property and look at what's on that parcel of property. I venture to say, and we've already started some of this, that there's a lot of guesthouses, there's a lot of additions like living rooms, dens, garages, shops, that have been added that are not on the tax rolls.

COMMISSIONER VIGIL: Do we still have the orthodigital photography project going? Do you utilize that service at all?

MR. MARTINEZ: Yes, we will.

COMMISSIONER VIGIL: How well is that utilized as a tool for these appraisals?

MR. MARTINEZ: It's a tool for us to get out into the field, but you can't appraise a property from the ortho. You've got to actually get out there, measure it, look at the quality, look at what else is in there, what it entails, the quality, the thickness of the cement, those kinds of things. That all has to be done out in the field. You've got to measure that improvement, figure out how much square footage that is and all those kinds of things and that takes time.

COMMISSIONER VIGIL: And I guess that begs the question for me, because we know the properties are out there and we can identify them geographically, and I know your focus of responsibility is to go ahead and do the assessment. How well are we connecting with these property owners to let them know that assessment has to be done and back taxes may be due?

MR. MARTINEZ: If we do not have them on the tax rolls there's no way to communicate with them. Now, if we have a piece of property already on the tax rolls but they haven't reported the additional guesthouse or those kinds of things, every year we publicize in the newspaper and what I did this year, we took it out of the legal section and put it in the regular part of the newspaper. And it's an order from the Taxation & Revenue Department that is printed every year and that basically sets forth all of the responsibilities that a taxpayer has, a property owner has, to report all these properties. This year we put it in the general part of the newspaper and we received quite a few people coming in and reporting their property, reporting their exemption, their value and everything else. So that has really generated a lot of work for us, but we're starting to get that type of communication with the taxpayer.

COMMISSIONER VIGIL: I'm glad to know that, because one of the issues that comes to me repeatedly from taxpayers is a similar issue that we have on land use cases here is, I didn't know. I didn't know that if I added a guesthouse I had to report that for taxation purposes. The statute is very clear but that doesn't necessarily mean that that's communicated to the property owner. So I think that as we address moving forward on improving the tax collections I think the communications need to be improved upon too, if there's a way, a marketing strategy that assists in that way I certainly would realize that as a benefit.

But I think part of the problem that we have is not so much that you're not doing what you're doing. A lot of it is communicating to the taxpayer that they're responsible for this, and they actually are the ones that are supposed to be coming to you to report the property, and that is a gap that hasn't been addressed. Thank you, Mr. Chair.

MR. MARTINEZ: Also, on tab 2, if you turn to tab 2, there's a presentation that we put together. It took us almost two years to put it together because of the shortage of time. But we have done now I think it's ten townhall meetings all across the county and we have put this forth to the public. The townhall meetings were poorly attended but those that attended were very appreciative of it. I think they learned a lot and they learned part of that,

Commissioner, that they're responsible for reporting the properties. So we've done that.

So getting back to page 23, this is just an indicator that we're 26.51 employees short, based on this scenario. It's not indicating that we need 26 people in the Santa Fe County Assessor's Office. All it's indicating is that we are short some people. And I do not want to put forth here that we need 26 people. What I would like to do is work with you, the way we've done it over the past three years. I will be asking what we will be asking for for this budget cycle, five additional people, and what I want to do is bring in people as we need them and see if we can get to a point where we need less than the 26. Maybe we only need five more. I don't know. But I will tell you that the Assessor's Office, the current staff that we have have worked very hard to not only keep up with their duties but with the computer system, take care of all the problems that we had with the records that were kept since the 1960s that were either incorrect, missing or whatever the case may be. We were able to do that plus keep up with our normal work duties to do that.

Getting off to 23, here are some of the things that I'm looking for. In the residential part of the Assessor's Office, what I'm indicating there is I have one chief appraiser. There's too much work for one chief appraiser. I'm asking for one additional chief appraiser. This chief appraiser can be hired with vacancy savings. We have had some retirements and those kinds of things and I'm pretty sure that we can hire that chief appraiser with vacancy savings and we're working with personnel and Finance on that. We will need another senior appraiser because what I want to do, we have five geographic areas. There's one geographic area that has all of the million dollar homes and that's just too big for one unit to take care of. I want to split that unit into two. So we'll need another senior appraiser there and that can be hired through vacancy savings again.

A field auditor, we'll need one more in there, but we figure that with vacancy savings more than half of the salary for that field auditor can be done by vacancy savings. We will need approximately a \$2.44 difference that we will need an additional appropriation to hire that person. Quality control-internal audit position, we don't have any. We only have one. We have one that we instituted to bring – that all the controls all the correspondence and everything that's coming from the taxpayer. Before, we didn't have any of that. We were losing correspondence. We were losing a lot of things. She's taken care of that. But we also need some quality control people, now that we've got a computer system, as you'll see later on in the audits and in the valuations, they have found some errors that we created, that we committed in the Assessor's Office, and it's basically because the appraisal coming from out in the field with the information and it's either not key-punched into the system or it's key-punched incorrectly or something like that, and that's where the internal audit is going to be beneficial to catch some of those things on a basis of just looking at some, not all of them, because the volume is great, but we'll be able to catch a lot of those things and those are two recommendations that are given in the audit and in the evaluation of the Assessor's Office.

Field assessment specialist, that's where we're really short. The assessment specialists are the ones that deal first of all with the taxpayer when they have problems and things of that nature. We have the legislature giving us a lot of unfunded mandates. We never increased the



number of personnel that we have and we have additional mandates that we've never addressed as far as personnel is concerned. The value freeze right now, as I said there's more people filing for them. They're stacked up. We need people to be able to look at them and process them and get them going so we can get that freeze on for taxpayers.

The only other thing I have in looking at these things is perhaps, right down on page 24, perhaps consideration should be given to appropriate monies to hire a consultant from the International Association of Assessing Officers to conduct a study to encompass efficiency, new methods and establish a level of staffing needs. And I think that's maybe something that you might want to consider, and that is call in an expert from the International Association of Assessing Officers, have him look at our office and have him make recommendations as to levels of personnel. Maybe there are things we need to do, given the new mass appraisal computer that we have and see what we can do but beyond that, these are the people that I need under this budget and that's what I asked for in the budget that we put forward.

On page 26 is the reappraisal plan for 2010. For 2010 what we have is we will continue to do all the things that we've been doing except number 7 at the bottom. We are going to formulate a plan to reappraise and net property escaping taxation in 2011, and that's a concise plan that will take the number of days in the year and knowing the best that we know of the properties that we're presently looking at that aren't on the tax rolls and we put on the tax rolls, we're going to make some assumptions and some forecasts as to how long it might take us to get this reappraisal done.

The plan to do the commercial, the personal property and all those other properties is already done. I haven't looked at it; I haven't approved it yet. The residential is a lot more difficult to come up with and that's being worked on right now. So for 2010 we're going to do everything that we need to do including all the administrative things that we have to do, and formulate that plan.

On the next page you'll see the 2011. This is a forecast of more or less what we're going to be doing and all the issues that it will encompass in putting that plan together.

Under tab 1, this is a schematic of the years of protest that we've had. If you look at 2007, we had approximately \$36 million – and these are just residential property - \$36 million that were adjusted. In other words we had \$359 million in protests, value protests. We lost \$36 million on it, which means we lost ten percent of the value when we went to protest board. In 2008, this was the year that we started noticing a lot of attorneys coming in, a lot of tax consultants coming in, and we lost 37 percent of the value when we went to the protest board. At that point is when we asked our Legal Department if we could get some more involvement from their office and they just couldn't give us the involvement that we needed. When a taxpayer comes in with an attorney we need an attorney there because what they were getting us on isn't on the valuation they were getting us on legal maneuvering. That's where they were getting us on.

So we were able to get a contract attorney and if you look at 2009, using the contract attorney, we've only lost seven percent of those values. So it doesn't stand to reason for the Assessor's Office to go out there and value properties according to the law if we're going to

lose it when we come to the protest hearings. It doesn't stand to reason. That attorney had an appropriation from your of \$50,000. This year she added gross receipts on it so it's up to \$65,000. I know that there's some consideration being given that perhaps senior staff recommended to you that they abolish that contract and I'm telling you if you abolish it you're going to cut the amount of revenue that we can generate.

And since I'm on that subject let me also say this: that when Finance tells you that based on values that the Assessor has, this is the amount of revenue you can generate, it doesn't include the amount of revenue you generate on the protests and it doesn't include the revenue you generate off of omitted assessments. Those assessments for back years. The only thing you're looking at as revenue is what is reported in the certification to DFA to come up with tax rates. But the Assessor's Office continues to generate even more revenue, just by the mere fact of protests. When you do the certification of value to DFA for them to do the tax rates, we have to minus out the value that's in controversy and protest. And naturally you're not going to know how much value we're going to omit or add to the tax rolls based on properties that have never been assessed. So any protest that we win, that's revenue that you haven't ever budgeted or anything. It's extra revenue to you. Omitted assessments, all those properties that we're omitting now that haven't been on the tax rolls for many years, some of them up to ten years. There was one in the last two weeks that I know of where that person, because she hadn't paid for over ten years, the ten-year assessment was a \$30,000 tax bill for all ten years. So those are the types of monies that are generated because these people have not been paying their taxes. They may be paying on vacant land and not the improvement or on the total thing.

So as you can see the attorney just does pay for herself. She was the one that was the main negotiator with the \$23.3 million home that we had last year that we were able to finally appraise correctly and that did not cause any protest or anything like that. The taxpayer saw that we did a good job, got all the information from them and we were able to appraise it at \$20.4 million. But there's other ones out there. There's some properties that we need to pick up.

Okay, on tab 3, tab 3 are the valuations from the Property Tax Division. Every year they come in and they look at our assessments, they gauge them –

CHAIRMAN MONTOYA: Commissioner Anaya had a question I think.

COMMISSIONER ANAYA: Domingo, I have a question. You mentioned protests that you win. What do you mean by protests that you win? Are you saying that when there's a protest you're automatically right?

MR. MARTINEZ: No.

COMMISSIONER ANAYA: Okay. So if somebody comes in and protests you hear them out, right? And you decide whether they're right or you're right. Okay. So that's what you meant by protests when you win.

MR. MARTINEZ: Let me elaborate on the protest procedure. An individual that has a property that believes that the value is too high – let's say that you have a home that's worth \$250,000. You believe, the taxpayer believes that it's only worth \$200,000.

When you come into the Assessor's Office and you'll say, it's only worth \$200,000 so therefore what you're really doing is protesting \$50,000 of that. You fill out a form and you tell us \$50,000 of this is in controversy. When we do the certification we minus that \$50,000 from the total amount of value that we send to DFA to do budgets.

Then what happens, we'll sit with that taxpayer and say why do you think it's only worth \$200,000 instead of \$250,000? Well, we're not going to accept the fact that they just think so, we're going to say, under discovery, bring in some sales that will dispute our sales. And there's sometimes they'll bring in sales that will dispute it and we will agree with them. If not, then they go to the protest board. And the protest board, which you appoint, will sit there as a third party, autonomous. They will listen to our defense of our value and they will listen to the taxpayer and they will make a decision whether it's \$200,000, \$250,000 or somewhere in between. And whatever value we win – that is ordered above the \$200,000 that is extra value in taxes based on that value that you have never budgeted.

And some of them can be in the millions of dollars.

COMMISSIONER ANAYA: Thank you.

CHAIRMAN MONTOYA: Okay. If you could wrap up in about five minutes, Domingo.

MR. MARTINEZ: Okay. So there you have the valuations from the Property Tax Division all of them basically saying that number one, we don't have enough people. We need individuals that will be internal auditors, that will be looking at all the information that we need to put in the computer system so we can get the correct values in there so therefore we can generate enough money.

Tab 4 are the audits of the Assessor's Office, that part of the County audit that relates to the Assessor's Office. If you read them, again they're indicating there we don't have enough people. This is from the auditors, not from the Assessor. We don't have enough people. We need people to be internal auditors, to be individuals that will look at some of these things and these are three years of audit findings that are attached to the County.

Tab 5, I just put this for information because we looked at some of the schematics of some of the houses we have to appraise from the least difficult to measure. And if you look at the last one, when you've got curves like this and those kinds of things, it takes a long time for you to be able to appraise this property. You've got multiple stories, you've got curves, you've got the angles, you've got a whole bunch of things and that's why it takes a long time to appraise property. So when you compare what Albuquerque or Sandoval or Dona Ana has, there's no comparison to Santa Fe County.

On Tab 6, this is a schematic of the tax rates and what they've done from 2007 to 2009. The second to the last column will tell you how much increase or decrease each individual taxing authority increased or decreased their tax rate.

Tab 7 is a letter from Local Government Division. When they look at the audits of each county, they go through and they look at the findings in each county. In 2009 they were looking at the 2008 audit, ended June 30, 2008, and it was addressed to Commissioner Vigil, because she was the chair at the time when this audit took effect. If you look at number 3,

they're calling attention to the County that they need to revisit and come up with a plan and work with the Assessor so that we can come up with the proper amount of budget or whatever we need so that we can address all those issues within the audit. And that was sent to the County back in July of 2009, about a year ago. If you look at that sample on the next page of the finding and you read the last part of it, the auditor is basically saying that the County needs to implement proper controls and oversight to ensure that fielding right property appraisals are completed timely and are truly imported into the database, and that's been the biggest problem that we have.

And then Tab 8 are just some orders that we have from Property Tax Division and that concludes it. The only thing I'd like to say is that we are much improved in the Assessor's Office but we've got a long ways to go and the only thing that can help us get to that point where we can be in full compliance with the property tax code is additional funding and additional personnel. And with that, I stand ready for questions or any comments you might have.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Mr. Chair, and thank you very much, Domingo, for all the information. To read all this information in a little more than 20 minutes and make a decision is not the way I usually do things. So I just wanted to point out that I would like to read the entire set of materials.

Mr. Chair, Domingo, and I'm sorry if I'm repeating Commissioner Vigil's question because I came in a few minutes late. Last year, did we not appropriate five temps for you, and did those temps become permanent then?

MR. MARTINEZ: Commissioner, they were not temps, they were actual full-time employees, and they're on board right now. Yes.

COMMISSIONER STEFANICS: Okay. So anything that we would add would be – we added five last year, you're asking for another five this year.

MR. MARTINEZ: Another five, but different classifications.

COMMISSIONER STEFANICS: Okay. Thank you. Teresa or Steve, has Santa Fe County heard formally from DFA regarding non-compliance in regards to some of the comments that are made in this report and plan?

MR. ROSS: They haven't contacted the Legal Department.

TERESA MARTINEZ (Finance Director): We will have basically the same letters that you have enclosed in your packet today. Actually the letter on the finding. Annually, the Finance Department will receive that letter and we have to respond with regards to how management is handling that. So that letter we have seen.

COMMISSIONER STEFANICS: Okay. So, Mr. Chair, on page 25 of the report, it indicates that the property valuation fund in Santa Fe County has been used by Santa Fe County in violation of the law as noted in three years of our evaluations and the external auditor's audit reports. So, Teresa, you're confirming that.

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, that has been a finding by our independent auditor.

COMMISSIONER STEFANICS: Okay. So if, Mr. Chair, we've had that finding for three years, have we started to shift funding of certain personnel positions to the correct method?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, we have not. We've met with them on several occasions and that would be a larger impact to the general fund and that's mainly the reason driving that. We have not been able to make that shift.

COMMISSIONER STEFANICS: Thank you. Mr. Chair and Domingo, the overall cost of implementing your new staff in particular would be approximately a quarter of a million dollars?

MR. MARTINEZ: I don't remember. Do you have it?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, it's about \$235,000.

COMMISSIONER STEFANICS: Okay, so Mr. Chair and Domingo, the Tax Assessor's Office is very important to the County, but we have many, many other important services as well, and I bet if we asked the public they'd say public safety might come first. But we can't pay for these things without property taxes of course. So I would comment, Mr. Chair, that I just would like to make sure that we have time to digest all of this before we are needing to make a decision about it. And I don't want to hold up progress but we are looking at other cuts and I just wanted to make sure that we can handle the recommendations. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Thank you, Domingo.

**V. Presentation by County Treasurer**

*[Exhibit 1: Treasurer's letter dated June 7, 2010]*

VICTOR MONTOYA (County Treasurer): Good afternoon, Mr. Chair, Commissioners. I don't have a binder to hand out. We'll have to get her one later. I guess what I wanted to start with is on that memo that I gave you is item number one and what I wanted to let you know is that we met, I believe in April, with the County Manager's Office. We told them at time that we needed three FTE's in order to pursue a tax collection program on delinquent taxes. As you can see, we currently have 15,373 delinquent taxpayers and for 2007, the County is owed \$1,964,341.22. For 2008 the County is owed \$3,820,144, and for 2009, the County is owed – as of May 31<sup>st</sup> - \$11,974,393.

Now, I believe that with three additional positions we could concentrate on the delinquencies and I estimate that each collector, when properly trained, could generate approximately \$40,000 a month, somewhere between \$30,000 and \$40,000 a month in property tax collections. Now, if you do three times \$30,000 to \$40,000 it's roughly \$120,000 a month and over a 12-month period they could generate about \$1,440,000. So I think, in my opinion we could hire somebody to do property tax collections for in the neighborhood of \$35,000 to \$40,000 a year per collector. So that would be roughly \$120,000 plus benefits and they could be temporary. But I cannot, with the staff that I have get more involved in property tax collections than I currently am. We just have too many things to do and I just can't spare the staff to work

in this area. But as you could see, this is a relatively small investment to make for three FTEs to work in this area.

Initially we could do them as term positions and see how much they would generate over a one-year period. If it doesn't pan out, that my figures are wrong and they're not doing it we could terminate the program. But right now, my delinquent tax collection problem consists of doing one or two delinquent tax notices per year. And all I can do is send them out. If the addresses are wrong – I get a lot of return mail. On this last mailing that I did for the property tax bills, we had about 3,500 returned pieces of mail. So that means the taxpayers are not getting those tax notices. I can only send them to the last owner or record. I do not have access to change the addresses or change the ownerships of the property. So we still have that problem and it's been an ongoing problem ever since I took office, and it doesn't get any better. Maybe a little better. Maybe we've made some headway.

I believe, when I first took office we used to get about 5,000 back. Now we're down to about 3,500. So I don't know what the answer is, but I need to have good data if I'm going to send them out to the appropriate people.

CHAIRMAN MONTOYA: Commissioner Holian has a question, Victor.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Thank you, Victor. What do the people who do the special collection of delinquent taxes do that's special? What is the procedure that they use to collect these? Other than just sending out bills repeatedly?

MR. MONTOYA: Well, that's what I'm telling you. I don't have anything else I can do except that right now.

COMMISSIONER HOLIAN: So what would they do?

MR. MONTOYA: What would they do? Well, there's several things that can be done and I can give you a couple of examples. Number one, we could try to locate them by phone and contact them by phone. We could get a piece of software that generates a message once we have the phone numbers for a taxpayer, that would generate a message that said, you are being contacted by the County Treasurer's Office because you have a delinquent tax bill. If you have any questions or need additional information, please contact this individual at such and such place. In addition to that, we can assign a certain number of accounts to each tax collector and make them responsible for going out and working those, either with a personal visit to their location or with a phone number or with individual pieces of mail and address and say you need to contact me at such and such a number.

So there's things that – but they can't do this in a vacuum. They have to be trained. You can't just send out a person and say collect property taxes because you have to be concerned with the proper procedure. You can't threaten people. You can only ask them, you need to get this thing done.

COMMISSIONER HOLIAN: Do counties ever work with bill collection agencies?

MR. MONTOYA: That's a very good question and I could tell you, Brian and myself went to a government revenue collection workshop in San Diego and this is where I got the idea. We talked to I guess local governments there that have a tax collection process and if

you wanted, say a private business to go out and do your tax collections they charge anywhere from 25 to 40 percent of the amount involved.

COMMISSIONER HOLIAN: So it would be more cost-effective to have our own in-house –

MR. MONTOYA: For me to have staff. Exactly. Because if you take 25 percent of \$20 million, that's five million dollars. I could do this for \$150,000, maybe \$200,000 including the purchase of software and other items we might need to initiate these tax collections.

COMMISSIONER HOLIAN: Okay. Thank you.

MR. MONTOYA: The next item I wanted to discuss, and I don't mean to steal the thunder from the Assessor but I think it's an important thing that you have to consider is – and I'm not sure if I have it separately outlined on that memo but I just thought about it. During this past tax collection year from November 1<sup>st</sup> through I guess May 31<sup>st</sup>, additions made by the Assessor have totaled \$1,059,987. Deletions, which are refunds or reductions in value, is \$1,767,584. So that goes to show that between January of 2009 and February 2010, we have processed in excess of 6,000 omitted, corrected and court settlement refunds. And before this past year, I was lucky if we did 600 a year. Now we're doing that amount in one month. And I have not gotten any additional staff to deal with this.

COMMISSIONER VIGIL: Mr. Chair, Victor, does that mean – I need a clarification with that. Does that mean that there are more protests that are receiving refunds than in the past year?

MR. MONTOYA: Yes. Either refunds or corrected assessments.

COMMISSIONER VIGIL: Okay. Does that also include additional assessments? When you said adjusted, what do you mean?

MR. MONTOYA: Okay. I guess when you add additions to the base – to the valuation that was originally generated, which is – we started the year that said we were supposed to collect roughly about \$143 million-plus. Okay? In property taxes for 2009. And to that, the Assessor added, by going out and beating the bushes and trying to put additional properties or portions of properties back on the tax rolls, another \$1,059,000. But then, either because we had corrections to the original assessed value or because of the 6,000+ corrected and omitted assessments or court settlements, we had to send out \$1,767,000. And either that reduced the valuation for –

COMMISSIONER VIGIL: Let me just ask, because I think I have the answer. The next question I have is do we have all that information. I am sort of underlying and agreeing with Commissioner Stefanics in the fact that we're getting a lot of information. It's really begging the question we need more. Do we have the data with regard to collections assessments and billings that have increased at all?

MS. MARTINEZ: Mr. Chair, Commissioner Vigil, you do not have it in your packet but that is something we could easily provide to you.

COMMISSIONER VIGIL: Okay. And that I think is something we need, Victor, together with the assessments.



MR. MONTROYA: Well, Commissioner, this form is generated by Finance, and I'm reading the numbers off of this form.

MS. MARTINEZ: They don't have it though, Victor.

MR. MONTROYA: Yes, I know. But I'm just telling you that it is document, is what I'm saying.

COMMISSIONER VIGIL: And that's what the Finance Director just validated for me. Thank you, Teresa.

COMMISSIONER STEFANICS: So you'll get it for all of us?

MS. MARTINEZ: I will.

COMMISSIONER STEFANICS: Thanks.

COMMISSIONER VIGIL: Thank you, Mr. Chair.

MR. MONTROYA: Okay, the next item is number two. One of the new programs in my office that the Commission approved is to give the taxpayers the ability to pay their taxes in ten installments, provided that they're current in their property taxes, and this applies only to real property. We require a permanent half-time position to administer this program. Currently we have more than 650 applications this year. Last year we started with a pilot project of 40. This year we're up to about 650. If the economy continues to deteriorate we could easily double this amount by next year, so that's another reason why I need my half-time position.

Number three, another program is the business license program. Currently my tax assessment specialist processes omitted and corrected assessments as well as court settlements. Now, as I just said a while ago, we received over 6,000 of those up through February, and those amounts were taken or were calculated for me by the IT Department so it's not my data it's what they went into the system and pulled. The other thing is in 2010 we processed approximately 1,800 businesses licenses. Recently, the Finance Department sent out an additional 1,300 additional bills for business licenses without letting my office know that this was happening. The lack of coordination created extra work for my employees and a shortage of supplies. My tax assessment specialist is also the main receptionist for the Treasurer's Office. Based on the volume of work coming from the Assessor's Office and the additional business licenses we will require another FTE.

We're currently involved in an RFP process for a new custody bank. I anticipate we're going to be extremely busy this month and next month because we have to transfer all the funds and make sure everything works well. I'm not asking for any additional staff for that but it cuts into my time and my deputy's time to do this. I had asked for a new FTE I think back when the Finance Department presented the budget and I was told by the chair that it was approved and to date I haven't heard anything else. Is it going to be approved this year? Next year? When? We've talked to the County Manager's Office. They said they were thinking about transferring people from other departments over to me. Maybe not a bunch but at least one FTE. I haven't heard anything. Nobody's made contact to let me know when or if I'm going to get that position.

We're currently being audited. This isn't on there, but we're currently being audited by Taxation & Revenue, their fraud unit, because they claim we have been under-remitting penalty



and interest on those delinquent accounts. So we've had some discussions with them and we're still – they're still in the middle of their audit. They're still looking to see if they can come up with a number that shows that is in fact happening.

The other thing that I have to work on is apparently, back in 1997 I believe, or 1999, some place in there, a law was passed to transfer balances that are unidentifiable to the unclaimed property tax fund. And prior to Ted Apodaca leaving, he did the research for me and gave me the procedure. We have approximately somewhere between \$300,000 and \$400,000 that I need to transfer to the unclaimed property department of Taxation & Revenue and it's got to be done annually be sometime in November. So I have just a multitude of things to work on and yet my staff hasn't grown. My staff has stayed the same. I keep asking for funding of a full-time position every year and basically, I don't feel I'm making any headway.

And finally, I was given a memo from the County Manager that said I was supposed to make up \$61,000 out of my budget. Well, actually, it's more like \$80,000-some because my request was for \$821,000 and it was suggested in that Manager's memo, down to \$800,000 and then asked for me to cut an additional \$61,000. So I cannot afford to lose any of my positions unless you want me to give poor service and we just not do a lot of the things that we're doing.

COMMISSIONER VIGIL: Mr. Chair, that's an unfair statement. Mr. Montoya, we're all caught in the same boat here. The memo you received from our County Manager was a memo that was received by each and every division in the County. You were not treated differently than anyone else is. When we last had our hearing here I identified the situation that this is a problem for all of us. It isn't a problem for just you; it isn't just a problem for just the Assessor; it isn't a problem just one particular division or entity. It is our problem for us to resolve.

The cuts that we've requested, we've requested that they go to each and every department including elected officials, because we felt very strongly that you know where those cuts need to go. For you to make a statement that we are here to make decisions for you to give poor services is an unfair statement and I don't think that you should make that. I think the statement that you need to make is let's see what we can do with what we have and come to the best possible end.

MR. MONTOYA: Well, Commissioner, I'm sorry you feel like that but I feel the opposite, I guess. The reason for that is I'm the one that has to deal with the taxpayers when they come into the office. It's really difficult for me to try to do everything that I'm doing and asked to make cuts. I need all of the money that I have. I have the smallest budget with the exception of the probate judge and the County Surveyor. Other than that, I'm the next smallest one. And I feel that I've made a conservative budget request to the County and I don't – well, I don't want to get into sensitive areas that concern me, but I think that I didn't have any input on the operational expenditures made by the County, and that's fine. I don't have a problem with that. But yet I'm expected to participate in the reduction of my budget. And I think that that is unfair to me and to my office.

And with that, Commissioners, I'll stand for any questions.

CHAIRMAN MONTOYA: Okay. Commissioner Stefanics

COMMISSIONER STEFANICS: Thank you, Mr. Chair and thank you for your presentation. My comments are more general. I think that – I know that when we had our last budget hearing quite a few people attended the budget hearing, but I think that we were very clear in some of the directions that we were asking staff to move towards. And we were looking at trying to save all employee positions while every department, including elected, identified what they could trim. Not employees, but look at what they could trim. Meaning travel, cell phones, vehicles, etc. So I do think that in the spirit of the overall County we were asking at the last meeting for everyone to identify where in their budget they could contain costs if not cut.

We also recognized that sometimes staffing has to be reconsidered in order to provide the correct services. If you have more fires and you have to send out more people, you have to look at that. If you have more prisoners you have to look at having enough staff for the ratio. If you have more properties on the books or more responsibilities that are being given to a department you have to look at that. But you also have to look at where can we come up with the savings? So either you have to have more revenues or you have to have more savings.

So we are not – I don't believe any of us are having this budget discussion to hurt any department or division. I believe we're having this to make sure that the County does not move in a direction that will continue to hurt it in several year hence if in fact our economy is not bouncing back. So we want to maintain the services, we want to maintain the staff, but we do have to look at what we can pull back on. So I had even asked – and I know I'm probably jumping ahead – but I have even asked the County Manager and the Finance Office to look at what it would even say if we all took a little percentage off of our tiny little salaries, to see what we're doing. But we have cut travel for the Commission. We have cut several other kinds of things that we've had in the past.

So I think that the requests that we're making to Victor or to ourselves or to any other department is treating everybody in the same manner. And in order to protect staff and in order to move ahead with our services. So I just wanted to clarify that there were may people here at the last budget hearing who heard this, and maybe people who weren't here didn't hear it. But this is not a new song we're singing today. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Any other questions for the Treasurer. Okay, Victor. Thank you.

MR. MONTOYA: Thank you.

**VI. FY 2011 Budget Discussion**

- A. Changes to Interim Budget**
- B. Status of Research and Analysis Requests**
- C. Discussion of Cost Savings Options**
- D. Possible Action on Budget Issues**

*[Exhibit 2: Manager Presentation; Exhibit 3: Finance Director Presentation]*

MR. ABEYTA: Thank you, Mr. Chair. I have a short presentation. I want to start where we left off. We'll start with a reminder that if revenue does not increase and/or

expenses don't decrease this next year, meaning July to next July 2011, then going into FY 2012, we could be faced potentially with a \$12.7 million deficit. So when we talked about that two weeks ago we stated that the goal should be to try to come up with a \$6 million cut in our budget between now and next July, so over a 12-month period. \$6 million, again, to keep things in perspective, is the equivalent to laying off 100 people, which would impact all departments and offices Countywide. We don't want to go there. The Board has made that really clear. We want to try to avoid that.

So actions that have been taken since our last meeting on the 25<sup>th</sup> include we have contracted with a company to conduct a public survey which we will begin at the end of June with the final report anticipated by the end of July. The public survey hopefully will identify for us services that the public thinks we could cut if need be come next fiscal year. We also directed departments and divisions and elected officials to develop a plan for proportionate cuts to their budget. What we started with was entire charts including personnel related and FTEs if necessary, and then we broke it down once we got those cuts from those that participated in all of the divisions and departments that are under my purview participated in that. The elected officials I don't believe did.

MS. MARTINEZ: Mr. Chair, the Sheriff's Office has complied and the Clerk's Office has taken some cuts as well, and the Assessor did agree to some cuts to travel.

MR. ABEYTA: So we did that exercise and I'll provide the results of that following. We did submit our interim budget to DFA but in that budget we're using \$23.9 million of cash in order to balance that. Now, that's a lot of cash and hopefully after today that will be reduced a little bit.

Then I myself stepped up to the plate as was suggested by I think Commissioner Stefanics two weeks ago and I'm going to present with you cuts that I am going to make and implement starting July 1<sup>st</sup>.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I'd like to say that Roman and I are still speaking and still friends after I asked him to step up to the plate. There was some misperception in the public about that, so I just wanted to clarify that.

MR. ABEYTA: And so, Mr. Chair, the following slide is a summary of the proportionate cuts that the department directors and some of the elected official offices took. We prepared a scenario for everybody that asked them to restructure, reorganize or cut their proportionate share of a \$6 million deficit. We also asked to include ideas for how we can address the County's budget situation. Now, the slide needs to be updated because as Teresa said we did have some elected officials offer cuts and the BCC, we looked at the BCC's budget for how we could cut your budget.

So the efforts are as follows: non-personnel cuts, we can come up with close to \$1 million in cuts that don't affect personnel, or furloughs, things like that. Personnel-related cuts are \$2 million, but again, we don't want to go there right now. But if you look up the exercise there's about \$2 million worth of personnel-related cuts. And then another \$200,000 in program

restructuring for a total of \$3.1 million.

Now, when we look at new revenue that we're projecting then the total deficit reduction effort could be as high as \$3.3 million. But again, this scenario would include the laying off of about 30 existing positions and we would still have to cut another \$2.6 to meet our \$6 million goal. So we don't want to go there yet.

Some of the new ideas we got was go to a 36-hour work week, which would affect 10 percent of non-public safety; reduce senior services from five to two to three days a week; cut temporary and probationary employees; have 13 unpaid holidays; close County offices on Mondays; eliminate our personal holidays; and reduce inmate population by releasing individuals who are in for minor probation violations. Now, these are just ideas. I'm not asking the Commission to take any action on these ideas at this time.

CHAIRMAN MONTOYA: Where did these ideas come from?

MR. ABEYTA: Mr. Chair, they came from input from different departments and divisions.

CHAIRMAN MONTOYA: Okay. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you. I just wanted to clarify a few of these. If individuals went to a 36-hour work week, could they go to a four-day work week?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, yes, that was the proposal.

COMMISSIONER STEFANICS: Okay. If we reduce senior services from five to two to three days, would we continue the home meals for those that are homebound?

MR. ABEYTA: Yes.

COMMISSIONER STEFANICS: And 13 unpaid holidays. Does that mean we would replace all of our paid holidays with unpaid holidays?

MR. ABEYTA: Yes.

COMMISSIONER STEFANICS: And the last one, reducing inmate population by releasing individuals who are in for minor probation violations, would that require the concurrence of the judges and the courts?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, yes.

COMMISSIONER STEFANICS: Okay. Thank you. I just wanted to clarify some of these.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Mr. Chair, on that. On the reduced inmate population by releasing individuals who are in for minor probation violations – you need to clarify that for me, because it seems to me that when we have inmate population we do have reimbursement occurring. Are you talking strictly about County inmates? Because probation violation goes to state inmates also.

MR. ABEYTA: Mr. Chair, Commissioner Vigil, yes. Because you're right, it wouldn't save us any money, because some of these we are reimbursed for. And again, these were just ideas that were put forth by different divisions and departments.

COMMISSIONER VIGIL: Right. And it would seem to me that one of the ways

we've actually tried to do that is to step up the ankle bracelet program for that, but I don't know that we could reduce one particular class of inmate population, the County inmate versus the state. If we did that we'd have to do it for both of them. It would make judicious sense to me. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Roman.

MR. ABEYTA: Okay, Mr. Chair. So the actions that I plan on taking effective July 1<sup>st</sup> that are within my authority as County Manager is I will implement a hard freeze on all positions with the exception of public safety hiring that I would allow with justification by either myself and the Fire Chief or myself and the Sheriff. By doing that I will save \$1.4 million in our budget. The other thing I'm going to implement July 1<sup>st</sup> is I'm going to eliminate all travel and seminars for non-elected offices. That's going to save us \$210,000. Now, that's going to include maintenance of licenses and certifications, so those individuals that have licenses and certifications are going to have to pay for that themselves.

I'll continue to eliminate cell phones. I think we can save close to \$73,000 on cell phones. We've already eliminated quite a few over the last 24 months but we'll take another look at that. Take-home vehicles, again, we've already eliminated almost all of our take-home vehicles but I'll continue to look at that. I think we could come up with another \$15,000 a year with take-home vehicles. I'm going to reduce the salary of all of our employees that earn \$80,000 a year or more by three percent, including myself and the County Attorney. So that will save us \$121,000. I'm going to change our employee uniform vendor for our employees that are required to wear uniforms. That will save us \$37,000 a year.

I'm going to cut all temporary and casual employees that we have except for those who report to elected offices. That will save us another \$103,000. I'm going to reduce or terminate contract services where I think we can and I'm projecting that we can save another \$50,000 in that area. I'm going to restructure the satellite offices so that they continue to be open and run but we're going to do that with existing staff instead of the temporary staff that is there now. That will save us another \$51,000. We're going to discontinue the contract work the Sustainable Land Development Plan and the code rewrite. We'll complete both these process in house.

Now, all of the non-personnel related cuts that were proposed by the different departments and divisions that report directly to me, I'm going to implement those cuts July 1<sup>st</sup> and that will save us \$967,000. So by implementing these things by July 1<sup>st</sup> I will have cut the County budget or saved the County \$3,034,000.

So applying that to our original goal of \$6 million, that will leave \$3 million that we need to come up with by now and I would say mid-year, which would be January. Some ideas include reducing elected offices budget and there's a proposal as follows how we could reduce the elected official office budgets. We could save approximately half a million dollars doing that but that's something that would take Commission action. We can furlough and reduce salaries to employees Countywide. There again, that would take Commission action, but it would also take negotiations with our various unions.

Then I think we can take a look at which programs that we want to cut, and we would

use the public survey that we're doing to assist us with making those decisions. But again, those aren't within my purview; that would take Commission action.

COMMISSIONER STEFANICS: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: Roman, the \$1.5 million furlough/salary reductions, was that worked out to identify how much furlough would get to \$1.5 million?

MS. MARTINEZ: Mr. Chair, Commissioner Stefanics, we probably have like 15, 20 different options that we need to share with you, so it was a variety of things. Some of them would be maybe a percentage decrease Countywide based on the threshold of salary they make. Some would be furlough days, and we did equate that to what a percentage would equate to, some could be the unpaid holidays, so every suggestion we've received and every consideration that we've brought before you we have analyzed and we can put together that packet so it's in one central place. But we did equate furloughs to a percentage.

COMMISSIONER STEFANICS: Mr. Chair, the real question I'm asking is just simply what – how many furlough days would it require for \$1.5 million?

MS. MARTINEZ: We did various scenarios, but I think it would require – we did a scenario – I think it was 12 days a month. We have a more recent scenario of five days a month for eight-hour non-public safety employees, and potentially 3 ½ for 12-hour public safety, 4 for 10-hour, and 2.3 days for 24-hour public safety.

COMMISSIONER STEFANICS: Five days a year.

MS. MARTINEZ: Five days. Yes.

COMMISSIONER STEFANICS: You said five a month.

MS. MARTINEZ: Oh, I'm sorry. Five days a year.

COMMISSIONER STEFANICS: So five days a year, plus the other descending one for public safety would get to the \$1.5 million.

MS. MARTINEZ: It would get to just about a million.

COMMISSIONER STEFANICS: Oh, just about a million.

MS. MARTINEZ: So we still have to look at other options. One of the scenarios we looked at was 12 days in a year and that got us a little bit closer, but what we heard from a lot of our division directors was that – I should say from a lot of the staff too – is that the public safety component and the fairness that we would try to come up with ideas that would apply either as salary reduction or a furlough Countywide public safety versus non-public safety. So we've added a couple more options. But to get to the \$1.5 million you're looking at at least 12 days a year by everybody.

COMMISSIONER STEFANICS: Thank you very much, Mr. Chair.

CHAIRMAN MONTOYA: Okay. Roman.

MR. ABEYTA: So Mr. Chair, taking the cuts that I've made and potential cuts that the Commission would make, and again, I'm assuming these cuts, we could probably hold off until mid-year, which would be January, before we have to decide on some of these other cuts. Then we would go into FY 2012 projecting instead of a \$12 million deficit, a \$6 million deficit, but hopefully, we will have seen new revenue coming in, GRT recovering, and

potentially new property tax. So our deficit may not be \$6 million moving into FY 12. So with all of these efforts combined the goal is this time next year to be able to prepare a budget for FY 12 with a zero deficit and no further cuts or reductions in services. But that's going to take action by the Commission at that point, because I think I have done pretty much all I can do within my authority with the exception of maybe laying off at-will employees, which I don't think we're there yet, but that's something else I can do, lay off some high-level positions. And then I could potentially implement furlough or salary decrease to non-union employees, but that wouldn't be fair. I think whatever we agreed to with the unions, that's what I'm going to hold the non-union to. I'm not going to expect one to take more of a hit than the other.

So with that, Mr. Chair, that's how I propose we can reach our goal for FY 11 and work towards reaching our ultimate goal for a balanced budget in FY 12.

Now, the following slides are ideas for salary reductions for elected officials and what they would equate to, and then following that slide is recommended cuts to elected official offices, and what that would come out to. Now, again, these are just ideas. It's not anything that the Board needs to take action on today unless the Board wanted to.

And finally, Mr. Chair, our next step is we would, if you have any additional direction that you would like me to apply to this final budget between now and the end of the month then we can do so. Then we will approve the final budget at the June 29<sup>th</sup> administrative meeting.

Future steps will include: discussion with bargaining units regarding furlough and salary reductions; continued analysis of our Corrections Department, such as scheduling, medical and administrative components, housing of County inmates only – we're currently working on that; a cost/benefit analysis on outsourcing the medical component of the detention facilities; an analysis of the RECC scheduling and overtime issues; we'll develop recommendations based on the public survey results that we get regarding core services and services we may be able to cut; we would continue to analyze all overtime expenses; we'll continue to research alternative uses for the Top of the World property; we're going to finalize our solid waste permit increase, hopefully in the next month or two; we will inventory County-owned property and determine appropriate uses and fees; and we'll continue to research and analyze any property tax or tax lightening effects that we could be subject to over the next year.

So, Mr. Chair, that concludes my presentation. I stand for any questions or direction the Commission may want to provide at this time.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: Thank you. Thank you, Roman. Thank you, Teresa and staff for bringing this forth. I actually think you've done a heck of a good job in identifying. Every time we have these sessions I become far more clear on the direction we may need to take. I'm perfectly happy to take action on what you're recommending because, again, one of the protective statuses that I've maintained and tried to protect is jobs for the County and we're not there. So I'm glad to know that.

One of the things that I'd like to consider – perhaps this is something we need to discuss with regard to the survey – is most of what we're hearing today is cuts. And certainly that's the direction you were given. But there's another side to this formula and that's how can we gain

revenues. I don't think we can gain revenues by going out to the taxpayers now. This is not a good climate for it, but I do believe that we have enough opportunity to look at revenue gaining ventures. I like the idea that an inventory is going to be done with regard to what the County does own and what can be done with that. I think that needs to be fully incorporated into that. I think based on some of the ownership that we have in properties out there we can start looking at how those properties can bring in revenues and this may require all of us to start thinking outside what we've been thinking towards. And I'd like – we need to pursue that, because it's not only about budget cuts; it's about revenues.

So with that I would just recommend that as we identify how we move forward in this survey and for our next budget hearings, once the inventory is done, discussions be had with senior staff with regard to revenues. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Stefanics.

COMMISSIONER STEFANICS: I think I've made enough comments. Roman and Mr. Chair, are we – you're asking for possible action on budget issues? Do you want us to identify the things we'd like to have you pursue or just wait until the 29<sup>th</sup>?

MR. ABEYTA: Mr. Chair, unless you have specific direction we could wait till the 29<sup>th</sup>. Unless there's something you want me to explore between now and then but there's not a lot of time left to do that between now and then. But again, I do want to emphasize that I am taking these actions effective July 1<sup>st</sup>, so that's going to save us \$3 million and that's why there's not an urgency for the Commission to have to take action between now and July 1<sup>st</sup>. So I think we've done enough so that we can submit a budget to DFA and then again monitor things between now and mid-year. So we'll probably want to have another study session, say in October, so that we can see what's happening with revenue and some of these ideas and then gear up if we have to, to get ready to cut.

COMMISSIONER STEFANICS: Well, Mr. Chair, I'd like to thank you, Roman and the staff that came up with the ideas and proposals that would get us to the \$3 million so that we could enter the new fiscal year with some changes, but knowing that we need to identify more later. And I would also ask that everyone – and I made the comments earlier about elected offices, but also the unions, that everyone be practical about what we do and don't have here in the County.

The other thing we did put on our study session last time was any assets that we have available to sell, and I think that at the June 29<sup>th</sup> meeting, even though we'll be approving probably this budget I'd like to revisit that item. Thank you.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I don't know that we gave any direction about the additional staffing for the Assessor or the Treasurer but in my opinion it seems to me that it is worth letting them have at least temporary help for several months to see how it goes with doing bill collecting and also identifying properties that have not been put on the tax rolls, and then to keep data on that to see how much we're bringing in versus how much extra we're spending. So I am willing to do temporary help to see whether it helps the bottom line, as long as you keep data.



MR. ABEYTA: Mr. Chair, Commissioner Holian, on that note I think that request was for a total of nine FTEs between both departments. So are you suggesting we temporarily give them nine FTEs? Or half of that number?

COMMISSIONER HOLIAN: Maybe something like half of that to see how much a person can bring in. For example, how much an extra person in the Assessor's Office can bring in if they're put solely to the task of looking for properties that are not on the tax rolls. And if we keep good data we should be able to determine whether we can actually really help the bottom line of the County. It seems to me also on the collections from the Treasurer's Office side, that's a fair amount of money that we're talking and if it pans out that what he says, a \$40,000 employee could bring in \$120,000 a month, then that would actually help our bottom line. So I'm willing to at least try it as an experiment.

MR. ABEYTA: Mr. Chair, Commissioner Holian, so we will then put together a proposal to fund three term positions for the County Assessor and 1 ½ term positions for the Treasurer.

COMMISSIONER VIGIL: Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Vigil.

COMMISSIONER VIGIL: If Commissioner Holian's done. I actually think there's an intermediary step that can be taken here that can create a benefit to the County as a whole before we make a decision on this. There are many employees that we're losing, some that are coming out of the Sobering Center, some that will be coming out of the other divisions that we've had to create a transition for. I'd like to know if in fact these employees could be utilized for the purposes that the Assessor and the Treasurer are saying, rather than creating new either temp or FTE positions. I think it's a way of protecting employment for our current employees. I think there's many employees out there who feel that their jobs are threatened one way or the other and if we can create an opportunity to provide jobs, rather than create new positions for those employees that we currently have, I think that would be a really good intermediary step. So before we take action on new FTEs I'd like to look to see how we can best utilize what we currently have. That to me would be an intermediary step. If that's not possible that there are employees out there, let's look at that and if not, then we look at new positions. That would be my recommendation.

COMMISSIONER HOLIAN: I'm okay with that.

COMMISSIONER VIGIL: Okay.

CHAIRMAN MONTOYA: Okay. Commissioner Holian.

COMMISSIONER HOLIAN: The important thing I think is just to keep data, to be really able to get a handle on whether it really is helping or not.

COMMISSIONER VIGIL: And in addition to that I don't think we have sufficient information. I thoroughly understand the Assessor and the Treasurer's position because we are a Class A County with growing pains and I recognize that the growing pains may be felt in those divisions but to me it's no different than growing pains in our Fire Department and our Sheriff's Office, in our County Clerk's Office, in our Health Department, in other divisions that we actually have to maintain. Land Use, Sustainable Growth

Management. The growing pains are across the board. So how we can best utilize what we currently have is the focus I'd like to take. But, in addition to that, as Commissioner Holian states, the data gathering is a critical part of this. I'd like to see that data in terms of the growing pains that we've had to experience and I think that will help us make a better informed decision. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. I just wanted to add one other thing. That if we do have to go to furloughs or cutting employee hours, I would just like to recommend that we do some kind of survey with the people in the County to see which options they feel that they could most live with. Perhaps you have plans for that already.

MR. ABEYTA: Mr. Chair, Commissioner Holian, we do. We already have that information, but before we implement something like that we'll go back and update it.

COMMISSIONER HOLIAN: And I certainly hope that is the last possible thing that we ever are faced with doing.

CHAIRMAN MONTOYA: Commissioner Anaya.

COMMISSIONER ANAYA: Thank you, Mr. Chair. Roman, when we gave the Assessor five new positions, wasn't he supposed to keep track on how much money they would generate?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, we asked that we keep track of it. Unfortunately, we did not do a dual system. We did not keep running Sunguard in line with the CAMA interface. So we haven't been able to generate the records for you via the normal process, which was Sunguard. So I have a meeting scheduled with both Victor and Domingo, probably in two weeks because we feel we'll have results then from property tax at that time and then we're going to try to do our best forecast for you, what the CAMA results have generated as well as the new staffing. So we don't have any solid numbers for you right now.

COMMISSIONER ANAYA: Okay. And Roman, on page 7, when were you going to implement these?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, July 1<sup>st</sup>.

COMMISSIONER ANAYA: July 1<sup>st</sup>. And I know there's an NMAC conference coming up, how many people are going to that from our County? Do you know?

MS. MARTINEZ: Mr. Chair, Commissioner Anaya, at this time, it is only some elected officials. No other County staff has the budget to attend. We have removed all travel.

COMMISSIONER ANAYA: Okay. So just elected officials are going?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: From Santa Fe County.

MS. MARTINEZ: That is correct.

COMMISSIONER ANAYA: And on page 7, you have cut temps and casual. What does that mean?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, those are employees that we have added for temporary purposes. Like if there was a special project we're working on, then

it's those type of employees we're talking about. And they've known they were temporary and they don't get any of the benefits. Right now, they're strictly temporary for special purposes.

COMMISSIONER ANAYA: And casual? The same?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: The satellite office, are you just going to rotate people that we already have?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: And eliminate what we have now?

MR. ABEYTA: Mr. Chair, Commissioner Anaya, the people we have working there are temporary so we would eliminate those positions and use existing staff to man those satellite offices.

COMMISSIONER ANAYA: Okay. And then on page 6, new ideas put forth. These were people from the County staff?

MR. ABEYTA: Yes.

COMMISSIONER ANAYA: These were just suggestions but we're not –

MR. ABEYTA: No. Right. They're just suggestions that we'll explore.

COMMISSIONER ANAYA: But page 7, we're going there.

MR. ABEYTA: Page 7 I'm doing. Yes.

COMMISSIONER ANAYA: And page 8, those are suggestions.

MR. ABEYTA: Mr. Chair, yes. Everything below the \$3 million new goal, those are potential actions we may have to take to get to \$6 million by the end of this year.

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

CHAIRMAN MONTOYA: Roman, regarding the use of \$23.9 million in cash, is that coming out of our reserve?

MS. MARTINEZ: Mr. Chair, that's coming out of several reserves. We have the general fund and special revenue funds, about \$7 million is coming – to balance the budget is being dedicated from the general fund, above what we normally do. The other funds are using their cash reserve, so it's special revenue funds, enterprise funds, a variety of funds. But in total, Countywide, it will take that much to balance our budget.

CHAIRMAN MONTOYA: For 11.

MS. MARTINEZ: That's correct.

CHAIRMAN MONTOYA: So essentially, those are one-time shots.

MS. MARTINEZ: Mr. Chair, that is correct. However, we do have a few funds where on an annual basis, and I'll give you the example of a grant fund or a capital project fund, where at the end of the fiscal year they don't spend all their dollars, so that drops to cash. So every year you would see a type of a recurring cash budget, because it was for unspent funds on that project and we reallocated in the next fiscal year.

CHAIRMAN MONTOYA: Okay. And regarding the reduction for elected official salaries, is that across the board?

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

CHAIRMAN MONTOYA: So that's all elected County officials. And that

won't be necessarily looked into until about October, possibly?

MR. ABEYTA: Yes. We plan on having a special study session end of September, early October to see where we're at with GRT and property tax.

CHAIRMAN MONTOYA: Okay. And then, I guess my only other comment would be that I think we need to look at this in terms of spreading the hurt, I guess to everybody and not just looking at some of what we were looking at last time where we had some elected official's offices getting a significant increase in terms of their budget and realizing that this is an ongoing cost. It's not going to be a one-time cost when we get these employees and add them on there. That will be ongoing until who knows what's going to happen in terms of what's already been discussed here in terms of reductions in force and furloughs and unpaid holidays and everything else. So I think I agree with Commissioner Vigil and Commissioner Holian in terms of let's see what the Assessor can do, let's see what the Treasurer's Office can do in terms of collecting some of those uncollected expenses that are out there, but not adding any positions. I just don't think it's prudent at this time to add any positions. It would be doing something that we're going to have to undo probably within six months. So I think what you've outlined here, Roman, Teresa, is good in terms of our direction and we'll wait and see what happens at mid-year. Hopefully, God willing, things pick up, get a little bit better. Okay. Commissioner Vigil.

COMMISSIONER VIGIL: I have a question that I think goes to leadership. On the eliminate all travel and seminars to non-elected offices, if you included elected offices how much would be saved? And well, let me have a precursor question to that. This would be in effect July 1<sup>st</sup>, correct?

MR. ABEYTA: Yes.

COMMISSIONER VIGIL: Because anything that anybody has already selected is already from previous budget. So how much would this be saved if this included elected officers?

MR. ABEYTA: Mr. Chair, Commissioner Vigil, approximately another \$87,000.

COMMISSIONER VIGIL: Okay. I would just recommend that we expect employees not to travel and attend seminars that we should have that expectation of the leadership at the County and that elected offices should not travel either. I think everyone equally needs education from seminars and employees benefit as well as elected officials, and I throw that out there for consideration from my colleagues. It seems like if it's fair for the employees it should be fair for the elected officials. And I ask for – I'm seeing yeses, so I think we can save another \$87,000 next year on that.

CHAIRMAN MONTOYA: Yes, I think, Commissioner Vigil, I agree with that, particularly when you're asking employees to pay for their licenses and certifications. I think that's a wise move.

COMMISSIONER VIGIL: That's interesting. I have to pay for my own license and certification. You mean the County might pay for that? Or did at one time? I didn't know that. Thank you, Mr. Chair.

CHAIRMAN MONTOYA: So you've got direction? Is there any need for an executive session?

MR. ABEYTA: Not from staff, Mr. Chair.

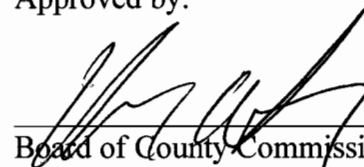
**VII. Executive Session**


[The Commission did not go into Executive Session]

**VIII. Adjournment**

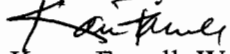
Chairman Montoya declared this meeting adjourned at 2:45.

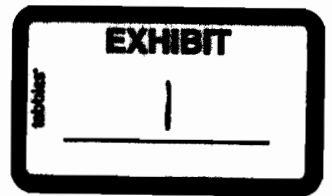
Approved by:

  
\_\_\_\_\_  
Board of County Commissioners  
Harry Montoya, Chairman

  
  
VALERIE ESPINOZA  
SANTA FE COUNTY CLERK

Respectfully submitted:

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



County Commissioners &  
County Manager  
102 Grant Avenue  
Santa Fe, New Mexico 87504

June 7, 2010

Dear Commissioners:

In anticipation of Tuesday's meeting I put this list of projects my staff is currently working on; please consider my need for the following resources in my office:

1. In order to concentrate my efforts in the collection of delinquent taxes, my office needs three additional FTE's to dedicate to this task. We anticipate they will require training in tax collection methods; use of the AS/400; ability to do research on the Sunguard Tax software; and how to interpret the NMSA Tax Statutes that govern the responsibilities of the Treasurer's office. We currently have 15,373 delinquent taxpayers; for 2007 the County is owed \$1,964,341.22; for 2008 the County is owed \$3,820,144.62; and for 2009 the County is owed \$11,974,393.65.
2. One of the new programs in my office gives the taxpayers the ability to pay their taxes in 10 installments provided they are current in their property taxes. We require a permanent half time position to administer this program. **Currently, we have more than 650 applications** for this program. If the economy continues to deteriorate, we could easily double that amount next year.
3. Another program is the Business License, currently my Tax Assessment Specialist processes omitted and corrected assessments as well as court settlements. From January 2009 thru February 2010, my office processed over 6,000 omitted and corrected assessments. In 2010 we processed approximately 1800 business licenses. Recently, the Finance Department sent out 1,300 additional bills for Business Licenses without letting my office know this was happening. The lack of coordination created extra work for my employees and a shortage of supplies. This position is also the main receptionist for the Treasurer's office. Based on the volume of work coming from the Assessor's office and the additional Business Licenses we will require another FTE.
4. We are currently involved in an RFP process for a new custody bank; I anticipate we are going to be extremely busy when we transition from our current custody bank to our new bank.
5. There is no way my staff can focus on delinquent tax collections and respond to the phone calls, tax research inquiries, process tax bills and collect tax payments, process business license and field inquiries, sell refuse permits, process county department deposits all at the same time. In order to provide timely service to the taxpayers we need sufficient staff to do our jobs.

Thank you for your consideration.

Victor A. Montoya, Santa Fe County Treasurer

SEC CLERK RECORDED 7/14/2010

**Santa Fe County  
Board of County Commissioners  
Budget Study Session  
June 8, 2010**

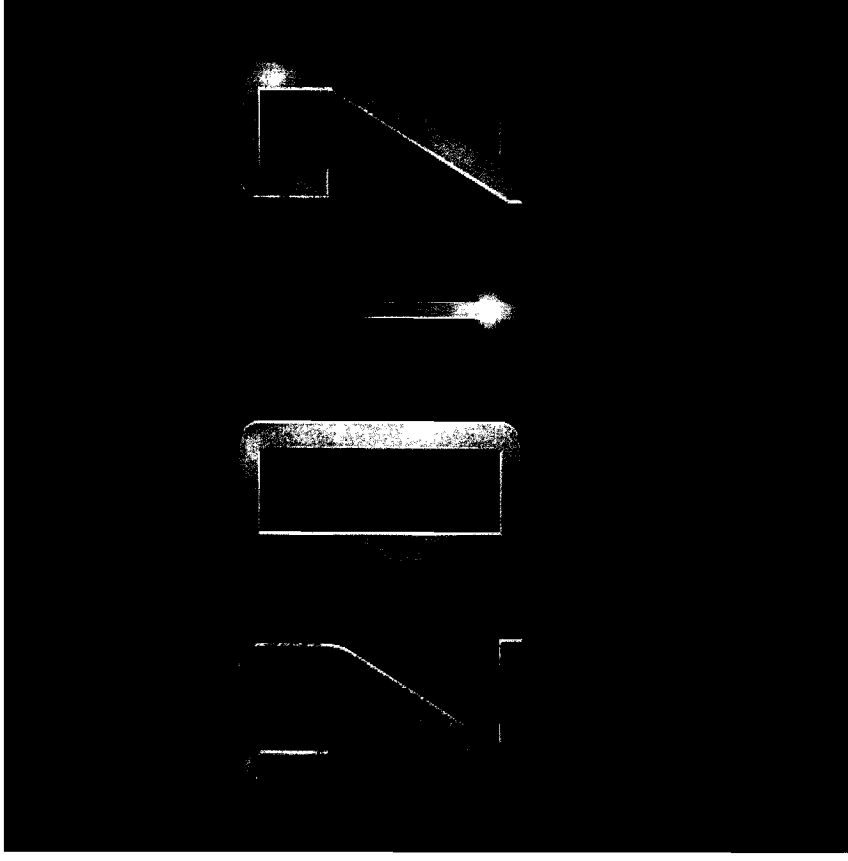


Image from an advertisement for the Columbia Pictures Movie 2012

EXHIBIT  
2



## The Situation...

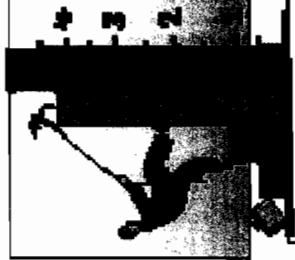
*Facts do not cease to exist because they are ignored. - Aldous Huxley*

If revenue does not increase and/or expenses  
don't decrease in FY 2011...

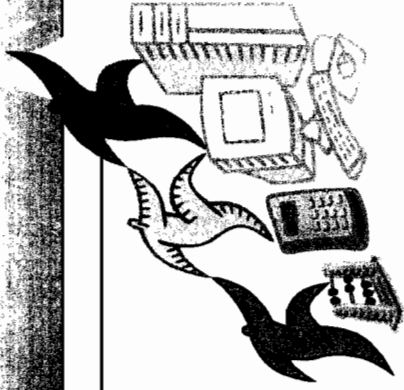
In FY 2012

**-\$12,798,209**





The Goal...



Cut

**\$6,000,000**

from the FY 2011 Budget





Option with Major Impact to Staff



Lay Off 100 people  
Impact all Departments &  
Offices Countywide  
Save \$6.0M

*All actions related to union employees will adhere to current agreements with collective bargaining units.*

## Actions Since May 25<sup>th</sup> Meeting

- Contracted for Public Survey which will begin by the end of June, with final report anticipated by the end of July, 2010.
- Directed Department and Division Directors to develop plan for proportionate cuts to their budget: results summary to follow.
- Interim Budget Submitted to DFA with a \$23.9M use of cash.
- Additional cost cutting measures taken by County Manager: summary to follow.



# Proportionate Cuts-Summary



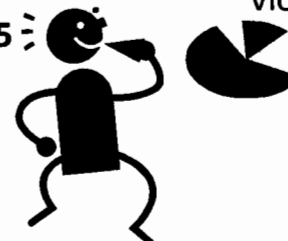
*Departments, Divisions, and Elected Offices were asked to prepare a scenario to restructure, reorganize, and cut their proportionate share of a \$6,000,000 deficit, and for ideas on how to address the County's budget situation.*

The BCC was the only Elected Office that participated in this effort. Other Elected Offices proportionate share of cuts would have totaled \$1,161,943.

Below summarizes the other efforts:

|                         |                   |
|-------------------------|-------------------|
| Non-Personnel Cuts:     | \$ 967,407        |
| Personnel Related cuts: | \$2,081,508       |
| Program Restructure:    | <u>\$ 268,488</u> |
| Subtotal                | \$3,152,304       |
| Offset by new revenue   | \$ 9,275          |

**Total Deficit Reduction Effort** \$3,327,125



The scenarios provided by Department/Division staff would require the lay-off of 29.4 existing staff, and still leave the County trying to cut \$2,672,875 to meet our \$6,000,000 goal.

### New Ideas Put Forth

- 36 Hour work week (10% of non-public safety)
- Reduce Senior Services from 5 to 2-3 days.
- Cut temporary **AND** probationary employees.
- 13 Unpaid Holidays
- Closing County Offices on Mondays
- Elimination of Personal Holiday
- Reduce inmate population by releasing individuals who are in for minor probation violations.

# Actions Taken by County Manager



Some of these options will have some financial impact on staff, but should not create a major financial hardship.

Hard Freeze All Positions  
Save \$1.4M  
(limited public safety hiring allowed with justification)

Reduce Salary of Employees Earning \$80K/year or more by 3%  
Save \$121K

Eliminate ALL Travel & Seminars to Non-Elected Offices  
Save \$210K  
(includes for maintaining licenses & certifications)

Change Employee Uniform Vendor  
Save \$37K

Cut Temps & Casual (excludes Elected Offices)  
Save \$103K

Eliminate Cell Phones  
Save \$73K  
(excludes Law Enforcement, Fire Field Staff and Department Directors)

Reduce or Terminate Contract Services  
Save \$50K

Restructure Satellite Offices  
Save \$51K

Eliminate Take Home Vehicles  
Save \$15-30K  
(excludes Law Enforcement & Fire Field Staff)

Discontinue contract work for SLDP and Code Re-Write. Complete process in-house.

Non-Personnel Related Cuts proposed by Divisions/Departments on proportionate basis  
Save \$967K

**Save \$3,034,000**

# How do we Reach the FY 2011 Goal?

|                                       |                  |
|---------------------------------------|------------------|
| <b>ORIGINAL GOAL</b>                  | <b>\$6.0M</b>    |
| Actions Taken by County Manager       | <u>(\$ 3.0M)</u> |
| <b>NEW GOAL</b>                       | <b>\$ 3.0M</b>   |
| Reductions to Elected Offices Budgets | (\$ .5M)         |
| Furlough/Salary Reductions            | (\$ 1.5M)        |
| Program Reductions/Cuts               | <u>(\$ 1.0M)</u> |
| <b>REMAINING CUT</b>                  | <b>\$ 0</b>      |

Then...

Monitor FY2012 Projections

$$(\$12M-\$6M + \text{New Revenue} + \text{GRT} + \text{Property Taxes}) = \$6.0M$$



**FY 2012 \$ 0 Deficit**



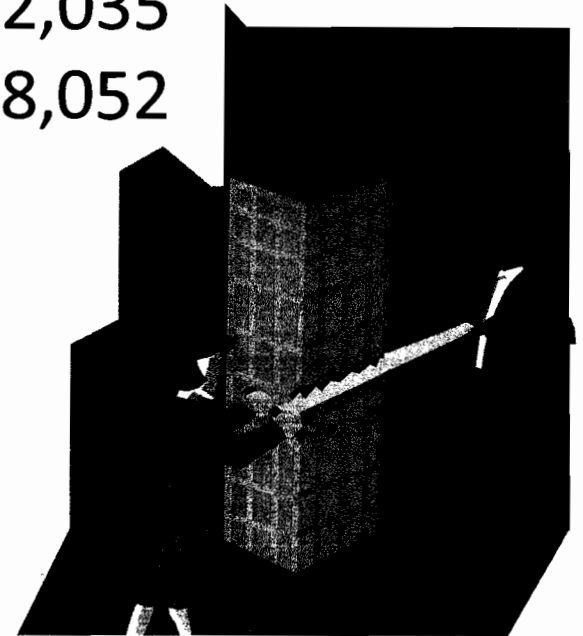
# Salary Reductions For Elected Officials

## Savings Generated by a Reduction in Elected Officials' Pay (Including Benefits)

|              |          |
|--------------|----------|
| 1% Reduction | \$ 6,017 |
| 2% Reduction | \$12,035 |
| 3% Reduction | \$18,052 |

### Process for Reducing Elected Official's Pay

The Board of County Commissioners  
may pass a resolution to reduce the  
salary of an elected official.



# Recommended Cuts to Elected Offices

Eliminate Temp and Casual Positions  
Save \$ 35K

Eliminate Cell Phones  
Save \$16K

Eliminate Take Home Vehicles  
Save \$6K

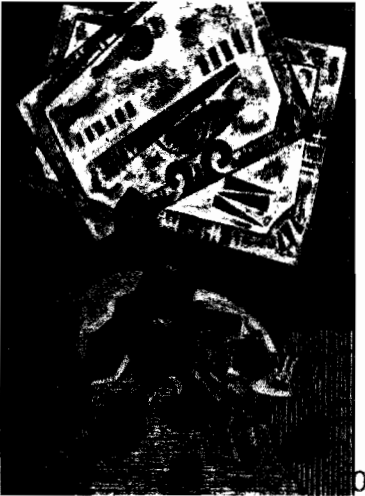
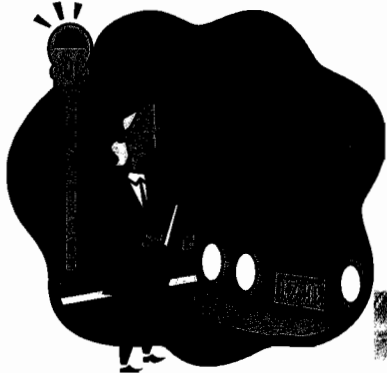
Eliminate **ALL** Travel & Seminars  
Save \$87K  
(includes for maintaining licenses & certifications)

Cut Non-Personnel Operating Expenses by 10%  
Save \$312K

Reduce Sheriff's Overtime Budget  
Save \$65K

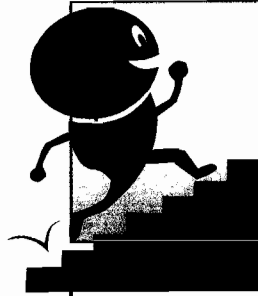
Eliminate Assessor's Lease  
Save \$22K

If Requested New FTEs are Authorized  
FY 2012 deficit becomes \$13.09M

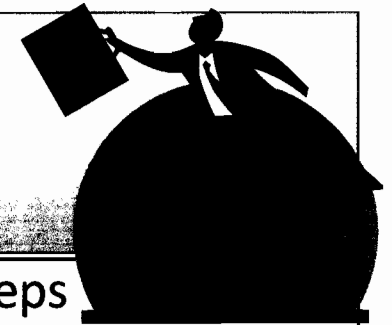


Total Recommended Cuts to Elected Offices \$543,000





# Next Steps



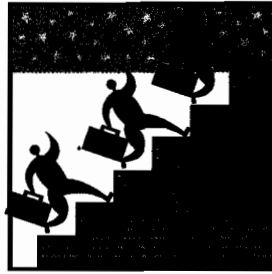
## Immediate Steps

- ✓ Cut Elected Offices budgets if so desired.
- ✓ Provide any additional direction to apply to FY 2011 final budget.
- ✓ Approve FY 2011 final budget at June 29<sup>th</sup> administrative meeting.

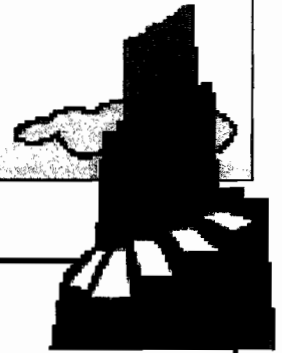


## Future Steps

- ✓ Discussion with bargaining units regarding financial issues.
- ✓ Analysis of Corrections Department scheduling, medical and administrative components, and housing SF County Inmates only.
- ✓ Cost benefit analysis on outsourcing the Medical component of the detention facilities.
- ✓ Analysis of RECC scheduling and overtime issues.
- ✓ Develop recommendations based on the public surveys regarding core services.
- ✓ Further analysis of all overtime expenses.
- ✓ Research alternative uses for Top of the World property.
- ✓ Finalize Solid Waste Permit increase.
- ✓ Inventory County-owned property and determine appropriate uses and fees.
- ✓ Research and analyze effects of "tax lightening".



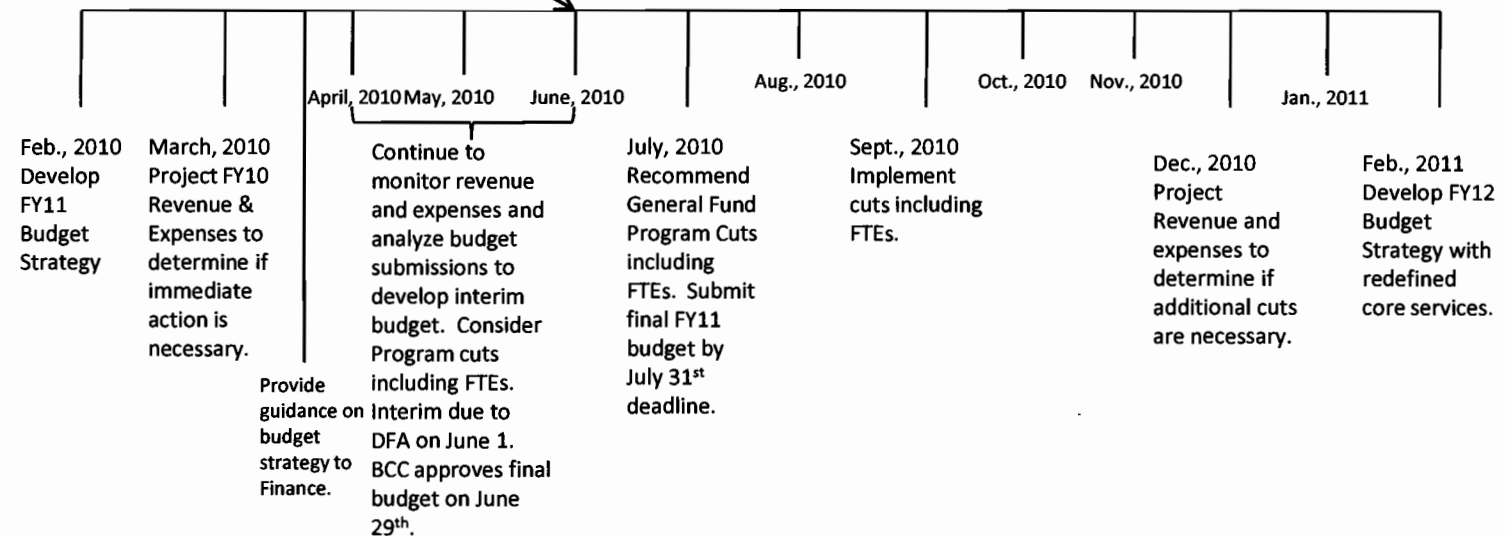
# Implementation



- ✓ Consider the information presented at this study session.
- ✓ Provide guidance to management as to cuts and other measures.
- ✓ Review contracts and other legal requirements for taking other action.

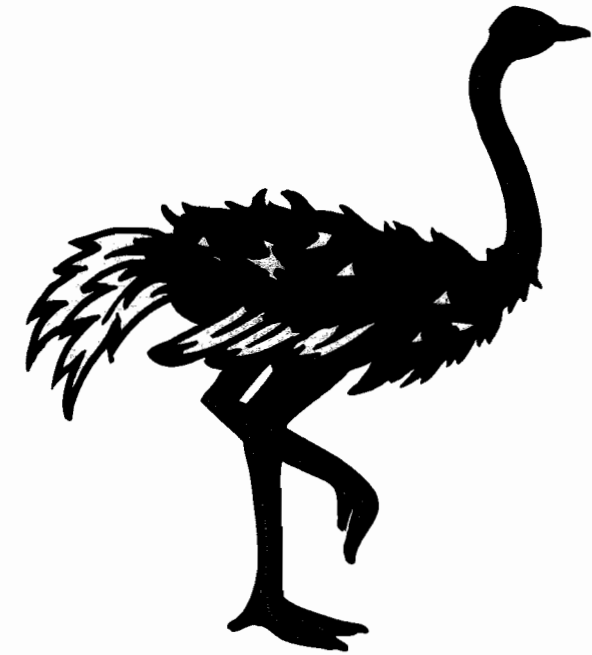


TIMELINE FOR "CUTTING TO THE CORE"



*Whenever a warrior decides to do something, he must go all the way, but he must take responsibility for what he does. No matter what he does, he must know first why he is doing it, and then he must proceed with his actions without having doubts or remorse about them.*

Carlos Castaneda -



?



*The challenges of change are always hard. It is important that we begin to unpack those challenges that confront this nation and realize that we each have a role that requires us to change and become more responsible for shaping our own future.*

Hillary Rodham Clinton

# Elected Offices Budgets – A Brief History

| ELECTED OFFICE  | ACTUAL<br>FY 2009 | ESTIMATE<br>FY 2010 | REQUEST<br>FY 2011 | Inc./ (Dec.) | %     |
|---|-------------------|---------------------|--------------------|--------------|-------|
| <b>BCC (including Community Funds)</b> <ul style="list-style-type: none"> <li>In FY10, reduced travel, supplies, maintenance and community funds</li> <li><i>In FY11, eliminated all travel, seminars and community funds.</i></li> </ul>             | \$686,547         | \$708,563           | \$562,994          | (\$123,553)  | (18%) |
| <b>County Assessor's Office</b> <ul style="list-style-type: none"> <li>In FY10, increased FTEs , capital, and operating costs.</li> <li>In FY11, reduced travel and supplies. Requested 6 additional FTEs and equipment not included here.</li> </ul> | \$2,574,741       | \$2,787,235         | \$2,905,809        | \$331,068    | 13%   |
| <b>County Clerk's Office (excludes election related exp.)</b> <ul style="list-style-type: none"> <li>In FY10, reduced travel , supplies, and capital expense</li> <li>In FY 11, further reduced travel and supplies</li> </ul>                        | \$1,979,821       | \$1,796,774         | \$1,923,523        | (\$56,298)   | (3%)  |
| <b>Probate Judge</b> <ul style="list-style-type: none"> <li>Increase is due to increased cost of health benefits.</li> <li><i>In FY11, eliminated all travel and seminars.</i></li> </ul>   | \$48,613          | \$47,157            | \$49,921           | \$1,308      | 3%    |
| <b>County Surveyor</b> <ul style="list-style-type: none"> <li>Increase due to statutorily mandated salary increase.</li> <li>In FY10, reduced operating costs.</li> <li><i>In FY11, eliminated all travel, reduced supplies.</i></li> </ul>           | \$28,060          | \$26,025            | \$30,341           | \$2,281      | 8%    |
| <b>County Sheriff's Office (Non-Grant)</b> <ul style="list-style-type: none"> <li>In FY10, increase due to increased insurance allocation, travel and fuel were reduced.</li> <li>In FY11, reduced supplies, subscriptions and printing.</li> </ul>   | \$8,778,257       | \$8,907,214         | \$9,285,742        | \$507,685    | 6%    |
| <b>County Treasurer's Office</b> <ul style="list-style-type: none"> <li>In FY10, increased FTEs, capital, and contractual.</li> <li>In FY11, requested additional FTE not included here.</li> </ul>   | \$751,607         | \$760,706           | \$800,069          | \$48,462     | 6%    |



## County Assessor's Office – General Fund

| <i>Assessor's FY 2011 Request</i> |                           | <i>Finance Recommendation</i> |                           |
|-----------------------------------|---------------------------|-------------------------------|---------------------------|
| Salary/Wages                      | \$1,002,046               | Salary/Wages                  | \$1,002,046               |
| Employee Benefits                 | \$ 381,047                | Employee Benefits             | \$ 381,047                |
| Travel                            | \$ 14,700                 | Travel                        | \$ 5,600                  |
| Maintenance                       | \$ 14,175                 | Maintenance                   | \$ 33,725                 |
| Contractual Services              | \$ 177,250                | Contractual Services          | \$ 177,250                |
| Supplies                          | \$ 20,200                 | Supplies                      | \$ 20,000                 |
| Other Operating                   | \$ 152,225                | Other Operating               | \$ 134,625                |
| Capital                           | <u>\$ 22,000</u>          | Capital                       | <u>\$ 22,000</u>          |
| <br>                              |                           |                               |                           |
| <b>TOTAL BUDGET</b>               | <b><u>\$1,783,643</u></b> | <b>TOTAL BUDGET</b>           | <b><u>\$1,776,293</u></b> |

***Difference of \$7,350***



# County Assessor's Office – Valuation Fund

## *Assessor's FY 2011 Request*

|                      |                  |
|----------------------|------------------|
| Salary/Wages         | \$851,983        |
| Employee Benefits    | \$290,951        |
| Travel               | \$ 3,600         |
| Maintenance          | \$ 30,360        |
| Contractual Services | \$ 20,000        |
| Supplies             | \$ 17,405        |
| Other Operating      | \$ 35,050        |
| Capital              | <u>\$ 34,600</u> |

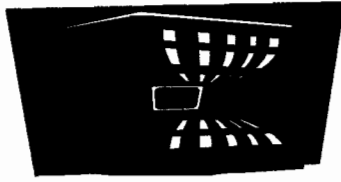
**TOTAL BUDGET**            **\$1,265,949**

## *Finance Recommendation*

|                      |             |
|----------------------|-------------|
| Salary/Wages         | \$717,525   |
| Employee Benefits    | \$290,951   |
| Travel               | \$ 3,600    |
| Maintenance          | \$ 4,160    |
| Contractual Services | \$ 20,000   |
| Supplies             | \$ 8,125    |
| Other Operating      | \$ 31,500   |
| Capital              | <u>\$ 0</u> |

**TOTAL BUDGET**            **\$1,075,861**

***Difference of \$190,088***



# County Assessor



## Budget Request/Initiatives not recommended for funding:

- ✓ New FTEs \$146,500
- ✓ Some Travel \$ 9,100
- ✓ Uniforms \$ 8,280
- ✓ Capital Requests \$ 34,600

## Budget Request/Initiatives recommended for funding:

- ✓ CAMA Maintenance Costs \$ 72,000
- ✓ Some Travel \$ 9,200



# County Assessor's Office

## Fiscal Year 2010

### General Fund

Staff

24.5 FTEs

Budget

\$1,101,709

### Valuation Fund

Staff

17.0 FTEs

Budget

\$ 708,862

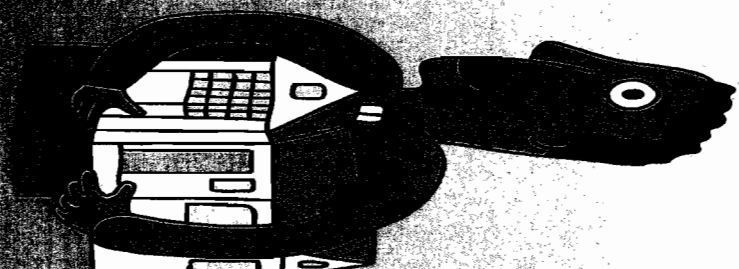
### Total

Staff

41.5 FTEs

Budget

\$1,810,571





# County Assessor's Office



## History of Added Positions Under this Administration:

|       |                           |                  |
|-------|---------------------------|------------------|
| FY'08 | Quality Control Spec. (1) | \$ 60,403        |
| FY'09 | Appraiser (1)             | \$ 40,314        |
|       | Field Auditor (4)         | <u>\$161,256</u> |
|       | TOTAL (w/benefits)        | <u>\$261,973</u> |



# County Assessor's Office

## FTE Breakdown

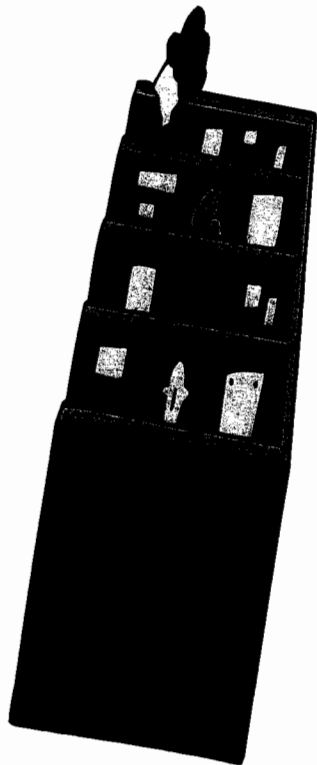
### General Fund

|                          |          |                   |
|--------------------------|----------|-------------------|
| Assessment Specialist    | 3        |                   |
| Assess. Spec. Supervisor | 1        |                   |
| Assessment Spec. Lead    | 1        |                   |
| Appraiser                | 5        |                   |
| Field Auditor            | 2        |                   |
| Quality Control Spec.    | <u>1</u> | ..... Subtotal 13 |

### Valuation Fund

|                          |             |                   |
|--------------------------|-------------|-------------------|
| Appraiser                | 6           |                   |
| Appraiser Senior         | 6           |                   |
| Chief Appraiser          | 2           |                   |
| Field Auditor            | <u>3</u>    | ..... Subtotal 17 |
| Total (incl. Adm/Others) | <u>41.5</u> |                   |

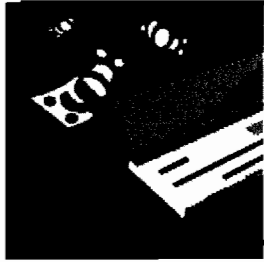
Total Increase in Staff..... 6.0 FTE's



# Net Taxable Value

| <u>Tax Year</u> | <u>Taxable Value</u> | <u>% of Change</u> |
|-----------------|----------------------|--------------------|
| 2000            | \$ 3,470,295,950     | 4.8%               |
| 2001            | \$ 3,614,827,175     | 4.2%               |
| 2002            | \$ 3,986,646,934     | 10.3%              |
| 2003            | \$ 4,048,370,791     | 1.5%               |
| 2004            | \$ 4,368,313,033     | 7.9%               |
| 2005            | \$ 4,882,266,598     | 11.7%              |
| 2006            | \$ 5,397,132,375     | 10.5%              |
| 2007            | \$ 6,047,241,540     | 12.0%              |
| 2008            | \$ 6,435,567,387     | 6.4%               |
| 2009            | \$ 6,709,640,575     | 4.2%               |





# County Assessor's Office

|                       |                         |
|-----------------------|-------------------------|
| Annual Fuel Expense   | \$ 21,550               |
| Annual Vehicle Maint. | \$ 11,035               |
| Property Rental       | \$ 43,200               |
| Attorney Services     | <u>\$ 65,250</u>        |
| <b>TOTAL</b>          | <b><u>\$122,857</u></b> |



Budget Facts:

2009 versus 2007 budget

Salary Growth = 22%

OT Increase = Tripled

Staff Salary Increases:

30 staff members

Total of \$ 24,767.5/hr

EX2010 \$ 40,059/yr

EX2011 \$ 65,920/yr

# Assessed Valuation FY 2010 Indicators

## Tax Year 2009

|                         |                |
|-------------------------|----------------|
| Billable Assessed Value | \$20.4 billion |
| Taxable Value           | \$ 6.8 billion |
| Less Exemptions         | \$82.3 million |
| <br>                    |                |
| Net Taxable Value       | \$ 6.7 billion |

NOTE: (Net Taxable Value/1,000 \* DFA Mil  
Rate by district)

## Adjustments to 2009 Billed Taxes:

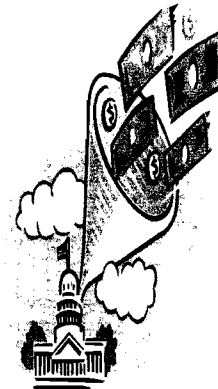
|                             |                      |
|-----------------------------|----------------------|
| Total Additional Base Taxes | \$ 1,997,275         |
| Total Deleted Base Taxes    | <u>\$(2,397,423)</u> |
| <br>                        |                      |
| Net Increase/(Decrease)     | \$ (400,148)         |

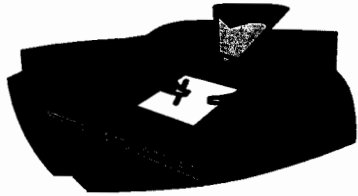
## Tax Year 2010

|                              |                |
|------------------------------|----------------|
| Billable Assessed Value      | \$21.6 billion |
| Taxable Value                | \$ 7.2 billion |
| Less Exemptions ('09 Values) | \$82.3 million |
| <br>                         |                |
| Net Taxable Value            | \$ 7.1 billion |

County Assessor forecasts \$6.9 billion Net  
Taxable Value pending the finalization of  
the following:

- Exemptions
- State Central Assessment
- Protests





# County Treasurer



## *Treasurer's FY 2011 Request*

## *Finance Recommendation*

|                             |                         |
|-----------------------------|-------------------------|
| <b>Salary/Wages</b>         | <b>\$485,299</b>        |
| <b>Employee Benefits</b>    | <b>\$191,114</b>        |
| <b>Travel</b>               | <b>\$ 9,429</b>         |
| <b>Maintenance</b>          | <b>\$ 9,145</b>         |
| <b>Contractual Services</b> | <b>\$ 20,400</b>        |
| <b>Supplies</b>             | <b>\$ 11,057</b>        |
| <b>Other Operating</b>      | <b>\$108,222</b>        |
| <b>Capital</b>              | <b><u>\$ 12,600</u></b> |

|                             |                    |
|-----------------------------|--------------------|
| <b>Salary/Wages</b>         | <b>\$454,099</b>   |
| <b>Employee Benefits</b>    | <b>\$191,934</b>   |
| <b>Travel</b>               | <b>\$ 3,075</b>    |
| <b>Maintenance</b>          | <b>\$ 9,145</b>    |
| <b>Contractual Services</b> | <b>\$ 20,400</b>   |
| <b>Supplies</b>             | <b>\$ 11,057</b>   |
| <b>Other Operating</b>      | <b>\$107,075</b>   |
| <b>Capital</b>              | <b><u>\$ 0</u></b> |

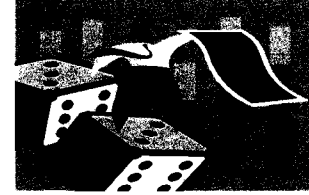
**TOTAL BUDGET**                    **\$847.266**

**TOTAL BUDGET**                    **\$796.785**

***Difference of \$50,481***



# County Treasurer



## Budget Request/Initiatives not recommended for funding:

- ✓ New FTEs Corrected/Omitted billings \$31,200
- ✓ Some Travel \$ 5,900
- ✓ Seminars/Workshops \$ 1,877
- ✓ Capital Requests \$12,600

## Budget Request/Initiatives recommended for funding:

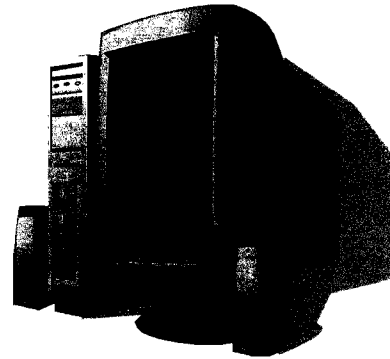
- ✓ Microfilm to CD's \$17,000
- ✓ Some Travel \$ 3,529

# County Treasurer

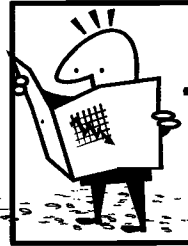
## FY 2007 – FY 2010

### Capital Expenditures:

|                               |                         |
|-------------------------------|-------------------------|
| Vehicles                      | \$ 24,220               |
| Building                      | \$ 10,500               |
| Computers                     | \$ 9,958                |
| Furniture                     | \$ 21,459               |
| Add'l Software<br>Programming | \$ 2,280                |
| <b>TOTAL</b>                  | <b><u>\$ 68,417</u></b> |

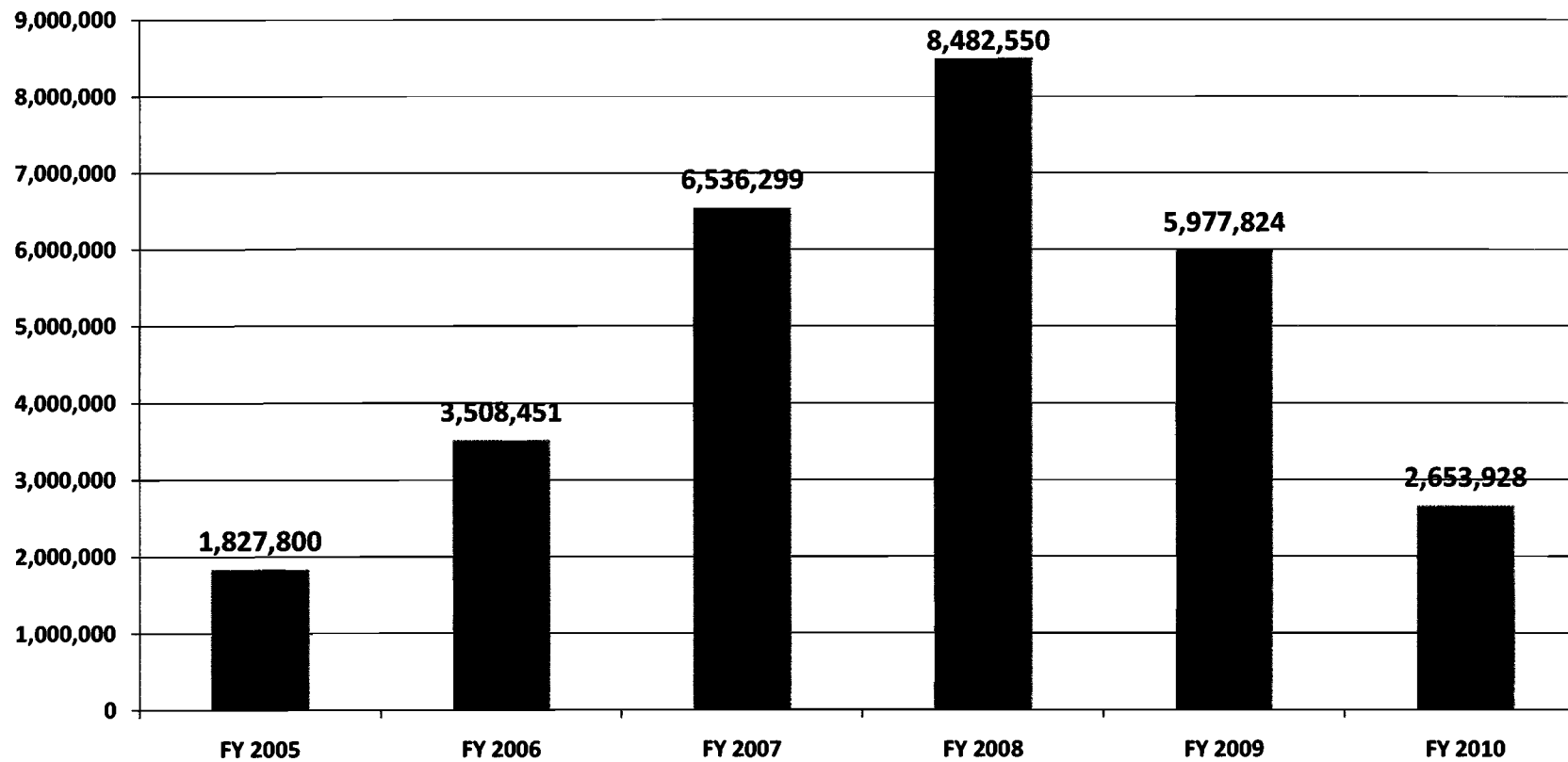






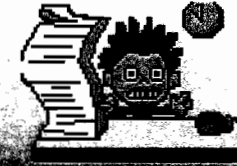
# Treasurer's Investment Income

## Investment Income History





# New FTEs Requested



## Pending Requests for additional FTE's

| Organization                          | FTE      | Sal/Ben           |
|---------------------------------------|----------|-------------------|
| Assessor                              |          |                   |
| Senior Appraiser                      | 1        | \$ 62,550         |
| Field Auditor                         | 1        | \$ 36,700         |
| Quality Control/<br>Internal Audit    | 2        | \$ 61,600         |
| Assessment Specialist                 | 2        | \$ 73,400         |
| <b>Total Assessor Request</b>         | <b>6</b> | <b>\$ 234,250</b> |
| Treasurer                             |          |                   |
| Tax Assessment Spec.                  | 1        | \$ 57,300         |
| <b>Total Treasurer Request</b>        | <b>1</b> | <b>\$ 57,300</b>  |
| <b>TOTAL PENDING FTE<br/>REQUESTS</b> | <b>7</b> | <b>\$ 291,550</b> |

## Status of Transferring Existing Staff

- Attempts have been made to negotiate with the AFSCME Union to allow the transfers of positions.
- AFSCME Union would require a separate MOU regarding the transferred staff.
- AFSCME Union would require that the transferred staff receive pay increases.
- Union Issues have made the transfers infeasible.
- ***Finance is recommending that no additional FTEs be authorized.***