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SANTA FE COUNTY
BOARD OF COUNTY COMMISSIONERS
SPECIAL BUDGET MEETING

May 10, 2011

Virginia Vigil, Chair – District 2
Liz Stefanics, Vice Chair – District 5
Danny Mayfield – District 1
Robert Anaya – District 3
Kathy Holian – District 4

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This budget study session of the Santa Fe Board of County Commissioners was called to order at 9:10 a.m. by Chair Virginia Vigil, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll was called and indicated the presence of a quorum as follows:

Members Present:

Commissioner, Virginia Vigil, Chair
Commissioner Liz Stefanics Vice Chair
Commissioner Kathy Holian
Commissioner Robert Anaya [9:20 arrival]
Commissioner Danny Mayfield

Members Excused:

[None]

III. APPROVAL OF THE AGENDA

- A. Amendments**
- B. Tabled or Withdrawn Items**

With no changes suggested, Commissioner Holian moved to approve the agenda as submitted, and Commissioner Stefanics seconded. The motion carried by unanimous [4-0] voice vote. [Commissioner Anaya was not present for this action.]

IV. MATTERS OF PUBLIC CONCERN

- A. Public Comment on Budget-Related Issues**

There was no one wishing to speak.

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V. **REVIEW, DISCUSSION and POSSIBLE ACTION on BUDGET-RELATED ITEMS** [*Exhibit 1: Budget Presentation*]

COMMISSIONER STEFANICS: Madam Chair, I'd like to ask a question first.
CHAIR VIGIL: Sure.

COMMISSIONER STEFANICS: And perhaps this is what Ms. Martinez was going to do, but what's going to be the schedule for reviewing budgets, making recommendations, then our decision making, et cetera.?

TERESA MARTINEZ (Finance Director): Madam Chair, Commissioner Stefanics, for the veterans in the room, you're used to a much thicker packet for such a study session. We did a more summarized budget preparation for today's discussion. We have intentions of bringing for final approval the interim budget on May 31st when it is due at the Department of Finance and Administration. But we are prepared if need be to do an additional study session between here and May 31st if there be such a desire. Then we have the entire month of June still to work on any changes or recommendations that you may have before we turn in the final budget to DFA in July. So we have plenty of time to make changes.

We structured it a little differently this year in that we allowed staff more time to prepare their capital project request and that deadline I think is May 13th. So that will be coming in this week still. So that's something that's not included in here but that we'd like to get into the interim budget before we get final approval in May.

CHAIR VIGIL: Okay.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner.

COMMISSIONER MAYFIELD: Madam Chair, Ms. Martinez, for the rookies in the room, I would like to see the full budget please. I've also asked for some different sheets for comparatives for prior year, current year we're in and prior years to that. One or two years would be great for me, and the sooner I could have that information I would really appreciate it.

MS. MARTINEZ: Okay.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Teresa, it's all yours.

MS. MARTINEZ: Okay. We'll go ahead and get started. You can see the cover. We chose a picture that shows we're not quite out of the woods yet but we have some glimmer of light, so hopefully that glimmer will get bigger and bigger and continue.

The first slide of the presentation is an estimate of where we believe revenues and expenditures will fall at the end of this fiscal year. This is based on actuals to date and forecasting out for the remainder of the fiscal year. We believe we will end the year – we started the year with a budget of \$225.2 million. With adjustments we are currently forecasting a budget of \$241.1 million. And largely some of those increases can be related to bond sales done in the middle of the year so we have to budget the bond proceeds. The increases to that high of a degree usually are typically related to bond proceeds or capital projects. So you'll see that for fiscal year 2011, at the end of the year we are forecasting that property taxes will be coming in at \$57.1 million, GRTs at \$41.6 million, care of prisoner revenue at \$3.5 million, other revenue at \$37.4 million, bond proceeds of \$35.1 million, use of other budgeted cash, \$26.8 million, and

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fund transfers between funds of \$39.6 million, and that compiles the total revenue estimate.

COMMISSIONER STEFANICS: Madam Chair.

CHAIR VIGIL: Yes.

COMMISSIONER STEFANICS: So, Teresa, okay, we had approved \$225 million. You indicated we're at \$241 million and you're saying that much of that is due to the bond sale. How much of that is not due to the bond sale?

MS. MARTINEZ: I would say that we've had – the second bond sale we just did was \$17 million and I would say the remainder of it is probably related to other capital projects where we're taking the cash balance that they have available and increasing it so that they can do the needs they have before the end of the fiscal year. And there's also additional grants that we've received. Maybe when we started the fiscal year we had not received an award yet.

COMMISSIONER STEFANICS: Well, Madam Chair, the reason I'm asking the question is, if we approved \$225 million has there been any additional programming that we did not authorize or that we did not discuss? I understand bonds; I understand the grants and maybe some capital, but is there anything that got put back in that we took out?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, I don't think so to a high degree. We did have the freezes and we've been reporting monthly that along with those freezes we had two LPNs that we had to lift. We had a housing specialist supervisor that we had frozen in error, so we looked at that. We had also an investigator that was filled for a portion of the year. That was probably the largest area of the freezes where we didn't meet what we had anticipated. But we're talking less than \$200,000. We also had – most of our forecasts for cuts were based on them being effective July 1. Now, there were some things that couldn't materialize July 1. We were able to reduce the leases but it took us in that case six months before we got to that. Or the satellite offices, we realized we had one lease that we were bound to and couldn't reduce that cost. So for the most part the cuts you've made have remained intact. We have a slide later on that will display that.

COMMISSIONER STEFANICS: Thank you, Madam Chair.

CHAIR VIGIL: Thank you. Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Madam Chair. In the fund transfers, how did those compare with last year's? My understanding is those are like double-counting.

MS. MARTINEZ: Madam Chair, Commissioner Holian, you're correct, because they are double-counting from the perspective that they are an expense to the fund that's transferring it and then they're counted again for the fund that receives it, so it's counted as a revenue on that side. Let me look and see. Last year's transfers were \$52 million; this year they're \$39.6 million.

COMMISSIONER HOLIAN: Okay. Thank you.

CAROLE JARAMILLO (Budget Director): Madam Chair, in addition to what Teresa was saying about the increase in the budget, the original budget was \$225 million that you approved at the beginning of last year. However, any additions to the budget are brought before the Commission as budget resolutions at each administrative meeting. So that accounts for anything else. So the budget has not increased in any way that you have not already seen and approved.

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CHAIR VIGIL: Okay. Proceed.

MS. MARTINEZ: Okay. The right side of the slide is our expense estimate through June 30th, and we broke it down by our major budget categories. You can see that capital purchases total just about \$79 million. Our fund transfers again are at \$39.6 million. Salaries and benefits are at \$54 million. Our travel and vehicle expenditures are at \$1.8 million. Contractual services at \$10.5 million. Maintenance and supplies at \$4.2 million. Our operating costs are at \$2.6 million, and our debt service requirement is at \$28.8 million, again totaling the \$241.1 on the expense side. And again, this is our best forecast as to where we think that we'll finish this fiscal year.

On the next slide what we did is we extracted the capital budgets so that you can see it from the perspective of an operating budget only status.

CHAIR VIGIL: Commissioner. Commissioner Anaya has arrived.

MS. MARTINEZ: On slide page 3, when you extract the capital budget from the total budget we basically have an operating budget of \$162 million. And again, we broke those down for you by revenue and expense so you can see from an operating standpoint what the County's budget totals. Now, operating from the standpoint of salaries and benefits, other operating costs, utilities, travels, contractual, everything but capital. So you can see we go from a \$241 million budget to \$162 million from the operational standpoint. And again, this is our estimate for the fiscal year ending June 30, 2011.

This is a slide that addresses the cuts sustained and any budget additions. So you can see that the County Manager's Office had actions that were taken and effective on July 1. The hiring freeze was forecasted at \$1.4 million; to date we've materialized it at \$1.2 million, almost \$1.3 million. And again the difference there is the fact that we had two LPNs that we since filled. We had the investigator and the housing supervisor that we have filled for part of the year and that contributes to the planned amount not materializing.

We had department-proposed cuts of \$967,000. That did not materialize. We're more at \$908,000. A good part of that is related to our records storage process, Iron Mountain, and we're currently knee-deep in trying to reduce the costs there. We had contracts that didn't materialize so we were able to not recognize the amount of savings because again, we made estimates that they would be effective July 1st and some things took a little bit longer to transition, relative to terminating leases or terminating contracts.

We have the category of travel, vehicles, cell phones and other. We forecasted a cut of \$566,500. We actually materialized \$401,000. This is mainly consistent of the 3 percent cut that the Manager's go to an ADK took, the temporaries that we were reduced, and also the student interns. We had the restructuring of our satellite offices. We forecasted a cut of \$51,000. That actually materialized more at \$32,000. There were some leases that we realized were probably not to the County's benefit to terminate or that we couldn't terminate. So that did not materialize at the full value.

Our terminated contracts, we started the year with cuts at \$50,000. We actually were able to cut a little bit more than that so the materialized amount is \$75,860.

CHAIR VIGIL: Teresa, when you identify materialized to date, is it possible that that figure could go up at the end of the year, because this is just to date, correct?

MS. MARTINEZ: This is to date. I don't know, Commissioners, if we'll have

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any other areas that we can cut but it's what we know right now. It doesn't mean that there's not room for more cuts.

COMMISSIONER STEFANICS: Madam Chair.

CHAIR VIGIL: Yes.

COMMISSIONER STEFANICS: I'm sorry, I'm going to back up a minute because I want some point of comparison. The FY11 that we approved was \$225 million.

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: What was our FY10? Or our FY09? I just want to put this in perspective with what we've done.

MS. JARAMILLO: Madam Chair, Commissioner Stefanics, FY10 actual expenses is \$218 million. That was – the original budget I believe was \$224 million. And FY09, the actual expenses was \$180 million and I believe the original budget was \$215 million.

COMMISSIONER STEFANICS: Okay. So I just wanted to put that in perspective. We've gone from \$180 to \$218 to \$225 million. Correct?

MS. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: Well, reason I'm asking that question, to put this in perspective is I thought when Commissioner Holian and I came on in 2009 that we, just in that one half year had cut almost \$5 million.

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, you have cut \$5 million and I recognize the point you're trying to make.

COMMISSIONER STEFANICS: And then the next year I thought we not only sustained that \$5 million but we cut more.

MS. MARTINEZ: You are correct. Now what shapes this is that you also had bond sales in the middle of those years. If you look on April 15th we issued \$17 million in fiscal year 2009. So it's a little bit hard – and that's how we were doing the comment of extracting capital and just showing an operational standpoint. Because if you look at the total budget it does not appear that you have done the cuts that we have been diligent about maintaining. The cuts have happened from an operational standpoint but in the middle of this you can see that we've had bond issuance or bond sales where that raises the budget by \$17 million. So if you're looking at it from a total budget perspective it's a little difficult to see the cuts that you have materialized. But you are correct in the cuts that you have made.

COMMISSIONER STEFANICS: Okay.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER STEFANICS: Commissioner Stefanics, FY09 went from \$180 million to a potential \$241 million. So that's what they're anticipating our expenses will be.

COMMISSIONER STEFANICS: Right. And in terms of what I was getting at, Commissioner and Madam Chair, is what did we approve in those years without the capital and the bonds added in? So I wanted to clarify that the \$180 million is with everything in it.

MS. MARTINEZ: The \$180 million was based on actuals in fiscal year 09.

COMMISSIONER STEFANICS: But that included bonds and capital.

MS. MARTINEZ: Everything. That included everything. What we can do is we

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can prepare for the interim budget a slide that shows operational to operational and we do that a little bit later on so that you can see [inaudible] So we'll make sure that's clear.

If we return to slide number 4 you can see that after the cuts taken by the County Manager, there was the reorganization of the County Manager's Office that resulted in additional savings of \$38,779. We have our one-time savings mainly relative to freezes. This includes salaries and benefits. That's \$5 million. We had unanticipated recurring additions to the budget from the low-income property tax credit for about \$331,000, and then we also had some increases relative to our insurance deductibles in our transition from insurance companies for \$200,000. So this is just a summary of the cuts that we've sustained and managed for the most part, and then additional savings that have materialized, as well as any recurring additions that were not accounted for in the initial budget. So we will account for those in next year's budget. We've already put in an amount for the low income and we've also set aside our contingency, if you will, for the insurance deductible.

I do want to point out that any of the cuts that we haven't been able to materialize at the full level, we're trying to do through temporary staff freezes if we can. So if someone has left the County and we feel that we can hold that for a little bit we'll hold it to try to materialize more savings to try to stay close to that \$3 million planned cut.

If you look at slide number 5 this is again our best estimate as to what we believe the cash balances will be at the end of the fiscal year. We've identified for you the major operating funds. They're broken down by fund. You can see that the cash balance at June 30th is forecasted for first. Then we have the second column which is the FY12 reserve requirements. These will be reserve requirements that are either mandated by State statute or mandated by our own policy. And then the usable balance as we best can forecast it at the end of the fiscal year. So you can see that the general fund has a cash balance at June 30 that we forecast at \$45 million, but we have reserve requirements committing \$31.5 million. So we will have an available usable balance if you will of \$14 million. And that will assist in balancing the budget when we determine the level of cash that we're comfortable to commit to that.

You have the property valuation fund, the road fund, the indigent funds, the EMS hospital funds, fire operations, the RECC and corrections. You'll note that those with an asterisk indicate that they may be additional, above statutory or our own policy cash restrictions or commitments. And I can identify that for the general fund, if you'll recall, we have our loan guarantee on the studio loan, so we've taken that into consideration. We have the additional budget policy that the Board set back in 2003, I believe, where an additional \$2.5 will be set aside for reserves. So those types of things are considered under the reserve requirement. So it's either statutorily mandated, budget policy mandated, or additional commitments that we've made for ongoing projects.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner.

COMMISSIONER MAYFIELD: Ms. Martinez, kind of in line with what we've been asking for or what I've been asking for, as far as cash balances, could you also prepare me something that will show what our starting cash balance was in this fiscal year and then also go back to starting cash balances in 10 and 09?

MS. MARTINEZ: We can do that.

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COMMISSIONER MAYFIELD: Thank you.

MS. MARTINEZ: Okay. The next slide again is a reminder of the citizen survey that was conducted by Santa Fe County and the priorities that resulted as a result of that survey. We put it in a chart for you. The citizen survey was conducted in July of 2010 and this is ranked by the highest priorities. Now, there were aided and unaided responses, if you will. The aided was a list of items that we presented in this survey that the County was contemplating either cutting from a budget standpoint, or possibly even eliminating. So when polled, the citizens were told of the areas that we had or a list of the areas that we had for potential budget cuts, and then they were asked to rank them. The unaided would represent where the surveyor simply asked, in your mind or in your opinion what are the highest priorities for Santa Fe County? So you'll see the differences in the responses.

You can see though that according to the survey the priorities for fiscal year 12 and 11, we've broken them down. Roads and streets were up there with a 27 percent ranking. You can see that in fiscal year 2012 we have a budgeted amount of \$3.3 million which is an increase over the fiscal year 2011 amount of \$2.6 million. Improve education came in at 26 percent. Sheriff's protection came in at 12 percent and you can see that we are increasing slightly from \$9.9 million in fiscal year 2011 to \$10.2 million in fiscal year 12. Public safety, which includes the Sheriff's Office, the Fire Division and the Regional Emergency Communications Center ranked at 10 percent. And you can see that the 12 budget is \$25.6 million, a slight increase over the 2011 budget of \$24.1 million. Fire protection was important at 9 percent. Fiscal year 2012 budget is \$12 million; fiscal year 2011 budget was \$10.8 million. And then the lowering of taxes came in at 6 percent and you can see that in fiscal year 2012 we have a budget of \$400,000 versus a zero budget in 2011.

COMMISSIONER HOLIAN: Madam Chair.

CHAIR VIGIL: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you. Teresa, what do you mean by lower taxes? Why do we have a budget for that?

MS. MARTINEZ: What they wanted, Madam Chair and Commissioners, I think that was relative to the consideration of lowering property taxes. Is that correct? And the \$400,000 is probably what we're trying to set aside and establish a possible contingency for any mitigation that may result – oh, sorry. It's the low income.

COMMISSIONER STEFANICS: I was just going to say, Madam Chair, it's the low income tax rebate that we have to actually consider whether or not we're going to continue. But we spend \$330,000 I think this year and we don't know how much it's going to continue to increase.

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, we're given some detail from Taxation & Revenue in terms of the number of claims that were filed, so we did an escalator based on those claims and came up with a recommended amount for this year and that's how you see the \$400,000.

COMMISSIONER STEFANICS: Madam Chair and Commissioners, I'd like to put forth an idea on that one item, that in the future we might consider capping that low-income tax rebate for a number of years during this economic recession and then putting it back on the shelf till it's needed again. So I would just put out that idea for future action.

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COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Is that something we can do within the auspices of the law?

COMMISSIONER STEFANICS: Madam Chair, it's something we either approve to utilize or rollback. So we don't have any options to play with the numbers that are presented by State statute but we can either adopt it or not. And this is only one other county right now that has adopted it and that's Los Alamos County. We did feel that it was – at the time we felt that it would be a good break for our citizens, especially with the hard economic times, but it was an unexpected \$330,000 expense for that year and we expect it to grow every year. So we might just want to consider whether or not we really want to build that into the budget forever, or whether or not we want to have it end at a particular year.

CHAIR VIGIL: I think that's probably something that we should consider before the final budget comes to us. It was my understanding when we took action on that, in fact the reason that we did, at least my thought went towards let's see, let's look at this as a pilot project and see what it means to us fiscally, and I think unexpectedly, and we still don't know what the potential numbers might be it's going to be one of those figures that can really increase without us knowing so we have to have a serious discussion about that. Maybe we could bring that forth at our next BCC meeting.

And Teresa, while we're on the correlation between this survey, improve education, we haven't really had a lengthy discussion about but I noticed you x-ed it out. It might be good just for the record to explain that.

MS. MARTINEZ: Okay. We don't have a budget for education, but I think it came in along the lines – it's funny, because we were talking about it and I said, okay, they identify youth programs and services very high and they put youth detention very low, so I understand the logic. Make events and activities available for the youth and let's keep them out of our detention facility. But improve education – we don't have a budget within our County budget. Educational initiatives aren't a lead focus for Santa Fe County. So the point is to say the survey identified it as being a high priority but we're not in typically the business of budgeting specifically for an educational line item, if you will. We've had in the past when the economy has been better, college for working adults. We'll try to promote staff improvement and staff goals to attend college and get that degree. So that one was a little bit of a difficult one. So we didn't have a budget tied to it.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Madam Chair, these are the unaided responses. And if we actually wanted to think about what it was that our County does for educational purposes, youth programs and services, library services, maybe teen court, maybe something else would actually be educational services. But when people are unaided, and then you look at the next page and some of the things that came out, we could actually categorize some things as educational services if that is important to the public to know that we are paying attention and funding those services.

CHAIR VIGIL: It is as you say difficult because it isn't a standard practice to identify a budget item for education. Part of the misconception – well, the reality is that our

community is highly concerned about education and if there's anything they'd like our community and our leadership to address it would be education. There are counties throughout the nation where the system of education is under the county commission, under their authority. Quite a few. As a matter of fact it's more rare than not. So the fact that our own educational system is very autonomous from any other governing agency I think is not clearly understood by our entire community. But I agree with Commissioner Stefanics, because when I think about the initiatives that the County has taken forth to assist our educational systems, and I'm thinking as far back as a mentoring program that we provided days off for any of our employees who used to participate in mentoring programs. When I look at the community schools initiative, how our mobile healthcare van really initiated itself through an educational group of folks who got together. A lot of the interfacing that we do does create a piece that supports our educational system, but per se, to actually have influence over what happens budget-wise, it doesn't exist, I agree.

But if it's possible, maybe we could have somebody do an analysis of all the things that we do do to support our educational system. I think that would benefit the community too. It certainly would provide a benefit for the Commission to have a clear understanding of that. Okay. Teresa, thank you.

MS. MARTINEZ: Okay. I just wanted to point out that in the unaided responses, the answer we received most when folks were asked what was the highest priority it was by the residents road and street improvements were mentioned most often.

If you look at slide number 7, this is an additional survey that really marks for you the items as we identify the priorities. These were issues – this was the aided response, so these were the issues that we brought up as potential areas for budget cuts. And then they were asked specifically how they felt upon them. And when asked, the list of services were read to them and they came up, the number one thing for them was water conservation, our youth programs and services, renewable energy efforts, senior services, economic development, library services, parks and rec, the mobile healthcare van, our solid waste transfer stations, open space, community planning, youth detention center, teen court, graffiti removal, satellite offices, and filming and broadcasting BCC meetings.

COMMISSIONER HOLIAN: Madam Chair.

CHAIR VIGIL: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Madam Chair. Teresa, water conservation, what does that consist of? What programs that consists of?

MS. MARTINEZ: Madam Chair, Commissioner Holian, the water resources grant. Right now what we have is our water resources initiative that previously was with Laurie Trevizo, so I think that's what that represents. And that's a very small component of the budget, but it came up high in terms of an initiative.

COMMISSIONER HOLIAN: And all of that funding right there is actually grant funding? It's not coming out of our general fund for example?

MS. MARTINEZ: The majority of that budget was grant funding. We had a small amount I believe for travel initiatives but the largest share of that was all grant funding.

COMMISSIONER HOLIAN: Okay. Thank you, Teresa.

MS. MARTINEZ: You can see what we did is we ranked – we identified the

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priorities as they appear on the chart and we gave you a comparison of the budget amounts proposed for fiscal year 2012 to that that was implemented in fiscal year 2011. Water conservation, again, that was a grant at \$100,000. Youth programs and services, this is the \$200,000 amount. Renewable energy had a slight increase from \$600,000 in the previous fiscal year. Senior services had an increase relative to the fact that we are taking over several of the senior centers this fiscal year. You can see the increase from \$900,000 to \$1.2 million. Our economic development initiatives have gone slightly done; \$600,000 in fiscal year 12 compared to the fiscal year 2011 amount of \$1 million.

Our library services remained flat. Our parks and recreation have gone down slightly - \$700,000 versus the \$1.5 million. The mobile health van has stayed flat. The solid waste transfer stations have seen an increase of \$2 million versus the previous fiscal year of \$1.8 million. Open space is fairly close - excuse me, not close. \$500,000 versus \$6.6 million. Now, you'll have to keep in mind too that there's capital projects tied and buried, the two different fiscal year amounts. Our community planning initiative has remained flat at \$500,000. Our youth development program has seen a flat budget of \$2.3 million. Our teen court amount is still at \$200,000. Graffiti removal has stayed the same. Satellite offices, a slight increase. And filming and broadcasting has seen a decrease. This is the broadcasting of the BCC meetings.

So you can see that in some of the areas as you've correlated to the rankings there's been some increases. You can see in some of the areas there's been some corresponding decreases.

CHAIR VIGIL: Commissioner Mayfield, then Commissioner Stefanics.

COMMISSIONER MAYFIELD: Thank you, Madam Chair. Ms. Martinez, if you know, how was this survey conducted? Was it an on-line survey? A phone survey? How many were queried on the survey?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, I don't know how many we queried on the survey but we have it.

COMMISSIONER STEFANICS: Madam Chair, unless I'm corrected, I think it was done by Research and Polling, Brian Sanderoff, and it was 770 registered voters dispersed through the unincorporated areas of the county of all parties.

MS. JARAMILLO: Madam Chair, Commissioners Stefanics and Mayfield, it was a random sample of 709 Santa Fe County residents living outside of the city limits of Santa Fe interviewed by telephone.

COMMISSIONER MAYFIELD: Telephone?

MS. JARAMILLO: Yes.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. On the library services, I thought we provided funds to three libraries - Edgewood, Vista Grande, and the South Side library.

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, it's not Edgewood. It's Vista Grande, it's City of Santa Fe South Side, and also Espanola.

COMMISSIONER STEFANICS: Espanola?

MS. MARTINEZ: Yes. Edgewood was never in the mix. They did appear

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before this Board at one time requesting funds, but it was in the middle of our recession so we have not provided funds previously to Edgewood.

COMMISSIONER STEFANICS: Well, Madam Chair, I would suggest that that is an area – Espanola, South Side, Edgewood and Vista Grande. I'm suggesting that that's an area that might be adjusted for all four libraries, and that's just my personal recommendation.

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, so you would like to see – currently what we do is we give the largest share to the Vista Grande, and then the City South Side and the City of Espanola get an equal share. So you would also like us to put Edgewood in the mix?

COMMISSIONER STEFANICS: With additional funds. What I'm suggesting, Madam Chair, is that is an educational service, and that we have many unincorporated county residents who do go to South Side. But if we're going to support the other libraries we should support Edgewood unless Commissioner Anaya thinks they have enough money. But I think we should be looking at supporting our libraries as an educational service.

MS. MARTINEZ: Okay.

CHAIR VIGIL: Let me clarify something because I heard two different things. I initially heard, Commissioner Stefanics, you say that we should spread what we have now, and then I heard you say after that that it should be an increase. So what is your –

COMMISSIONER STEFANICS: I'm suggesting that – well, let's ask. How much is everybody getting?

MS. MARTINEZ: You get \$20,000 for Vista Grande and then the other two get \$10,000. When we initially started this our budget was at \$80,000. As we've gone through this economy we cut that budget in half. But we do give the larger share to our Vista Grande Library.

COMMISSIONER STEFANICS: Well, Madam Chair, I think this comes down to priorities of Commissioners, so I think the amount and what libraries to be considered is a group decision and not just mine.

CHAIR VIGIL: I'll defer to Commissioner Mayfield on this, but the Espanola library, where is that located?

MS. MARTINEZ: Madam Chair, I don't know exactly. I do know that we pay it to the City of Espanola, so it's within the city limits, but I'm not –

CHAIR VIGIL: So does it serve Santa Fe County residents?

MS. MARTINEZ: It does serve county residents. Yes.

COMMISSIONER HOLIAN: Madam Chair, I would just like to express my opinion on the libraries as well. I think considering the amount of money that we spend on them that people get a great deal of service out of them and there are youth programs that are involved with them. In addition, people who are looking for jobs, libraries can be very helpful because they provide computer services and so on. So I think this is one of the areas where we actually should look at increasing the budget.

MS. MARTINEZ: Okay.

COMMISSIONER HOLIAN: Thank you, Madam Chair.

MS. MARTINEZ: Okay. We can then move to slide number 8 and we'll break down for you the unaided responses versus the aided responses. We understand that road

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projects and street improvements were high, so we transitioned during this fiscal year road project budget and personnel to the road maintenance budget. We mainly did this because there are less capital resources for road construction, so we're transitioning our staff from road construction to that of road maintenance, and that helps account for the increases that you've seen from year to year. That's a temporary shift in this economy. I can imagine that if and when we recover, the need for road construction would obviously return and we'd have to address it at that time.

The Sheriff's Office budget request increased from 2011. It was enabling them to provide more training, maintain the fuel budget they need for the maximum patrolling. There was an additional FTE. We had the continuation of funding for the DWI prevention despite the loss of a grant and we will be making recommendations in fiscal year 2012 for additional capital needs that the Sheriff's Office currently needs. Provision of additional resources to the Sheriff's Office as well as the Fire Department and the RECC will allow for greater responsiveness to calls for service, and that again addresses the general public's safety priority.

The Fire Department has been very successful in obtaining grants which has allowed for additional services. This includes the continuation of the recruitment and retention coordinator that's responsible for our recruiting and retaining of our volunteer fire staff, which is a key component to our fire operations.

When we analyzed the aided responses and we read a list of programs and services the top five priorities were water conservation, youth programs and services, renewable energy initiatives, County operation of the senior services program, and economic development. The programs and the services on the list were selected as a result of recession planning in fiscal year 2010 and the potential for eliminating those programs and services that were not statutorily required.

None of the programs on the list were cut and a number of the programs saw a slight increase in funding provided in fiscal year 2012. Some restructuring of the higher priorities took place including consolidation of the water resource services within the water utility for greater efficiency, securing grant funding for energy efficiency and renewable energy initiatives or activities, and a planned takeover of the County's senior services program that are scheduled for full implementation with the start of next fiscal year, July 1, 2011.

COMMISSIONER STEFANICS: Madam Chair.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: It looks like economic development was cut. And you make the comment none of the programs on the list were cut and economic development was the fifth one.

MS. MARTINEZ: We have a correction there. We intended to say eliminated instead of cut.

COMMISSIONER STEFANICS: So let's go back to economic development for a minute. Out of the \$1 million that they had in FY 11, was any of that federal or state money, versus our general fund?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, the one million dollars, the amount in there is representative of our infrastructure for Santa Fe Studios.

COMMISSIONER STEFANICS: So that would be our money.

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MS. MARTINEZ: Yes, that's our portion. Santa Fe County has capital infrastructure requirements that we will be funding relative to the studio, so that amount that you see there is relative to the capital infrastructure needs that we have in place for the studios. We have some of the roadwork. We also have some of the issues relative to water and utilities.

COMMISSIONER STEFANICS: So I'm a little confused. So Madam Chair, these figures are not representative of what we're spending in the county on our economic development programs? I'm not talking about the studios, I'm talking about economic development. I'm talking about initiatives, Duncan's role.

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, we'll have to bring you back greater detail on this one because Duncan Sill is our, if you will, economic development person and his salary is in here, included as part of this, but the \$1 million that you see there is mainly attributable to the Santa Fe Studios. But there are initiatives that he's manning so we'll have to bring that back.

COMMISSIONER STEFANICS: Madam Chair, I think we have started to confuse capital and operating. And what I thought we were looking at is what are we giving, what are we using for operating?

MS. MARTINEZ: Okay, we can fix that and we'll bring you a clearer picture. Are there any other questions?

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Madam Chair, thank you, Commissioners, staff. Thank you. I have a few comments before we go forward just on the survey. I've had a lot of feedback from people that the survey set forth areas that we might assemble as priorities but just some comments associated with them. When you look at the unaided responses it's interesting to note that road improvements and education were 27 percent and 26 percent respectively and then "don't know" was at 15 percent. It was the next highest item on the survey of people that didn't want to comment, which I think is really interesting. And then you find Sheriff and public safety at 12 and 10 percent respectively. And then when you look at the actual priorities of the citizen survey when they're aided with the actual programmatic items, I don't see a lot of glaring deviation from one particular area to the other. And I guess the question is why was roads and public safety and the other items not included in the assessment on the aided side or the ranking? Do you know why they didn't include those? I think it would have been helpful to see, percentage-wise where they would have rated those things along with all those other programs. And then I don't see adult detention in that listing either. But just relative to the logistics of how it was set up, do you know why public safety wasn't incorporated in the list.

Just one last comment before you comment. When you look at things like satellite offices, which I was told was way down on the bottom of the list, and when you look at the chart it really doesn't reflect that it was that really far off of the median. It's not surprising to me that if you polled 760-some-odd people that those satellite offices primarily impact two of the five districts, mostly the southern district probably more, and the northern district. So it's not surprising to me at all that that would rate lower because you're going to have a smaller proportion of people that probably directly benefit. But could you answer a couple of those questions related to why in the listing they weren't included on the aided response?

MS. JARAMILLO: Madam Chair, Commissioner Anaya, at the time that the

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survey was compiled it was done so when we were looking at the list of items to eliminate or reduce for the County. So they were the only ones included in the aided responses, so that we could get an understanding of which of those programs would be acceptable to reduce or cut versus which ones would not. So that's the reason for the aided responses being a very limited number. That survey was done almost a year ago. It was developed back when we were trying to make cuts, so FY 11. So that is the reason why those were not part of the aided responses. We understand that it's definitely going to skew the results, if you look at just those aided and unaided and think that that's the most important thing in the county.

COMMISSIONER ANAYA: So you've answered my question. So we in fact had already tagged these items as potential cuts. I think that relative to the survey I think it's helpful to see the broad range of where people's perspective is and I obviously wasn't here at the time but I would in the future suggest that we would incorporate all of those aspects of County services within the survey so that we get a more comprehensive understanding of what the public sees from the whole spectrum, the A to Z of what the County does. Thank you, Madam Chair.

CHAIR VIGIL: Thank you. Please continue, Teresa.

MS. MARTINEZ: All right. We can go ahead and move to slide number 9 then. Slide number 9 is your first look at the fiscal year 2012 budget requests as we have received them. It's important to note that this does not include any capital projects or capital package requests as the deadline for capital projects is this week. The major operating funds – you can see that for the general fund we have a total request thus far in fiscal year 2012 of \$53.6 million, compared to the fiscal year 2011 which was \$55.8 million, a slight decrease of \$2.2 million. Our property valuation fund has a request of \$1.6 million versus the \$1.1 million in fiscal year 2011, for an increase of \$531,000. The road fund has a budget of \$3.3 million compared to the previous year of \$2.6 million resulting in a difference of \$690,000. Again, attributed to the fact that we're trying to transition our construction staff to maintenance staff, if you will, or maintenance initiatives.

The indigent hospital fund, the GRT, has a budget of \$3.9 million versus the previous year of \$5.8 million.

COMMISSIONER HOLIAN: Madam Chair.

CHAIR VIGIL: Commissioner Holian.

COMMISSIONER HOLIAN: Teresa, on this indigent hospital fund, is that only for Christus St. Vincent or does that include the other non-profits to whom we give indigent funding?

MS. MARTINEZ: Madam Chair, Commissioner Holian, I think the distinct difference between the two years is relative to the lesser commitment that we made to SCP. Now, the indigent services fund handles the budget that the indigent staff maintains and that would be to the other entities that are funded.

COMMISSIONER HOLIAN: Because my memory was is that we decreased our contribution to the SCP to \$1.9 million. Now is this including that extra supplemental?

MS. MARTINEZ: For the super supplemental? I don't believe – this doesn't include super supplemental.

MS. JARAMILLO: Madam Chair, Commissioner Holian, that number, the \$3.9

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million includes a transfer to the indigent services fund. The GRT comes into one fund and then transfers the funding for the indigent services fund, so that services fund is where the non-profits are funded through. So that's an example of the double-counted expenses, because of the transfer.

COMMISSIONER HOLIAN: It would seem to be more accurate [inaudible]

MS. JARAMILLO: Madam Chair, Commissioner Holian, it includes also Los Alamos Hospital and Espanola Hospital so the total SCP payment was about \$2.1 million, and then the transfer of \$1.8 million to the services fund.

COMMISSIONER HOLIAN: Okay. Thank you.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Okay, so I just want to clarify the same thing. So go over what that \$3.9 million includes again.

MS. JARAMILLO: Madam Chair, Commissioner Stefanics, the \$3.9 million includes our SCP commitment, which was in total, including all three hospitals, approximately \$2.1 million, and then an operating transfer out of \$1.8 million to the indigent services fund.

COMMISSIONER STEFANICS: Okay. So is that \$1.8 transfer out to the next line below?

MS. JARAMILLO: Yes, that's correct.

COMMISSIONER STEFANICS: So you're actually showing that \$1.8 million twice.

MS. JARAMILLO: Correct. It's an example of the double-counting of transfers.

COMMISSIONER STEFANICS: I got you. Okay. Then that \$1.8 million is for our clinics and services out in the community as well as running some of the programs at HHS?

MS. JARAMILLO: Madam Chair, Commissioner Stefanics, it's only for the indigent program. The other programs like the mobile health van and the administrative component of the Health Department is funded through a different source.

COMMISSIONER STEFANICS: Okay. So this \$1.8 million is all contracted, the total is contracted out to non-profit services.

MS. JARAMILLO: As well as the operating budget for the indigent services.

COMMISSIONER STEFANICS: And what is the operating budget for the indigent services? Half a million? \$30,000?

MS. MARTINEZ: I would say it's less than that because you have I believe three staff running it, Greg Smith and his assistants. So I would say maybe \$200,000 to \$300,000 at that an the lion's share is going to be salaries and benefits.

COMMISSIONER STEFANICS: Okay. Thank you very much, Madam Chair.

MS. MARTINEZ: Okay. So then the mountain, wildlife and trails. This represents when we have open space acquisitions and the sellers agree to give five percent back to the maintenance back to our open space and trails. So we have a fiscal year 2012 of \$174,000 compared to the 2011 original of \$178,000. This very much is not a recurring revenue; it's contingent upon open space acquisitions.

Now the next area is EMS, fire and RECC and these are highlighted differently because they're all contingent on funding sources and they're also part of the dynamics of our balancing of our sole community provider commitment we've made in the past. So you'll see that EMS

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health services has a fiscal year 2012 request of \$555,000 versus the 2011 original of \$3.2 million. The EMS hospital fund has a request of \$3.8, almost \$3.9 million versus the previous year of \$4.5 million. Fire operations has a fiscal year 2012 of \$13.6 million versus the previous year of \$9.3 million, and RECC has a request that's pretty close to the previous year of \$3.4 versus the \$3,406,000. The net difference of all of those funds is \$1 million.

We tried to segregate things and it's still pretty complicated relative to the fact that they rely on common GRT sources to fund everything, so we showed you a net effect. And again, some of the decreases that you see are relative to the commitment that we made for sole community provider this year versus in previous years.

The corrections operational fund had a fiscal year 2012 request –

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Okay. I'd like to talk about these a little bit, the green areas. I think that this is not something that we can skimp on but do we see any new resources coming into this to supplement or to support these services? Like has the City talked about anything or any of our neighbors around the county?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, I believe conversations are still ongoing but I don't think there's been anything concrete to this point. So I don't have solid information to give you but I think that there's still discussion and there's still that initiative.

COMMISSIONER STEFANICS: Thank you, Madam Chair.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Teresa, and I'm going to be bringing something up tonight at our 3:00, 2:00 meeting. But the RECC operations, at one time this County helped assist funding with the City of Espanola and Rio Arriba County. How were those monies – were they coming out of this budget? Were they coming out of general fund money? If we have MOUs or JPAs with other municipalities, where are those dollars coming from? From the actual budget operations or from a separate pot of cash?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, the Espanola was directly part of this picture, the EMS picture and they were coming from the GRT. So depending on the MOU or the JPA they could be across the board. It could be some general fund, it could be a special revenue fund. In this particular case that was relative to emergency services so we funded it out of our EMS GRT. That was part of the total budget. It didn't come from cash reserve. It was part of our total planned budget.

COMMISSIONER MAYFIELD: It was pulled out of the FY 11 budget, correct? Was it half the year through what we obligated?

MS. MARTINEZ: It was one of the cuts that we made. Yes. And it was part of this picture earlier. It was also, if I'm not mistaken, that had criteria that once we finished our 911 addressing there were certain things that established that that would not be a permanent funding item and that would not be a permanent funding item and that would, when benchmarks were made, that funding would be eliminated. But it was part of this spring picture here if you will.

COMMISSIONER MAYFIELD: Do we have any such similar funding

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agreements within any of these breakdowns that you're giving us with any other municipalities, governments?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, well, for emergency services, we have agreements – we have a JPA with the Town of Edgewood for RECC, but that is – they are contributing to us and they help assist in the payments of capital initiatives. Relative to fire and the others, I can't think of anything that's similar to Espanola. Am I forgetting anything? We still have in this budget we pay for ambulance services to the tune of \$33,000. The other one was a planned budget reduction once certain benchmarks were made and that was previously funded through here but not included in the 11 or planned for 12.

COMMISSIONER MAYFIELD: Thank you. I'm going to save some other questions.

CHAIR VIGIL: And I think that entire budget item needs some really serious policy discussion because we do have an agreement also with the City and the City doesn't contribute, the City of Santa Fe. There needs to be really some discussion in terms of what direction we need to go with regard to that because that particular item is increasing in cost and I think there seems to be an equity issue with regard to some municipalities paying in and others not. I think we need to treat each municipality as fair as we possibly can. Commissioner Mayfield.

COMMISSIONER MAYFIELD: Madam Chair, Teresa, as far as the FY 12 requests that are coming to us today, are these a request after, say, your staff, the County Manager's staff, met with their division directors and did adjustments or are these the true requests coming from each division director?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, these were true requests coming from the division directors. The budget direction that we gave this fiscal year, in light of the fact that property tax was holding its own from a budget perspective, in light of the fact that the GRTs had begun to stabilize in that they were meeting budget by one percent or slightly less, we gave the directive that budgets would remain flat. We made it clear that we weren't out of the woods. We made it clear that we could have changes pending legislative action, so I think we're fine from a legislative standpoint. But we gave them the initiative or the directive of your budget must remain flat. You can travel if you want, where in years past we didn't have travel budgets, but you have to do that at the expense of something else. So their budgets remained flats and these are representative of the requests as they were submitted.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Okay. Did you have a question, Commissioner Holian?

COMMISSIONER HOLIAN: Thank you, Madam Chair. Actually it was on the last item on here. I don't know if you went over that yet but the corrections operations. And I was wondering why that went up by a million dollars roughly. Do you have any idea?

MS. MARTINEZ: Madam Chair, Commissioner Holian, hold on. Let me think about this. Madam Chair, Commissioner Holian, it's a combination of two things. They had a slight increase so that's included in there and then we made the recommendation for the salaries. This is probably a conversation in and of itself but from the County perspective for many years we've maintained what we call a salary analysis and we reconcile that to the tool. Each position has a budgeted hourly amount. Now, as people come and go and leave

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employment there's some times you would have an employee paid at a higher level. When that person vacated the position you might bring someone in to replace them at a lower level. So we've always referred to that as vacancy savings. And we've allowed in years past for departments and offices to manage and live within their vacancy savings.

Now, we went into the bad economy and we did our freezes, that basically eliminated the ability to have vacancy savings to use and manage. So with Corrections being the size that it is it became a little bit more difficult to manage and when we manage the salary analysis we usually do it at the division level. For Corrections we were doing it at the department level because there might be savings in the adult facility that would have to cover the shortfalls in the juvenile facility or in the electronic monitoring. So what we've proposed for this fiscal year is to clean it up and to make it easier and then we take a look at it and put all of the current filled positions at the actual hourly that they're being paid, make that their new budgeted hourly, and then take a look at any of the vacant positions that were frozen to see if we could bring them in at minimum or slightly better than minimum.

When we looked at that that represented an increase of just over \$400,000. So that accounts for some of that increase. But it will be easier to manage and it will be cleaner and it will represent what we're truly paying our staff. And in a time of freezes when there's no vacancy savings to help cover maybe one position that's been paid higher than what a previous person would have been employed in that, we're taking everybody to actuals and then we're bringing their vacant positions to minimum or slightly better than minimum. So it's just from a budget standpoint going to help us manage that a little bit better.

COMMISSIONER HOLIAN: Thank you, Madam Chair. And also, Teresa, this is the budget just for personnel? It doesn't include, say, the interest payments that we're making on the bonding for the building?

MS. MARTINEZ: Within the Corrections budget?

COMMISSIONER HOLIAN: Yes, within Corrections.

MS. MARTINEZ: It doesn't. Or Madam Chair, Commissioner Holian, it does. Because typically they have their debt service component and we usually include that. It's in a separate fund. So this is the total picture for Corrections. The debt service is about \$2.3 to \$2.4 million.

COMMISSIONER HOLIAN: Okay. Thank you.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Teresa, real quick, going back up to the general fund. There's been a request for \$53+ million. Are you going to provide us with a breakout for each department of what those dollars, what those individual requests were?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, we can, if that's what you would like. We can provide that by the breakdown.

COMMISSIONER MAYFIELD: I would like to see that. One thing as far as some of our contractual services, and I have questioned in the past and I'm going to question it again, how much of this budget is comprised of, say, services for outside attorneys?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, I don't know that off the top of my head but I definitely – I have that tracked so I can tell you.

COMMISSIONER MAYFIELD: And was there consideration made in the request, say, coming from Mr. Ross' office, because he now has a full staff, I think 5.5 attorneys, where we could reduce some of those outside services from contract attorneys?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, I do believe so. However, you have things like Aamodt and other things that some times drive that cost up and we can't control. Or other initiatives that might come up and get approved by the Board throughout the fiscal year. So we do start every fiscal year attempting to do that. Some years we're more successful than others. But I can definitely give you that breakdown.

COMMISSIONER MAYFIELD: I would like to see it please.

MS. MARTINEZ: Okay.

COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Madam Chair, Commissioners and Ms. Martinez, along the lines of Commissioner Mayfield, at a couple BCC meetings but at the last BCC meeting I asked for a breakout of not only, as Commissioner Mayfield has said, by department or elected office budgets, but I would like to see a historical perspective and I think it was suggested at the BCC meeting going back five years progressively. Where was the growth if any within departments and elected offices and when did that growth take place, will come out in that review. I think it's important for us as we're evaluating budgets and potential cuts in areas that we have to give careful evaluation to those areas that have received growth in the past and those areas that have not and assess those accordingly. Thank you, Madam Chair.

MS. MARTINEZ: Okay. Madam Chair, Commissioner Anaya, a little bit later in the presentation you can see we gave you an expense versus revenue history for the last five years. So that's in summary. But you would probably – you want more detail on that? We can show you that and then we can get further direction from you at some point.

COMMISSIONER ANAYA: Madam Chair, Ms. Martinez, I want to see budgets, prior year, by department or elected office, and I want to see where we've had growth, if any. Because I think that's a consideration that we need to take a look at as we're making recommendations. Thank you.

MS. MARTINEZ: Okay.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Also, Ms. Martinez, has there been any discussion – and I'm bringing this up because it was a lengthy discussion at our legislative session this year – as far as what we are paying in as an employee into PERA, what we are paying in as an employee based on salary for health benefits. Have you taken any of that into consideration in this budget presentation?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, let me make sure I understand your question correctly. All of the budgets in here will account for any salary and benefit component and for what we currently have either negotiated with our respective unions or as part of our rules and regulations. So that will be in here. So I believe the answer to the question is yes but I want to make sure I'm understanding the question correctly.

COMMISSIONER MAYFIELD: Madam Chair and Teresa, this year there were

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proposals to have employees making x-amount of dollars do a higher contribution towards PERA. There, right now in the State of New Mexico based on the salary that you make and that could be very beneficial to some of our employees who are on the lower salary scale, but they make premium payments for their health benefits and other such benefits based on the salary they make. I believe the County right now just has one flat salary contribution regardless if you're on the very high end of the salary scale or unfortunately on the very low end of the salary scale. So I don't see how there is some – I want to look at parity in that contribution that is going out.

MS. MARTINEZ: Okay.

COMMISSIONER STEFANICS: Madam Chair, on that point. Is that related to any union negotiations?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, I might defer to Bern to help me out on this one but we do have very specific agreements for each of our unions and we also have our rules and regulations that currently mandate what the County share is and what the employee's share. We participate in various plans with PERA so I'll let her answer correctly.

CHAIR VIGIL: Welcome, Bern.

BERNADETTE SALAZAR (HR Director): Thank you, Madam Chair, Commissioner Stefanics. Yes, that would require us to enter into negotiations with each of our unions throughout the County.

COMMISSIONER STEFANICS: But we're really, Madam Chair, we're talking about two separate things here. We're talking about PERA and we're talking about health benefits. So could you please clarify what's in the union contract? Is it the PERA and the health benefits or just one?

MS. SALAZAR: The union contracts consist of the health benefits. We're not able by state law to negotiate over PERA benefits because that's driven by PERA regulations. We're at the max of all of our plans under the PERA to pick up the most contributions that the County can pick up. If we were to reduce that that would definitely have to be negotiated. But the health benefits, yes, they are in the contract and we would have to negotiate those changes.

COMMISSIONER STEFANICS: Okay, so in the contracts for health benefits, Madam Chair, the language is for all the unions the same as for the rest of the employees.

MS. SALAZAR: Madam Chair, Commissioner Stefanics, yes, that's correct.

COMMISSIONER STEFANICS: So, Madam Chair, could you refresh my memory about are we in the process of negotiating some contracts, or did we just complete some? Where are we? We have five unions, correct?

MS. SALAZAR: That's correct, Madam Chair, Commissioner Stefanics. We are currently negotiating with AFSCME right now and we have begun – we began negotiating with Fire tomorrow, actually, and we will be opening our three CWA locals, which include Sheriff, RECC and Corrections probably by the end of the month. The Fire contract expires June 30th. The RECC contract expires, I believe it's September. Sheriff, November, and the Corrections June 30th also. So we will be entering into negotiations in the next month with all units.

COMMISSIONER STEFANICS: So, Madam Chair, Bern, if we decided that

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we would like something different negotiated and one is already complete, would you have to wait until that contract opens again or would you have the opportunity to renegotiate?

MS. SALAZAR: Madam Chair, Commissioner Stefanics, we can re-enter negotiations for that particular topic. Yes.

COMMISSIONER STEFANICS: Thank you, Madam Chair.

COMMISSIONER MAYFIELD: Madam Chair. On Commissioner Stefanics' point, Bern, you indicated that PERA or the State of New Mexico sets what our contributions are to that fund as a County. So then can you explain to me how then the State of New Mexico has different contribution rates based on your salary and why the County is different?

MS. SALAZAR: Madam Chair, Commissioner, the difference with – the PERA regulations outline what the employers' contribution rate is and depending on the entity you can choose to contribute more to the employees' contribution up to 75 percent. The County has elected with all of our plans to go to the 75 percent provision for all of our plans. The State, the way that it comes out of the legislature, their contributions are different for State employees but the County doesn't fall under that so we do what we're mandated to do under PERA but then we're also doing another 75 percent towards the employees' contribution rate on top of that for each of our plans here at the County.

COMMISSIONER MAYFIELD: Thank you, Madam Chair. But Bern, I heard you that the County can propose a change to that 75 percent contribution based on the County making that decision.

MS. SALAZAR: Madam Chair, Commissioner Mayfield, the last time I spoke with the Deputy Director for PERA we can't go backwards in a plan, so I can follow up and do more research on that but that was the last piece of information I got relative to that; you can't go backwards in a plan. So if we're at that level I don't believe we can go backwards. But I'll definitely do some research and get back to you on that.

COMMISSIONER MAYFIELD: Thank you. And Madam Chair and Bern or Teresa, is there any, in the budget request that you're bringing to us, are you looking at or trying to provide – I know you've asked for a flat budget, but to make any salary adjustments for our employees who are on the lower end of the pay scale?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, in this budget request I do not believe that we attempted any salary adjustments. Everything will remain flat. So the freezes that are frozen continue to be frozen. I think we'll still continue with looking at vacated positions for possible freezing and there isn't a cost of living; there's no merit increase, so no. No salary adjustments.

COMMISSIONER MAYFIELD: Thank you. And Madam Chair and ladies, in the state there's a – and I'm going to use the term compo ratio. I don't know if that's the same term that you all use here at the County as far as an individual, whatever range that they are in, where they fall within that salary parameter from low to mid. Could you all provide me with a report to let me know I guess where our 800 employees fall into that compo ratio, if we have folks well below 50 percent of it or if we have folks well above 100 percent.

MS. SALAZAR: Madam Chair, Commissioner Mayfield, we can provide that report to you, yes.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Commissioner Stefanics

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COMMISSIONER STEFANICS: Madam Chair, I think we're all interested in those reports. This goes back to a small discussion we had last year when we were talking about trying to save employees' positions without doing any cuts or riffs, that were there any benefits that could be looked at. Now, I have been concerned about any employees that we might have that are either, number one, making lower than the living wage, and even if everybody's at the living wage it's still very low, and/or if we have people living at the federal poverty level who are on our employment. Now, I'm bringing this up for a variety of reasons, not just for the comp ratio for the salaries but also for benefits. If in fact the federal healthcare reform law remains in place, as an employer we're going to have a responsibility to make sure everybody has health insurance. We know that a good percentage of our employees do not have health insurance from us, and I've asked for those studies and they were provided to me by HR. Some people might have health insurance from a spouse, from retirement, etc. but there are a lot of people who do not.

I was in the emergency room with a friend early this year/last year and one of our employees was there. And I said, oh my gosh, what's happening? And she indicated that she was there with her adult son and they didn't have County health insurance. And as she started talking it was like, I can't afford that. That takes food off the table. So I think that this is not an issue just for Santa Fe County to deal with but for all employers to deal with, and we do have some issues that we need to address because even if the federal healthcare reform law continues to be tweaked and changed, etc. we have many employees who do not have health insurance coverage and we probably need to start figuring this out.

Whether it is by a gradation of contribution according to salary or whatever, but we have some – it was a significant number of people when your staff did up those report for me, and it was shared with the Manager and the Assistant Manager and I'm sure that the rest of my colleagues would like to see that information as well. Thank you, Madam Chair.

CHAIR VIGIL: Continue, Teresa. Thank you, Bern.

MS. MARTINEZ: Okay. So the last part of this fiscal year 2012, the non-major funds if you will, the other funds, have a 12 request of \$37.7 million versus the previous year of \$34 million. Our debt service component is \$19.6 versus the previous year of \$18.7 million. In total the 2012 request is at \$164.2 million versus the previous year of \$160 million, representing an increase of \$3.6, almost \$3.7 million.

The next slide is just speaking to the RECC and the Fire funding sources. In the previous fiscal year the RECC was funded solely by an operating transfer from the EMS/health services fund and our own cash reserve of \$756,000. The emergency communications and emergency medical GRT in fiscal year 2011 was used solely to fund the Fire operations. In fiscal year 2012 the RECC will be funded by a \$3.3 million transfer from the emergency communications and emergency medical GRT which we previously referred to as the fire operations fund. And as a result of that the fire operations fund will be increased by the amount of that transfer and the health services fund decreased by the amount. So we're changing the funding buckets, if you will.

In the previous year RECC was funded by the EMS GRT. This year it will be funded by what we referred to as the fire operations GRT. So in order to accommodate that we'd

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obviously have to transfer from the emergency medical services GRT the respective portion to fire to make it whole. The diagrams below are a comparison of how they were funded in fiscal year 2011 to that funding recommendation for fiscal year 2012. And if you'll recall when we went out for the EC & EMS GRT the statute and our ordinance as well allows for the funding of fire, emergency medical services, as well as our emergency communications center. So it's just a different funding dynamic. It doesn't mean that fire will use any funding or that RECC will be short. We will fund fiscal year 2012 just differently.

CHAIR VIGIL: Teresa, I have a question. The City is proposing a resolution to reconsider the annexation agreement. I think that's running through their committee process or has been introduced and will be running through their committee process. I don't know and I don't pretend to know what their fiscal outlook is but if they are considering it what that means, at least in my mind, the basis of the consideration is that they cannot actually meet the needs of the current agreement with regard to probably public safety and law enforcement because those are two critical components that are needed when annexation occurs. I have and plan to speak to them with regard to that because I think we can enter into agreements and I think our Legal Department has been working with them on agreements similar to what we did when we went into the annexation agreement process with Edgewood and provide services or duplicate what we perhaps did in Edgewood, and that was also bringing in State Police and other services that could be used to allow for this annexation to occur.

Has the annexation affected any of your fiscal decisions in terms of what our public safety services needs are? In other words I think they would be reduced or not if we enter into these agreements.

MS. MARTINEZ: Madam Chair, when we first started discussing the annexation agreement we did some pretty detailed analysis relative to that and what we realized is that it would be a reduction for the County in that we would not be providing the same level of public safety relative to law enforcement as well as to fire responses if they annexed those areas. We would see a decrease possibly in lodgers' tax because we might lose a facility or two. We might see a potential decrease in the gross receipts tax. But the main tax, property tax, laid within the county. So when we did that analysis, and it's been some time now, it would have represented a reduction for Santa Fe County as it related to public safety.

Now, for your consideration before you today is public safety as we currently know it and fund it. So if there's discussions or there's potential changes they have not been considered in what's being before you today, and can be, if that needs to materialize.

CHAIR VIGIL: Okay. Thank you very much.

MS. MARTINEZ: Is this clear as mud? Page 10 we're good? I can move on? Okay. On page 11 this represents the new requests that we received for the fiscal year 2012. Directions did go out – we didn't advise one way or the other to submit new requests but these are the requests that we received. We have for our Utilities Division a request for three FTEs all together. We've broke them down by classification and what we would be looking at for an annual salary and benefits. Total cost of three new FTEs for Utilities would represent an increase of just under \$120,000. The proposed personnel would be used for our planned expansion in our utility service which we hope will begin taking place in fiscal year 2012. I know that we have done a rate study, we're working on a new rate structure. We have

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expansion to our service area, so the FTEs are well within reason for what the plans are for our Utilities Division and I believe it will help with the expansion.

The Sheriff's Office asked for one new position. Again, this can be related to the fact that we've just undergone that forensic audit and we have some moves within our evidence and property rooms. So they're requesting an assistant to the evidence custodian which we firmly believe they need and support their request. That would equate to a cost of just under \$41,000.

And lastly the Assessor's Office is asking for two assessment specialists. That would equate to \$70,000. He's proposing to fund these from his property valuation fund, and this again will help with scanning of data which is an area of high need right now for the full implementation, full resource use of our CAMA system.

So these are the only requests as we have received them thus far.

COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Madam Chair, Commissioners and staff, I think that the information that I requested earlier is going to be helpful to me as I look at – and I think all of the Commissioners as we look at what was previously funded at the County within a historical perspective. And then looking at the survey and the assessment of prior needs what are those core things that are going to rise to the level of higher priorities, if you will, for the Commission to consider for funding.

One thing that I'm feeling like, as you're going through the presentation is that we're not out of the economic downturn that we're in, but we're also, I'm feeling like not in the same position that the prior Commission was in with some of the decisions that they had to make relative to the cuts. So I think we're beginning to progress upward, if you will out of where we were in an even worse situation. But I also would say that we still need to carefully evaluate existing positions that are within the County and not necessarily with the idea to riff people out of jobs but jobs that aren't filled or areas that may not be as high a priority for services to the constituents, I still think we need to look at that. So I don't think we want to just status quo, leave things as they are and not potentially look at other areas where we may need to reduce or shift personnel to higher priorities.

And so I'm going to want more information, as I've said before, but I also want to emphasize that one thing that I did take from the survey is that roads and streets was the top priority bar none. It was way up there. And when you take out education that we have some correlated services to the chair and Commissioner Stefanics have already referenced that I think are appropriate to be reflected as such, I don't see any proposed growth in that area and I think that that is an area that historically has improved over time but that as many times because of larger priorities at the time that were good priorities – the Buckman Direct Diversion and other work within other departments and elected offices within the County that did see growth, that roads has kind of been in the backseat.

And now we're seeing from the public that that's a high priority. So I as one Commissioner would like to see the staff and the Manager look at more positions, because the way you improve priority or improve work on roads is not just by construction progress or more maintenance resources but my actual bodies in graders and on equipment improving those roads. So between now and the time we get through the formal discussions I as one

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Commissioner would like to see an evaluation of growth in positions to correlate with the priorities set forth, not only by the staff, it looks like to me, from the increase I see in the road fund but also from the survey and the requests of the citizens. So, thank you, Madam Chair.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. Commissioner Anaya reminded me of something else that I had heard from staff. Some staff believe that employees are being let go in exchange for some contractual services. And I'd like to have that clarified. I'd like to know if we have in fact replaced some services that had been provided by staff with contracts. It could be in roads, it could be in Health and Human Services, it could be solid waste, it could be Corrections. I don't care where but I'd just like to know if that's been a change.

KATHERINE MILLER (County Manager): Madam Chair, Commissioner Stefanics, I don't think we've had any specific areas where we've said we're going to reduce staff and replace it with contract work. Some of the areas we had looked at or considered or we've enhanced some of our employee services are in like the inmate medical services. We have some contracts for doctors but we have not replaced anything in the medical area. We've discussed whether that might be better contracted out or not but to date we've maintained all employees that were hired for that.

Under road services I think if you do look actually in the budget it went from \$2.6 million to \$3.3 million in the operating, so there is an increase and that is one of the areas we focused on increasing but not so much in staff because we're trying to keep our recurring costs down, not knowing where we are. And once you hire an employee what we don't want to do is remove an employee. If we've lost an employee, so one area, the PIO, for instance, we had two positions that did PIO work. We did not fill the main PIO position. Kristine has taken on most of the roles and then our contractor, Patti Watson has filled in a little bit to the tune of \$10,000 in a year, not to the degree of a full FTE.

Under roads I think we used to have road construction crews. We don't have that anymore, more as a loss of state grants to do road projects. So it really does depend on whether you want to put a recurring source of money into doing road maintenance and would need more staff to do that, or if we want to look at doing specific road projects, and then we would probably bid those out based on funding a capital project. It's very hard to put in a full road construction crew if you don't have a constant flow of construction money. So I think that that's one area where we have probably lost that type of employee. I don't know that anybody was let go of for that purpose. We've shifted people from the general fund to the road maintenance fund where the road construction crews were, but that's kind of happened over time. It wasn't a move of rifting employees. I don't know if there are any other areas. Those are the main ones. We haven't actually –

COMMISSIONER STEFANICS: So Madam Chair, you mentioned Corrections, you mentioned roads. What about solid waste?

MS. MILLER: No, that's all done in house. We don't contract any different service out there. All our transfer stations are run by County employees.

COMMISSIONER STEFANICS: So we're not contracting anything else?

MS. MILLER: Not as a total service. If we have – we did obviously with the

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Growth Management Plan there were contracted consultants to work on that, so on specific projects we have, but on our regular workload of providing services, if we're not doing some sort of mutual agreement with another governmental entity, say like SWMA or the City to do senior services or paratransit where we've worked with the City and St. Vincent's, other than those, and those have always been contracted out we have not taken specific services that have been done by County employees and shifted that over to being contractors.

COMMISSIONER STEFANICS: Okay, so Madam Chair, I think it was brought to our attention that we do in fact approve contracts in BCC open sessions, and I think that one of the items we would want to do in the future is identify if any contracts are replacing employees or employee services. Because I think that that would be important for us to know. In my mind downsizing to a contractor, I would want to make sure that we're saving money and I would want to make sure that that person was not laid off and entering the unemployment force due to Santa Fe County actions. Being terminated for personnel reasons is something totally different but I'm talking about our workforce. Thank you, Madam Chair.

MS. MILLER: Madam Chair, I forgot to mention, Commissioner Stefanics, one area that has come up is in legal services. But those are specialized legal services, like bond counsel or counsel for water rights acquisitions and things like that. They're very specialized and would be difficult for the County attorneys to take that on when you need a specialist in that area. But we've never riffed an attorney position and then hired out a contract attorney. But that is one area that contracts have come to the Commission lately. That was one of the questions. Some of those contracts are more for specialized legal work. But I can't recall, unless Teresa can, anything that we've done where we've taken an employee and not filled the position and then turned around and contracted for it. If we do not fill the position we have frozen the budget for that position. So we have not turned around and taken that money and said, oh, let's hire a contractor to do that on a permanent basis to do that instead.

COMMISSIONER STEFANICS: Thank you.

CHAIR VIGIL: Let's move on. Are we done with page 12?

COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Just to clarify, Madam Chair and Ms. Miller, I am not suggesting that recurring positions be offered up for construction crews. I am suggesting that recurring positions, so you're absolutely right. That is what I'm suggesting that we add recurring positions. I think I want to be clear that my assumption as a Commissioner isn't that every single position that's on the books in the County should be funded. My assumption isn't that everything is flat and stays as-is and that maybe new positions would be more positions above and beyond what we have. I think there are vacant positions that have not been filled that we should take a look at whether or not we want to transfer those positions and that pool, if you will, to use the government term, over to road maintenance, but I'm specifically suggesting a look at maintenance personnel. Yes to recurring revenue. Yes to be able to be on the roads to augment the services that we are providing. So that's what I'm looking at.

CHAIR VIGIL: I just want to make a few statements with regard to that. I think when we are looking at all of the implementations we could include to save dollars for Santa Fe County. There was a clear policy direction that we didn't want employees to lose their jobs. If in

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fact – and I think as a result of that, that was a unified message that you all caught, as a result of that we've been able to gain a sense of security from our employees that their jobs are there, which doesn't exist in a lot of symptoms, not even around us. State employees have lost jobs. We've had institutions – we've had friends. We've all been affected by it.

I think unless there's a compelling reason to consider cutting back in any area for employees the procedure that we've followed makes a lot of sense and that is if a vacancy occurs, that's where we start looking for the savings. But I think if there is an analysis for employees that aren't needed, the problem I see with that at this point in time is we're spreading our employees so thin as it is. So I'm not sure that whether or not that exists, if there is some identified area that a need does not need to be met I think that would be brought to the attention of the division directors and of course they would bring that forward in their budget recommendations. But I'm concerned about giving the message that employees may not have a job.

COMMISSIONER ANAYA: Madam Chair, on that point, and I'll restate it and maybe I didn't say this clear as I should have. But I'll restate my point. I did not suggest that we go riff employees. What I suggested was we have vacancies that exist on ongoing and regular basis within County government and that as we evaluate services, which I believe is our task as Commissioners to evaluate comprehensively the budget and the services we provide to the community, that there could be areas where we have, by vacant position, that would be much better utilized in a high priority core service area like roads that then where it is now. So I'm not suggesting to dispel fear in the workforce that Commissioner Anaya is asking for potential riffs, I'm saying that there may be vacancies, both existing now and in the future that we should carefully look at and potentially move to higher priority areas that the Commission may have.

CHAIR VIGIL: Thank you for that clarification. Are we ready to move on?

COMMISSIONER STEFANICS: Sorry. One other item, Madam Chair. The City of Santa Fe has been in the news lately with the number of employees per resident. Have we done any kind of comparison of our own County with others? And I'm not suggesting that we have too many. I'm just wondering if there has been any –

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, I don't think we've gone to that detailed level.

MS. MILLER: Madam Chair, Commissioner Stefanics, I don't think that we have but if you consider that we probably have about 150,000 residents in the county and we have 850 employees I'd say we are considerably lower on that ratio. And those are just off the top of my head but I know that we have about 850 filled positions and about 150,000 residents in Santa Fe County.

COMMISSIONER STEFANICS: Well, and the reason I'm bringing that up, Madam Chair, is because if – and we did have the census increase in the unincorporated areas, but if in fact we have a good ratio or a lean ratio I think that the taxpayer would be interested in hearing about that as well. Thank you.

CHAIR VIGIL: We're on page 13 now?

MS. MARTINEZ: On 12.

CHAIR VIGIL: Are you done with page 12?

MS. MARTINEZ: We're moving to page 12.

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CHAIR VIGIL: Okay.

MS. MARTINEZ: This is just a quick synopsis, if you will of the capital package requests as they have been submitted. This is broken down by general fund and other funds. Within the general fund we break down for you the need by department and division if you will. We have a total request for the general fund of just under a million, \$967,494. We recognize under our lean times we've been a little stricter with the issuance of capital dollars. We've said it several times now that we're coming to fiscal year 2012 that we need to make an investment in some of our infrastructure. So at this time we definitely recommend the capital requests for the general fund.

COMMISSIONER STEFANICS: Madam Chair.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: In terms of this sheet, have we taken into account the upgrades and maintenance to equipment? I talked about this last year and we hadn't put anything in, so where is that showing up, in which line items?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, we have a separate sheet that we'll address the replacement schedule that you have asked us for. This is strictly the requests as they were submitted by the departments or divisions for the absolute needs that they have. I want to point out that this would be a one-time use of funds; it would not be a recurring expenditure. They were very conservative and they identified and prioritized what their needs were. So this is strictly capital package, a one-time expenditure that we propose to fund this fiscal year. We have a different schedule that will address the replacement schedule that you're speaking to.

COMMISSIONER STEFANICS: Thank you.

MS. MARTINEZ: Relative to the other funds we received requests from the Assessor's valuation fund, an increase for the road maintenance fund, Clerk's filing fees, RECC, Sheriff's Office, the Corrections Department and Utilities. And those total other funds amounted to just about \$2.1 million. So we're looking at a total capital package request of \$3 million.

COMMISSIONER STEFANICS: Madam Chair.

COMMISSIONER HOLIAN: Then I have one.

CHAIR VIGIL: Commissioner Stefanics, then Commissioner Holian.

COMMISSIONER STEFANICS: Madam Chair, if we, and Katherine and Teresa, if we end up saying \$3 million is not available; \$2 million or \$1.5 million is available for this. What would be your process in determining how it would be reduced?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, when we submitted the package to the staff for preparation we asked them to prioritize their capital requests by highest need to lowest need. So we would probably have to establish some criteria as to how we would rank the different departments and it would then be driven by their own priority-driven capital request.

COMMISSIONER STEFANICS: Thank you very much.

CHAIR VIGIL: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Madam Chair. Teresa, are any of these capital needs paid for out of bonding or is this all out of our general fund or other funds?

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MS. MARTINEZ: Madam Chair, Commissioner Holian, this would not be out of bond proceeds. These recommendations would be either totally funded by the general fund or funded from reserves if they had above and beyond the reserve requirements.

COMMISSIONER HOLIAN: Okay. Thank you, Teresa. Madam Chair, could I just follow up on that? Could any of them be funded out of bond proceeds, do you think?

MS. MARTINEZ: We probably could look at maybe water, because we do have bond proceeds out there. Road maintenance – no. That’s maintenance, we’d be looking at strictly new capital. I think minimally some of them could be but they’d have to be relative and then we’d have to be careful because when we issue our bond proceeds we have distinct projects so we’d have to make sure they’re in line with those projects. So if I had to answer I’d probably say very little.

COMMISSIONER HOLIAN: Okay. Thank you, Teresa.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Thank you. Teresa, will you also provide us a breakdown of the actual requests that came from each department, please?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, how detailed a breakdown? I have a master spreadsheet that breaks down basically by major category for every – is that sufficient? Okay.

CHAIR VIGIL: I have a specific question on the road maintenance fund. We also allocate dollars through the GRTs to the road maintenance. That’s not reflected here, is it?

MS. MARTINEZ: In this particular scene, no. This is strictly their capital request. To be quite honest with you if we funded the road maintenance fund, the revenues that support them are not sufficient to support their operation so we would probably be looking to the general fund to sustain this request.

CHAIR VIGIL: Okay. But the GRTs that we do fund currently, can those be used, Teresa, can you think real fast, for capital needs.

MS. MARTINEZ: Now, let me make sure I understand correctly. All of our gross receipts taxes that we collect?

CHAIR VIGIL: Our capital outlay GRT that we allocate through the road fund.

MS. MARTINEZ: I believe we can. I think we’ve broadened the scope of our ordinance so that we can do that.

CHAIR VIGIL: Okay. And so this analysis that comes to us comes to us after particularly a division knows what other funding sources they have. This is above and beyond what other funding sources they have. Is that a fair statement?

MS. MILLER: Madam Chair, if I could clarify maybe something that will help the Commission understand the difference in the way that this is presented a little bit. The departments request the kind of things, the capital needs that they have just to operate. It might be vehicles for Sheriffs or some vehicles for Public Works, Assessor’s vehicles, fencing at the jail. More operational things, not necessarily the same as what we might consider more community capital needs – new roads, open space, river restoration, that type of thing. This is primarily, this list that you’re seeing here is – it probably would be better if you’d give them a detail of it – the type of things that I think your departments need to operate, to do their basic job. Solid waste, the trucks to go back and forth, some of our equipment is leased. That might

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not be in here but we do have leases. And then when Commissioner Stefanics asked for something more of an ongoing replacement and repair, that's a little bit of a shift so you'd probably start to see some of these drop off of that if we shift into doing an annual replacement of equipment where we could say we're definitely going to replace x-number of Sheriff's vehicles, x-number of Assessor's vehicles, x-number of pieces of equipment each year, and we got onto that schedule and that was a separate type of thing, you might see these drop significantly and we'd just have these few kind of oddball stuff that comes up because something broke, like the power washer or something out at the Public Works facility.

So I want to make that distinction because that's not – this request is a lot of that equipment that they may have found they definitely needed in the next year and we need to go through that and see whether some of those could be funded by other than general fund. Most of them probably can't because it's probably more of a replacement item that you need to do on a fairly regular basis and it doesn't have necessarily a long life, since the life of a bond is ten, twenty years.

And then our GRT, the capital outlay GRT might be able to be used for funding some of the bigger capital needs for maybe a piece of equipment or something relative to a large piece of equipment, some repairs, major repairs out at the jail, for instance. Maybe fencing the perimeter which was one of their requests. So we need to go through each request and look at what might be a good funding source, and I don't think that we've gotten to that detail yet. When we come back to you with the full capital request, including what might be considered more community based projects that we need to bring forward, that we should give you the funding source as well as the type of request that it is.

CHAIR VIGIL: Thank you.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Katherine, on that then, when we're getting our capital requests are you then going back to our other general fund base request and including some recurring dollars for future years?

MS. MILLER: That something, Madam Chair, Commissioner Mayfield, we'd like to get to. I think in this past couple of years it's been, at the County as well as just about any government, those have been kind of the things that have been to the side rather than cutting employees and cutting critical services. A lot of the regular maintenance or equipment replacement has been deferred, where you might buy a third of your computers every year a lot of places have skipped doing that for a year or two and pushed out the life of personal computers, whatever. So we want to get to that and I think that's what Commissioner Stefanics was kind of after, and where we were headed with the repair and replacement. We haven't completely gotten into that from every department. So we'd like to get to that. Some of them have it and have been doing it and some of them haven't but we would ask that each department submit something like that to see what that would take on a recurring basis Countywide to keep a schedule like that.

CHAIR VIGIL: Can we move on to page 13?

MS. MARTINEZ: Page 13 is a summary of potential use of cash, again broken down by major operational funds and the all other smaller funds if you will. The balances here

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do not include any capital items or capital projects at all. If we approve and see more capital purchases down the road then obviously that might increase the potential use of cash for these funds. You can see that the property valuation fund has a proposed use of cash to the tune of \$613,000. Wildlife, mountains and trails to the tune of \$174,000. Our fire operations fund, \$1 million, and our corrections operations fund of \$5.8 million. So total cash potential uses for balancing the budget next fiscal year is \$7.7 million for our major funds.

All other funds are the smaller funds, if you will. Farm and range, lodgers' tax, those are smaller funds. Fire excise tax – this is still just the GRTs that are dribbling in or have accumulated a cash balance that has been there from previous years' collections. Sheriff's fines and forfeitures. You also have Section 8, home sales and developers, the Section 8, home sales, developers, water enterprise, housing enterprise, those are use of their cash reserves are very much allowed and are tied to their funding source if you will, as a type of fund that they are. So total cash for other funds is just over \$2 million.

The point I want to make is we have the wildlife, mountains and trails fund, our home sales fund, developers' fees funds, they don't currently have, if you will, a recurrent funding and they're utilizing their cash to support their programs. So this will be a funding issue that we'll have to keep on the radar for future years. So obviously, if their lack of funding is there they would potentially be looking to the general fund for support.

COMMISSIONER STEFANICS: Madam Chair, could you go over which is not recurring again?

MS. MARTINEZ: This does not include any capital. So –

COMMISSIONER STEFANICS: I mean what revenue funds are not recurring?

MS. MARTINEZ: Not recurring. You can look at the home sales fund. That's going to really be contingent upon the sales of homes and any future activity. The developer's fee fund, right now in this economy. And then the wildlife, mountains and trails fund, that's the one that we get the five percent from the potential seller, and that currently helps fund staff, so that's high on the radar.

COMMISSIONER STEFANICS: So just those three?

MS. MARTINEZ: Yes.

COMMISSIONER STEFANICS: Thank you.

COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Madam Chair, sometimes even I and maybe more often than not can get stuck in the weeds at times, but the top funds there on the top is projected use of cash associated with balancing the budget for the upcoming fiscal year on the major funds? \$5.846 million for the jail, still our single largest impact to the budget. Madam Chair, Ms. Miller, I know you've had discussions and we're moving in that direction, but what's our game plan for our all-out blitz on reassembling the jail team and really getting all of the departments engaged in what's going on at the jail to try and help offset this cost? This is it. This is the single largest detriment to what we try and do. I didn't say it earlier, Madam Chair, but Commissioner Stefanics – I want to say thank you for your comment associated with the Edgewood Library and your interest in trying to help them with some resources. We're talking \$10,000, \$20,000 or maybe a little more to help our kids and libraries. The reality is we're

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staring down on those top four items right there, the jail at \$5.84 million, the reason why we don't have the latitude to be able to do some more out of the box, more creative things as a County.

So, Madam Chair, Ms. Miller, I know we've had conversations about it collectively as a Commission and you and I individually, but what are your thoughts on going forward and maybe give us an update on what we can do collectively with everybody at the table to try and augment this issue that's, to put it bluntly, killing us.

MS. MILLER: Madam Chair, Commissioner Anaya, you pretty much hit the nail on the head. It's the biggest single expense that we don't have the recurring revenue unless you want to consider that you just have a constant input from the general fund into the corrections operations. There is some good news on it in the sense that the juvenile facility had previously been needing to be supplemented with revenues and this year their revenue and expenditure seems to have leveled out so that the juvenile facility looks to be covering most of its costs.

And I was talking to the top folks from the Corrections Department saying this is the area that we really, really need to get our collective thinking hats on to look for different ways to do this, look for ways to cut expenditures. From my perspective this is an area where we need to make a major shift in the way that we're doing business, whether it be – and that's why we've had the conversation. Does it mean certain parts can be done more cost-effectively and efficiently instead of contracted out. It's a way to bring in other entities because we do have excess capacity. That's probably our biggest and best opportunity, if there is a way to create relationships with other entities that will fill our empty beds. They may not ever totally recover their costs but they help reduce our fixed costs. We look at closing down an entire pod and reducing our staffing levels. Every time you do that you have this problem that if for some reason there is a large increase in population we can't react to that quickly. So that has a risk and a fairly high risk associated with it.

So our best opportunity is to try to determine ways that we can bring in other customers that will utilize those beds and help offset our fixed costs. So we have started to put the jail team together but I didn't want to just put one together of people internally. I think because of this particular issue we really need to reach out and create better external relationships. How do we get our population of inmates that the County is responsible for down? We've had a pretty good success shifting those to the electronic monitoring program at a lower cost than housing them in the facility. But how do we keep our population lower and how do we fill the excess capacity with entities from other areas that maybe don't want to keep their own facility open, or can work with us and house their inmates for less money here than it might cost them somewhere else so there's an incentive with better care and a better price for them to come.

So I think those are the two areas we really need to focus on and whether there's ways to restructure. We have a facility that's built for 580 or 600 inmates that has a certain amount of costs that we can't get away from regardless of how many are in there. So the key is to bring in others and I think putting that team together with people from outside of the County, not just County employees and County Managers and staff but some other experts from outside that have good relationships with US Marshals or some of the federal entities or other entities around the state that might be willing to bring in other inmates here. I know that Annabelle and

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her staff have been talking to CYFD about getting their children in at the juvenile facility from the State and helping them with their capacity issues, and then also with the US Marshals. The US Marshals have indicated interest in using our facility but it just takes time to build that relationship, get their confidence and bring in inmates for the long term.

So those are the areas that we're focusing on and we'll be working with Annabelle on that between now and when we bring back the interim budget on very specific goals that we will set in order to try and bring down that \$5.8 million number to something considerably less than that and having standards of how we'll be getting there.

COMMISSIONER ANAYA: Madam Chair, I appreciate very much the points that you raised and the path that we're on. I guess, Madam Chair and Commissioners, one thing that I would suggest for us as a Commission to maybe have some discussion on is local governments, many times just given the scope and breadth of what we're responsible for, we individually don't have time as just one body to comprehensively dive into all of the issues. So maybe the time has come for the Commission to consider a structure similar to the City where we have Commissioners that are sitting with our technicians and our experts of our staff and our Manager, similar to the Public Safety Committee, Finance Committee and that type of structure so that we as Commissioners can actually get more in the trenches with you and help associated with issues like this. I think that's why the City of Santa Fe and others do that and I think it helps to dig in deeper. So that's something that I, Madam Chair, would like to discuss with you and the rest of the Commission so that maybe this being a major – this being one that we could potentially start off with something like that to help you, Madam Chair, Ms. Miller. But it's definitely the primary area that we need to look at relative to realizing some savings and trying to get new services. So thank you.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Thank you. And Teresa, real quick, how are we building up our cash balances, just say in the corrections operations fund?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, typically in the past the general fund has transferred money to help support the jail fund. We've never gone back at the end of the fiscal year and seen what's fallen to cash or taken that away, so the lion's share of that could be relative to general fund transfers.

COMMISSIONER MAYFIELD: Okay, well based on spreadsheet five that you provided to us a little bit earlier we have a usable cash balance of a little better than \$4 million in Corrections, and based on this spreadsheet that you're proposing in 13, we're looking at a \$5.86 transfer. So where are we going to pick up that difference? Out of general fund cash balances? And we only have an unused balance of \$14 million in our cash balance in our general fund.

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, you're correct. If we need \$5.8 million then the excess would have to come from an increased operating transfer from the general fund to sustain it.

COMMISSIONER MAYFIELD: Okay, then how are we going to build up our reserves in our general fund cash balances?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, Santa Fe County has been fortunate in the past we've been able to build up our reserves in that when we establish our

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budgets it's basically a plan and we think we're going to bring in this much property tax, we think we're going to have this much GRT, we think we're going to have this amount of expenditure levels. We've been fortunate in that our variances have been positive in that our revenues, mainly property taxes have come in better than budget. GRTs are in this economy holding at budget and with I think our cost-saving measures and other efforts we've also had positive variances relative to our expenditures in that we've set a budget and they have not materialized either because we've had our [inaudible] or we tried to reduce our contracts, so we did our smart buying, those types of things, and that's how those variances have arisen in the past and have continued in this economy.

COMMISSIONER MAYFIELD: Thank you. Madam Chair, Teresa, then do you all have some projections or some anticipated projections on what our tax balances should be at, I guess mid-FY 12?

MS. MARTINEZ: We haven't gone that far. That's something we typically try to do at the start of the fiscal year but we can do that. We can try to shoot that out for you, some actuals and forecasts forward.

COMMISSIONER MAYFIELD: We're upside down in numbers right now with what's being given to us.

MS. MILLER: Madam Chair, I'd like to comment on that. Part of the issue and one of the things that I've said all along on our condition of the budget and the economy is that the County has had years in the past, good years, that they did not budget every single dollar that they get. So they have built up cash reserves and the question has been asked, how come you guys aren't in as bad shape as other places? Well, it's because in good years the Commission has not budgeted every dollar that they get and have built up reserve balances in excess of those required by law. It was anticipated last year to use those in order to close that gap between revenues and expenditures and what we're trying to do with this budget is to close that gap some more and then probably in 13, hopefully by 13, close that gap completely.

We anticipate that we would be using cash this year unless we want to cut \$7, \$8 more million. But we were at a position last year of about \$14 to \$15 million, so we've come a long way in some of the decisions already made. The \$3 million in cuts that were already done, those have materialized. We saved another \$5 million in other vacancy savings. We also made the changes to sole community. Those have brought that \$15 million gap down to \$8 million. So we do anticipate and we're going to go back through the budget again and try to bring this gap down even further and then by next year hopefully get our recurring expenditures to meet our recurring revenues, so that then, from that point on we start once again to build up our cash reserves.

This is the big problem here where every county or government is facing this. Ideally, you always have revenues equal to or greater than your expenditures. But it just hasn't been that type of economy. And we're well aware when we put the budget request out to the departments saying bring your budget in at least flat that we still have this gap but let's see where we are and where we can go from there.

COMMISSIONER MAYFIELD: Madam Chair, Ms. Miller, Ms. Martinez, I appreciate what you guys are doing. I know it's tough. But there might be that one year where we're just caught and this may be the year that we're going to be caught and I just ask my

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colleagues to consider that. I respect that we need to come in at a flat budget and I don't want to reduce any of our operations within this government but this may be the year that we're caught if we don't have these revenues coming in. I don't know exactly how much cash has been used in the past fiscal years but this year our reserves are really down and I would hope that we would only have to put the \$8 million into operating all of our other operations but there may be a potential that we're not, so we may have to be coming back to looking at this budget quarterly. That would just be my suggestion.

CHAIR VIGIL: Thank you. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. Based upon Commissioner Mayfield's comments, what reserves did we use in 11, 10 and 09?

MS. MARTINEZ: Madam Chair, if we move to the next slide, I don't know if we have 09 but we've given you a kind of historical. The next slide basically summarizes everything that Katherine just said. In the bad economy the County has been fortunate that we've had cash reserves that we've been able to use to meet our statutory requirements and still meet our operational requirements. So again, the premise is your budget should be balanced. So that means your expenditures should tie to the amount of revenue coming in and it should be recurring. If they are recurring expenditures they should be supported by recurring revenue.

So if you look at fiscal year 2012 as it stands today we would potentially be looking at the use of \$10.1 million in cash reserves. If you look at fiscal year 2011 the original budget called for the use of cash to the level of \$10.8 million. We're anticipating it will be more like \$7.8 million when it's all said and done. In 2010 we had the use of cash reserves for recurring expenditures forecasted at \$8.7 million; what actually materialized was just at \$5 million.

So our point is that we're not out of the woods. We still have budget gaps that we have to complete and two, three years ago I stood before you and said never, never, never use your cash. Well, now we're in a bad economy. We're still meeting our statutory requirements. We're still meeting our operating budget policy requirements with regard to reserve, and we still have budget gaps. And our commitment from the get-go has been to not affect the employees. So it was a very difficult year last year. We spent a lot of time analyzing and dissecting what programs would we cut if we did cut these programs, what people, what services were attached to it. So we've used cash and our hope is to dwindle it to none.

COMMISSIONER STEFANICS: Madam Chair, I think there have been some expenditures requested that actually could be taken care of with some adjustments to the enterprise funds. Is that correct?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, could you clarify a little bit more?

COMMISSIONER STEFANICS: Well, adjustments meaning increases. Like if these were increased, would that in fact take care of some of the expenditures that are being discussed so that that's reflected in here?

MS. MARTINEZ: Madam Chair, Commissioner Stefanics, any proposed fee increases are not reflected in here. You're right though in that any increases, and I'll use the example of solid waste, the solid waste increases that were approved by this Board are helping offset the corresponding increases that we're seeing from SWMA for our waste. So there is no proposed fee increases in here. Now, relative to utilities, there is the big picture where we're

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trying to expand our service area and with that comes the need for more staff and more infrastructure. But you're right. If we increase the fees it will offset the operational expenditures and there's less use of cash.

COMMISSIONER STEFANICS: Well, Madam Chair, the reason I'm asking is there is a request for more staff in Utilities and I had an opportunity to meet with Pego regarding some proposed ideas for increases in water and utilities. So as we look at this budget we need to look at the whole picture not just piece of the budget.

MS. MARTINEZ: Okay, and let me qualify, Madam Chair, Commissioner Stefanics. Now that you've said this, we've worked extensively with Pego and we incorporated the new proposed rates as part of this, the most conservative that we could until it comes before this Board for approval. So we're trying to forecast the expansion areas, we're trying to forecast any new customers that may come in, and any new, increased rates that we potentially could see.

COMMISSIONER STEFANICS: Madam Chair and Teresa, you're saying that the proposed rate increases are reflected here in the revenue?

MS. MARTINEZ: Yes.

COMMISSIONER STEFANICS: Okay. Is there anything else besides utilities where there's been a proposed rate increase that's being reflected here, in terms of revenues?

MS. MARTINEZ: I don't think so. I think everything else has been already approved. The only other fee increase would have been solid waste and that's already approved by the Board.

COMMISSIONER STEFANICS: So the point I'm making, Madam Chair, is if we do not increase utilities, and if in fact we roll back anything else, any other fees, then our problem is even larger than what we're looking at.

MS. MARTINEZ: That is correct.

CHAIR VIGIL: I don't want to lose sight of the fact that one of the initiatives that we are undertaking, and this is probably the strongest recurring fees that exist, and that's property tax. And your appropriate property tax valuation and assessment that we're really trying to move forward with by actually looking at and assisting the Assessor's Office through contractual arrangements to get all the taxes on the rolls, because we haven't even been able to update those. That's a huge recurring fund. And if we create a focus for that that's going to address Commissioner Mayfield's question and any other questions with regard to where else are we going to get increases. Katherine, did you want to –

MS. MILLER: Madam Chair, actually you just brought up a point that I was going to bring up as well. If you look back on page 13, slide 13, in that \$613,000 out of the property valuation fund is \$500,000 for the one-time expenditure for the contractual proposal that the Assessor brought forward two meetings ago. So that's a non-recurring cost that's reflected in here as the use of cash and it's not capital outlay. One of the things the County doesn't do, if you're familiar at all with the State budget, it's done a little differently. There's two sections to House Bill 2, Section 4, the true recurring, and then there's Section 5 where you have contractual expenditures that are not recurring. They may be a one-time thing and we don't really have that distinction so much in the County budget. It's one of the things that I actually want to work with Teresa on, because that would not be a recurring \$613,000 out of there.

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\$500,000 of that would be for the contract. But that contract could potentially produce millions of dollars of revenue, of recurring revenue.

So that is one of the areas where it's not really reflected in this summarization but you're dead on that that's one of them. Another area that we just don't have a revenue source on those, that home sales fund and the developer fee fund, those were based on funds when there was a lot of housing production and we've never established a recurring revenue for those so we just have those cash balances that we've been using. But we did come up with some possibilities when we buy and sell homes that are being foreclosed on that potentially we can use some of the funds when they're sold again to replenish the home sales fund.

So we're trying to find some new fees but the main area is going to be in the utilities so that that \$292,000 is not a deficit any longer with an increase in customer base as well as the rate, but we would need – and I've asked Pego if he would be prepared to present some of that, because the budget is based on a new rate schedule going into effect. So some time this morning he does have the ability to present that to all of you just for the first time to see it and think about it.

CHAIR VIGIL: I have Commissioner Mayfield and then I'll go with Commissioner Holian.

COMMISSIONER MAYFIELD: Madam Chair, thank you, and Katherine, as I see it that causes me a little worry. We're building the budget based on some anticipated revenues that we're expecting that this Board hasn't even approved yet. So it's almost like we're being backed in to approve these rate increases, and I just think that we really need to take that into some consideration. I understand the pickle that we're in but that's pretty tough. Is there any way, Ms. Martinez, that you could provide us with what you anticipate as projected fee increases across the board? I know we're already looking at, the Commission has already priorly approved some increases to solid waste as far as transfer punch tickets. That's most likely included in here, but as far as utility increases, I've heard and I've been getting emails that we are also looking at maybe expanding some of our operations and our solid waste as far as curb-side pickup. Is that being included in projection of this budget? To me, that would look like it would be more of an expenditure cost to even start that program up than it would be as far as a revenue generating –

MS. MARTINEZ: We can do that.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Madam Chair. I think that we also ought to keep in mind that we have certain properties that we could possibly make some income off of. I know that we have the old Public Works property. Maybe we could do some leasing there. We have of course the La Bajada Ranch. Maybe there could be some lease opportunities there. Now, I know that this isn't something that we can work into our budget right at this moment but the budget is not something that you fix in stone on July 30th. You can make adjustments as you go through the year and I just think that we ought to keep in mind to look for income opportunities as well as the other kinds of things with cutting and the more traditional things. Thank you.

CHAIR VIGIL: I'd like to get done by noon. It's 11:25 so let's move on.

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MS. MARTINEZ: Okay. We can then move to slide number 15, and this is just potential savings and potential threats as we move toward fiscal year 2012. And the savings are the mechanism of what we refer to as sanding, or just giving a flat percentage cut that department directors would be given and then they would have to determine how they would establish their budgets, where would the cuts hit. And this would exclude any grant-funded programs but also include a potential percentage cut to the elected offices.

Just a reminder that we have our bargaining unit contracts that we have to renegotiate during this fiscal year, hard freeze additional positions if they become vacant. And if we freeze them obviously there'd be no budget authority, possible reorganization of programs. Our potential budget threats are again, that we're renegotiating our bargaining unit contracts, we don't know what gas and oil is going to do. We've taken, hopefully a conservative approach to forecasting for the budget. Again, that has impacts to tourism and other spending resulting in lesser GRTs or lodgers' tax revenues.

We have to be aware of our possible legal action that we could be facing relative to property tax changes and then also a potential cap on property tax valuation increases. So these are just some of the summarized items that we look at relative to savings and/or budget threats for fiscal year 2012.

COMMISSIONER ANAYA: Madam Chair.

CHAIR VIGIL: Commissioner Anaya.

COMMISSIONER ANAYA: Madam Chair, Ms. Martinez, what are you basing the last bullet on? Action taken by the legislature or potential action that could be taken in an upcoming year? Or Commission action? What are you basing this on?

MS. MARTINEZ: Madam Chair, Commissioner Anaya, it could be all of the above. It could be the courts, it could be if the Board decides to take action or the legislature takes action. So this is all of the above. We just want to be mindful of it.

COMMISSIONER ANAYA: Just a follow-up. I don't necessarily see that last bullet as necessarily a threat. I appreciate the update though.

MS. MILLER: Madam Chair, Commissioner, actually, I'd like to comment on that, that the lawsuits for tax lightening have put the Assessor's Office in the position of actually not putting homes up at that higher value or we're in a position of a lawsuit on those. So I believe that like other counties Santa Fe County is also looking at – so we're not actually able to put them at the sales value necessarily because of the tax lightening issue. So I think that – I know that some counties have totally rolled back, their Assessors have. I think our Assessor has been trying to work that in not to have the major tax lightening issue. So I think it's relative to whether the legislation would – all those proposals actually had – the one that made it almost all the way through did have the three percent cap on everything sold or capped. So that was not so much an issue for 12 other than what we're doing with properties as they sell now but could have a large impact on future revenues.

COMMISSIONER MAYFIELD: Madam Chair, on that point. Madam Chair and Assessor Martinez, I know you're here. What is right now, I guess the position of the courts as far as tax lightening? Are they still ruling on that? Is there a potential where they can say that that was an illegal act to cap it at three percent?

DOMINGO MARTINEZ (County Assessor): Two things are happening at this

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point in time. We still have the lawsuit at the court of appeals. They have basically said that they're going to wait to see what the legislature will do to address it. The legislature had to [inaudible] pass both houses and it needed to be passed by the Senate because they took the emergency clause off and they didn't do it, so that is still in the works. We hear through resources that the governor is probably going to put on the call for redistricting to deal with the property tax issue so that we believe that in September it will come before the legislature and they will pass it, is what we feel. Our calculations basically indicate that about 700 – if it passes, Santa Fe County stands to lose about \$700 million of tax base. That's valuation.

A tax base of \$700 million will be lost if Senate Bill 108 passes. And what will happen then is you as Commissioners are the ones that institute the tax rate which really taxes the individual that pays property tax. You have enough margin in the tax rate that you could probably increase the tax rate to hold the County and the school districts and all the other entities harmless from having to decrease the amount of revenue that they derive. So there's a mechanism in the tax rate, a mechanism that would allow you to continue to receive the same amount of taxes but it will be an increase to some individuals while there would be a decrease to those individuals who would see a definite decrease in the value of their property.

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Madam Chair, a question for our Assessor. Thank you for being here. So that \$700 million valuation, right now would equate – do you know how much that would equate to as the County's portion of collected taxes?

MR. MARTINEZ: No. Basically what that is it's just a valuation. In other words, in property tax you have valuation, then you multiply it by a tax rate and that gives you how much taxes you need to pay.

COMMISSIONER STEFANICS: We know the break out for all the other – like for the debt service and the community college and the schools, etc. We don't have a ballpark for what kind of loss that would mean to the County?

MR. MARTINEZ: Not in taxes. We don't have that. All we know is it would take a \$700 million hit on the valuation of the tax base.

MS. MARTINEZ: From a conservative standpoint, typically it's about a third, 33 percent, so that would equate to maybe about maybe \$233 million. But that's just a conservative guess.

MS. MILLER: It would drop the taxable value by \$233 million. [inaudible]

COMMISSIONER STEFANICS: Okay. I think that we probably should get a rough estimate. I think we need a rough estimate of a potential loss for that item. And I hear what Commissioner Anaya is saying, Madam Chair, but if it's something that might happen we better have a figure in the back of our minds.

MS. MILLER: Madam Chair, Commissioner Stefanics, the issue, it would be about \$233 million in taxable value, times our tax rate, which operational is about 450. So you could say \$1 million. But what happens is instead of losing that million dollars or \$1.2 million, the rate goes up to make up for it, which is what Domingo was referring to is that we don't max out our yield control. So what happens is there's a formula that it runs through at DFA and what it will do is it says, oh, if your revenues are dropping we can raise the rate by a certain

percentage as long as it's not more than the CPI and some other factors. So it will give us the money ultimately through a higher rate to the property owner.

COMMISSIONER STEFANICS: But Madam Chair, we would have to approve a higher rate.

MS. MILLER: No, it happens –

COMMISSIONER STEFANICS: It just happens automatically?

MS. MILLER: Because it runs through the – when your valuation goes down it runs through a formula and says, just like you don't get to control it going down you don't get to control it going up once it hits that formula.

COMMISSIONER STEFANICS: Okay. Thank you.

MS. MILLER: Unless you pull back a mil. You could reduce your mil, but the formula is different.

COMMISSIONER STEFANICS: So Madam Chair, based upon this discussion we wouldn't have a loss. The County would not have a loss of revenue, and the taxpayer would have a higher rate that wouldn't be set by the County Commissioners.

COMMISSIONER ANAYA: It would be blamed on us though.

COMMISSIONER STEFANICS: It would be blamed on us, but, Madam Chair, that potential cap on property tax valuations won't lead to a decrease in revenue. That's what I'm trying to create here, is will we have a decrease in revenue? So we won't because the State will raise the rate. Is that correct?

MR. MARTINEZ: That's correct.

COMMISSIONER STEFANICS: Thank you.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: On that point and whoever can answer this.

We would have an option of maybe not releasing some of the bonds that we currently let out, or could we pull any of those back, Katherine, if they weren't sold?

MS. MILLER: Madam Chair, it would be – I think that we have actually issued all the bonds that we have authorization for. You could potentially not take the questions forward to issue any more, in which case our debt service rate would drop minimally, or your other option would be, if you wanted to reduce your revenue you could pull back some operating mils. You could actually decrease the operating mils to offset it. Which is what I think they did in Bernalillo, didn't they? A year ago?

COMMISSIONER MAYFIELD: Thank you.

CHAIR VIGIL: Okay. Can we proceed?

MS. MARTINEZ: Okay. And then just slide 16 was our attempt to give you a revenue and expenditure – this is just the comparison of revenue to expense, revenue being the blue line, expenditures being the red line, and then the green line is the net revenue. So when you compare revenues to expenditures, was there sufficient revenue to cover the expenditures? And this is again for fiscal years 2006 to 2010. And earlier, Commissioner Anaya, you expressed an interest to see it at a more detailed level, so we'll be sure to bring that back for you.

And then Commissioner Stefanics, this is where we're trying to address, on the next

slide, the potential replacement schedule. Let me say that this is not complete. We are still lacking some information from some of the departments so we'll have this firm hopefully by the interim budget. We received the following from Public Safety relative to RECC. We received information from Public Works, Community Services and we know that we are still waiting on information from Corrections. She did express that she would need more time for this, and then also we'll get more information relative to our informational technology needs.

So this is our attempt at saying, okay, this is all proposed by the different departments and directors so this is proposed from the staff. This is their needs as they can best forecast it within the next five years. So we're looking at \$10.4 million over the course of the next five years.

COMMISSIONER MAYFIELD: Madam Chair.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Teresa or Katherine, and I don't know if this is how we're doing it but I don't think we are. Does our IT Department manage all of our computer equipment for the County or is each individual department responsible?

MS. MARTINEZ: Madam Chair, Commissioner Mayfield, they manage most of it for the most part. Corrections has a few of their own IT staff, but IT does for all other general services if you will, manages the personal computer cascading process, all our hardware and software needs.

COMMISSIONER MAYFIELD: So as far for all capital expenditures it is running through IT.

MS. MARTINEZ: With the exception of Corrections. They'll work together to come up with recommendations but Corrections has a staff of their own and they have, a lot of their needs on the capital package were relative to replacing computers.

COMMISSIONER MAYFIELD: And then does our IT Department have the replacement schedule for the whole County?

MS. MARTINEZ: I believe they do. Sam, am I misstating it? Carole just pointed out that some of our special revenue funds will pay for some of their computer needs but they'll work closely with IT to determine what those needs are.

SAM PAGE: (IT Director): Madam Chair, Commissioner Mayfield, the IT Department is part of our capital request in there, the \$80,000. Most of that is for what we call our server refresh, PC refresh and for other equipment in there that we buy replacement equipment for outdated PCs for most of the departments. For new equipment, those come out of the different departments for replacement equipment as they get outdated. The IT Department budgets for that and we replace that.

COMMISSIONER MAYFIELD: And Madam Chair and Sam, but it still all rolls up through you. If somebody needs to buy new software, new hardware. Because personally what I've seen here it seems like we have so many different types of components of hardware from various vendors, from Gateways to Hewlett Packards to Dells and it would seem to me that there could be some cost savings if it was centrally done through you, found the vendor you want to use and try to save some money that way.

MR. PAGE: Madam Chair, Commissioner Mayfield, the IT Department does make recommendations for what types of computers are done in there. The reason you see that

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is that throughout the years the recommendation may change in there. At one point in there we look at – we may have had Gateways at one time in there it was the best buy, the best deal for the money several years ago. In later years in there we got Dell or HP. We do try to keep it fairly standardized so that as we get some equipment that breaks down in there we may replace a PC but we salvage the parts for others. So we do try to keep it as standardized as we can but for new equipment the departments buy their own. For replacement equipment IT takes care of it all except for Corrections Department.

COMMISSIONER MAYFIELD: And again though, for new equipment purchase by department they still run that through you?

MR. PAGE: Yes.

CHAIR VIGIL: Thank you, Sam.

MS. MARTINEZ: Okay, and then the last sheet if you will is just our summary of issues as we deal with our long-term sustainability. We've identified several times today that we have an ongoing gap in recurring revenue when compared to recurring expenditures so we are very much trying to close that gap as I mentioned earlier by 2013 the need for use of cash to balance the budget will be minimal if anything. Our program funding may conflict with citizen priorities so how will we reconcile the conflict. And then we'll need to find major repair and replacement items in the future. Cash can again be used for those one-time capital replacement of aging equipment, facilities and infrastructure. And we need to be cognizant of the fact that we still have an ongoing gap and to ensure that there's sufficient cash to address the gap as well as any capital replacement needs we may have.

And lastly, if budget threats materialize this will also place an additional burden on revenues and the potential use of cash reserves.

CHAIR VIGIL: Okay. Thank you very much. What I'd like to do at this point in time is just sort of summarize some of the requests and please, Commissioners, fill in where – and I know I didn't get them all down, which may or may not need another study session.

We had discussion on increasing library budget to include Edgewood. We had discussion with regard to looking at our agreements with the RECC, and we had discussion with regard to breakdown of debts and budget requests and we had discussion with regard to PERA contributions and whether or not we need to reconsider as a policy what direction we want to move with regard to how that impacts our budget.

We also had discussion with regard to addressing our roads and whether or not more positions were needed with that department and further discussion in terms of what those needs are. Please, Commissioner Mayfield, did I not include anything you requested?

COMMISSIONER MAYFIELD: No, Madam Chair, just a couple of the prior years as far as different sheets would be great for me. I think that pretty much summarizes it.

CHAIR VIGIL: Commissioner Anaya?

COMMISSIONER ANAYA: No, Madam Chair. I did want to add an additional comment relative to number of positions we have in the budget and effective ability for people to do their jobs. And I think in the last cycle the Commission was put in the position of where we had to make cuts to try and keep the budget fluid and keep positions funded, but I also think that the positions that we have funded need to have the resources that they need to do their jobs. So my point is if you have vacancies as a discussion, and maybe this is a discussion that the

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departments and you and the Manager have, if you have an analysis – having sat in the shoes of those individuals sitting in the audience that are trying to manage their budget, nobody wants to lose positions, number one, and nobody wants to lose resources. That's Budget 101. You want to keep what you have because if you lose it it's really hard to get it back.

But I think associated with that discussion, if departments knew that they could have a discussion potentially about vacancies they might have, but that some of the offsetting revenue from those vacancies would be put back – some of into education and training and tools for them to carry out their jobs I don't think it's always a matter of just maintaining the total number of positions. So that's a question and something I would like you and the department heads to carry back to employees to say, I know everybody would like more positions and more staff help, but I think what gets lost and what I hear feedback from employees on is we can't go to training anymore. We can't get the adequate things we need to do our job. Well, maybe that's the balance on some of those vacancies where you might give up a vacancy if you will in a department but you'll get to retain some of the revenue to maybe provide merit pay to those individuals that demonstrated the performance and capacity to get it, that you reinstitute within those budgets the ability to provide training and outreach and other educational opportunities. So I think from my perspective that's part of the discussion that I'm hopeful that goes on between yourself and Ms. Miller and the department heads.

It's not if I would lose it I lose it forever and I would never be able to retain any of it. So I appreciate you allowing me to provide those additional comments. Thank you, Madam Chair.

CHAIR VIGIL: Okay. Commissioner Stefanics, would you like to add anything?

COMMISSIONER STEFANICS: Thank you, Madam Chair. I think a strategy I would propose to be considered, and I'm not ready to make a motion although we could take possible action today it says, is that if the Commission comes up with the bottom line and the amount we actually want to use for reserves, that that then be just passed back to the Manager and staff to determine. In the past budget cycle we felt – some of the Commissioners felt a little uncomfortable because we were brought five, six, seven options to consider. And my perspective is that we don't manage the County so we don't really know all the things that are needed to keep a department operating. It's the Manager and the department heads that know what it takes. So I would suggest though that the Commission look at what amount we're comfortable in taking from reserves and think about a cap. Thank you.

CHAIR VIGIL: And I think a precursor to that is the actual policies that are in place in terms of what those reserves are. I think that's what's helped our conservative budgeting. Not only does the state require it but previous Commissioners have put forth policy statements, either through ordinances or resolution that require even more for that reserve fund. So I think once we understand what that is specifically by knowing what previous Commissioners have enacted then we'll know how better to understand that. Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Madam Chair. I don't have too much to add other than to say also I think that we should look at the capital outlay GRT. We have a different situation now with it. I think we have more control over it and possibly it could help our bottom line as well.

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CHAIR VIGIL: Okay.

COMMISSIONER ANAYA: Madam Chair, on that point, I wanted to express that I would – Commissioner Mayfield has made this comment previously and I wanted to express publicly that I support a review and evaluation of capital dollars to specific Commission districts.

MS. MILLER: Madam Chair.

CHAIR VIGIL: Katherine.

MS. MILLER: Actually Commissioner Anaya had mentioned that to me and I did ask that we get that information, but we were not able to get it all for you today, but we've been getting it from all the departments on all the infrastructure and trying to break it down by districts. Part of it is issues of funding source, because you'll have some from state capital outlay, some from GO bonds, some from different things, so it's trying to get it by project as opposed to by funding source and dollar amount and project description of what we've done in each area.

COMMISSIONER ANAYA: Madam Chair, Ms. Miller, I appreciate that and I think we're talking about two different things. I appreciate the summary of capital projects, but what I'm suggesting is that the Commission have an allocation of dollars by district, not the whole capital budget, obviously, but an allocation of capital money by district that was utilized for capital projects within those individual districts that was done previously. I think at one time it was as much as \$100,000 then it got ratcheted down to nothing, obviously, but I support what Commissioner Mayfield had suggested previously and would like at least some more discussion on an amount for each Commission district that still, is my understanding, would go back to the Commission as resources were recommended or approved.

COMMISSIONER STEFANICS: On that point.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Madam Chair, since I've been here the only funds that were available were considered discretionary or community funds that were not for capital. And most – and then it was most funds went to non-profits or to youth groups or things like that. So prior to my time it might have been large amounts but since I've been here there's never been a large amount such that it couldn't really handle community needs, so that we determined to put it back into the pot or the general fund. So for example, \$30,000 for an entire district to handle some major needs really ended up being \$250 here, \$500 there, etc. and in order to look at some of the County needs over all I think that that's why. But I've never been here when the Commissioners have had a capital fund to use.

COMMISSIONER ANAYA: Madam Chair, and I am referring to those community funds. When it first started it was a pretty large sum of money. I'm not suggesting a specific amount but I would say this, and we could even tie it to education. I recently had a tour or Moriarty High School and met with some of the instructors in the science program as an example. Our education system is continually strapped. Not just them. You mentioned other non-profits and communities. But to us it might not seem a lot of resources and a lot of help but to a lab in schools that may get microscopes for the kids, which they're not getting because of the other budget cuts it could be a big help. It's just something I'm putting out there, it's something Commissioner Mayfield brought up and I would like to have some more maybe

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discussion on it as we move forward through the process.

CHAIR VIGIL: Okay. Is there anything else?

MS. MILLER: Madam Chair, I apologize for being late. There were a couple of things that I wanted to bring up that I wanted to start the conversation with but I wasn't here and I didn't get a change. First of all, I want to thank the departments, the elected officials' offices and everybody here who worked hard to put in budget requests that I think were very scaled down, reasonable. All of the departments really realized we're not out of the woods. They came forward saying these are the things that we really think that we need. You can see by the additional vacancy savings that all of the County departments and elected officials' offices have been doing without a lot of employees. And they have been working hard to find ways to do their jobs with less resources. I think the County is probably one of the best governments at doing that in this state as far as really, when push comes to shove how can we deliver services with minimal staff and resources and tighten our belts and do that. I want to commend the County employees, the Manager's and elected officials' offices for that because it really is reflected in what they saved this year above and beyond what their budgets were. And that's what put us in a little bit better position than probably three or four months ago we would have anticipated, in light of revenues not rebounding to a degree that some economists said they would.

So I just want to recognize that because it's really important; it's been a real big factor. Also to comment on one of the things Commissioner Anaya said about training and things like that. We actually approached this budget a little differently. We said to the departments, gave the instructions to please submit a flat budget. Many of them followed that to the T and some of them didn't do so but most of them did, unless it was in an area that we actually increased on the Finance Department side for fuel, things like that, where we know they have no control of that, or utilities or a rent increase or something. But we said that if you want to send people to training, if that's important to you, you show us where you can take that from and what's the criteria. So we didn't put it out there: you can't do this, you can't do that. Please limit it because we recognize a lot of other departments don't have that flexibility but if it's critical for your employees to do their job to stay trained, so we've lightened some of that up and took the approach with the department directors and elected officials that, as Commissioner Stefanics said, they know their job and what it takes to deliver that service better than I do, better than the Finance Department does, better than the Commission or the public does. So they put their requests in reflecting what that takes and justify that. And I think that they have done a great deal to do that, to say this is what here we need from the Commission, what we need to deliver to the public, this is what we need to do that.

I really do want to commend some of the offices that have been very good at trying to do that. The Corrections Department has lost a lot of staff but they've continued to provide the services that they're required to do. We are going to work hard to chip away at that \$5.8 million. There's no doubt that that's a huge area that we need to bring back some different numbers to you by the end of May. Public Works has lost a lot of staff and they continue to provide really good service. Growth Management has lost a lot and still has managed to reallocate resources, human resources and provide services. So I just want to commend those that have lost a lot of employees lately and they keep coming back. I said, well, maybe we can

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shift the work here and there. Everybody's done it but those few have recently done it a lot and I just want to recognize that they have been. It's not easy. And I know morale gets – staff hasn't had raises and they're doing more work with less employees but they continue to do it with a good attitude and I think that County employees deserve a big hand in kind of weathering this storm as well because I think it's been emotionally stressful for everybody to have hard economic times and have a lot more pressure at work.

So I want to commend the departments and the offices for putting in the budgets that they have. I know that we need to go back, have everybody do some shaving and some sanding and say, we're not going to tell you can't have this as that so much as you tell us if you have this much less where would you take it from, knowing what the critical services are that the public wants and the Commission wants to see. So hopefully you'll see some changes before we bring back the interim budget for approval. We'll get you any information that you would like to see between now and then and we may have another study session, depending on how that goes with some of the detail before the 31st.

And then I also wanted to state that if it wasn't stated before, even the interim budget is not the final budget and we continue to make changes in June to that.

CHAIR VIGIL: In terms of the next scheduled budget hearing, you did reference the 31st and you did say we could do another study session if necessary. Let me just propose – is the 31st, is that an administrative meeting?

MS. MARTINEZ: Madam Chair, it is, and we were intending to bring – typically we bring the interim budget for final approval on that last day in May, because that corresponds to the due date with DFA.

CHAIR VIGIL: Okay. So you would look at the budget and maybe we could have any additional time in our agenda for that meeting, or I'll sort of give you direction if there is a need for additional time.

MS. MILLER: Madam Chair, one of my concerns is that it is an admin meeting and those are typically long and there's a lot to do but we have an extra Tuesday this month so we could have one on the 24th, which is a week before the admin meeting and still have two weeks in between. So that was a possibility if you needed more information in order to do an interim approval and didn't want to spend the entire admin day on it. So that was one of the things that we were going to see if you wanted to do that.

CHAIR VIGIL: What's the pleasure? I know Commissioner Stefanics won't be here on the 24th. Can I just sort of take a quick poll? Commissioner Holian, do you feel the need for an additional study session or do you think the additional information we've requested thus far could be incorporated into the administration meeting?

COMMISSIONER HOLIAN: I don't personally feel the need but I will be available on that day.

CHAIR VIGIL: And Commissioner Stefanics, do you feel the need for an additional study session?

COMMISSIONER STEFANICS: Madam Chair, I would respect the wishes of the rest of the Commission.

CHAIR VIGIL: Okay. Commissioner Anaya, do you feel the need for an additional study session or do you think that the questions we've posed could be taken care of

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in a longer administrative meeting and maybe a non-administrative meeting?

COMMISSIONER ANAYA: Madam Chair, I think I have a lot of questions but maybe between the department heads and yourself we can have those discussions individually. Because I do have some questions, but I can have those conversations individually with you and the department heads maybe.

CHAIR VIGIL: Commissioner Mayfield.

COMMISSIONER MAYFIELD: Madam Chair, I think it would be beneficial to have another study session. I could individually meet with Ms. Miller and different department heads but my worry would be some of my thoughts may not be some of your thoughts and collectively, I would like to have something brought back forward to us. Otherwise, I don't have any problems staying as late as we need to stay on the 31st or starting as early as we do, but I would anticipate that there will be some questions still asked as far as some of the information that I've requested.

CHAIR VIGIL: Okay. It's seeming like we might be able to fit this into the administrative meeting. With Commissioner Stefanics unavailable, I really want to have as many of our study sessions and meetings with an entire Commission. So I'm not sure what is going to be required for the administrative meeting but I would just urge you discretionarily to have a lot of items that might be consented at that meeting. We also do have Indigent, our Health Care Board, and we have our Housing that day, and I don't know of any items that are of particular need to be addressed in those boards. I think a lot of the critical issues we've dealt with as far –

MS. MILLER: Madam Chair, along that same line, maybe we can postpone the Housing or Indigent or Affordable Housing if there's nothing, major action items. I will talk with the different directors and see if they think that maybe they can just wait to the June meeting if we don't have any critical action items on those. Or if, for instance Affordable Housing could potentially, if there is an action item it could be done in the BCC.

COMMISSIONER STEFANICS: Madam Chair, on that point, we could also approve indigent claims at the BCC meeting and just postpone all the program discussion.

CHAIR VIGIL: And all we'd need to do is go into Indigent Board by motion and the Housing Board by motion. So let's look at that option and we might be able to manage the agenda and start at 9:00.

MS. MILLER: Okay. We'll look at that option and then maybe that way we could have a much longer time to discuss the budget.

CHAIR VIGIL: Okay.

COMMISSIONER ANAYA: Madam Chair, I am going to have a couple of presentations that I'm going to ask to be put on the agenda but I don't think they'll be complicated or too long.

CHAIR VIGIL: Okay. Very good. I want to thank Teresa, I want to thank Carole and Katherine, and everyone who's here and came today, and those, as Katherine mentioned participated, particularly Corrections, Public Works and Growth Management who as Katherine mentioned really stepped up to the plate to address some of these issues. I know we all did and we're all trying to balance things here. I still leave the County and our budget hearings with a sense of we're in really good hands and I think that has a lot to do with who we have in place in

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terms of making these decisions. Thank you, Finance Department. Thank you, Katherine. Thank you, division leaders and thank you Santa Fe County employees for all your willingness to work through these hard times. I think we'll see ourselves through. And that is it. We have a BCC meeting at 2:00.

VI. ADJOURNMENT

Having completed the agenda and with no further business to come before this body, Chairwoman Vigil declared this meeting adjourned at 12:00 noon.

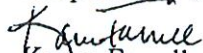
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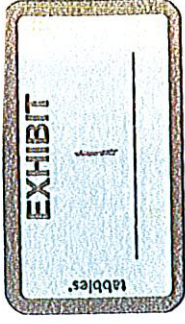
Board of County Commissioners
Virginia Vigil, Chair

ATTEST TO:

VALERIE ESPINOZA
SANTA FE COUNTY CLERK

Respectfully submitted:


Karen Farrell, Wordswork
453 Cerrillos Road
Santa Fe, NM 87501



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



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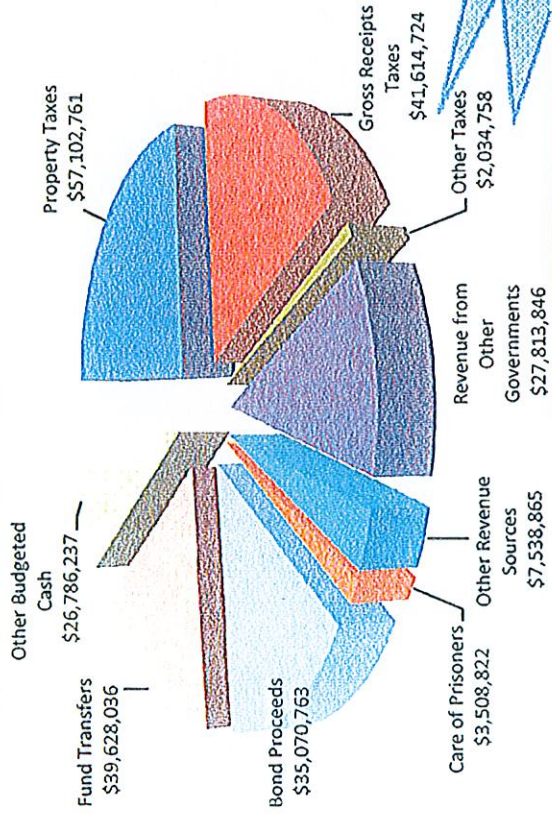
May 10, 2011

Revenue and Expense Estimates Fiscal Year 2011

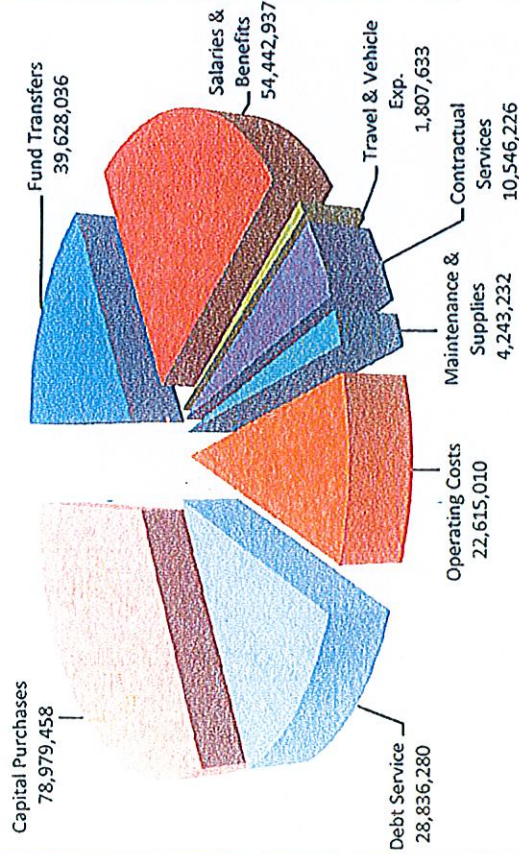
Est. Revenue as of June 30, 2011

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

FY 2011 Total Revenue Estimate



FY 2011 EXPENSE ESTIMATE



Est. Expenses as of June 30, 2011

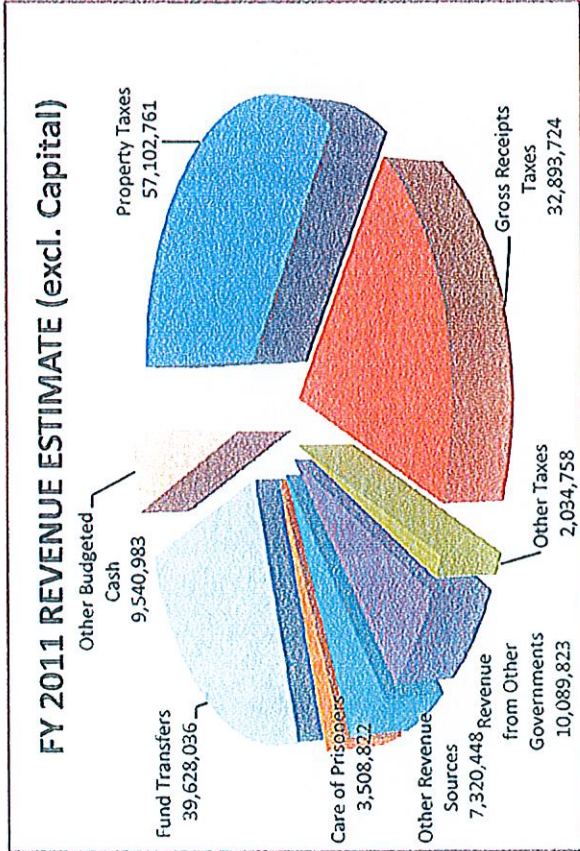
- » Salary and Benefits - \$54.5M
- » Operating Expenses - \$39.2M
- » Capital Purchases - \$79.0M
- » Fund Transfers - \$39.6M
- » Debt Service - \$28.8M

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Total
\$241,098,812

Revenue and Expense Estimates Fiscal Year 2011- Operating Budgets Only

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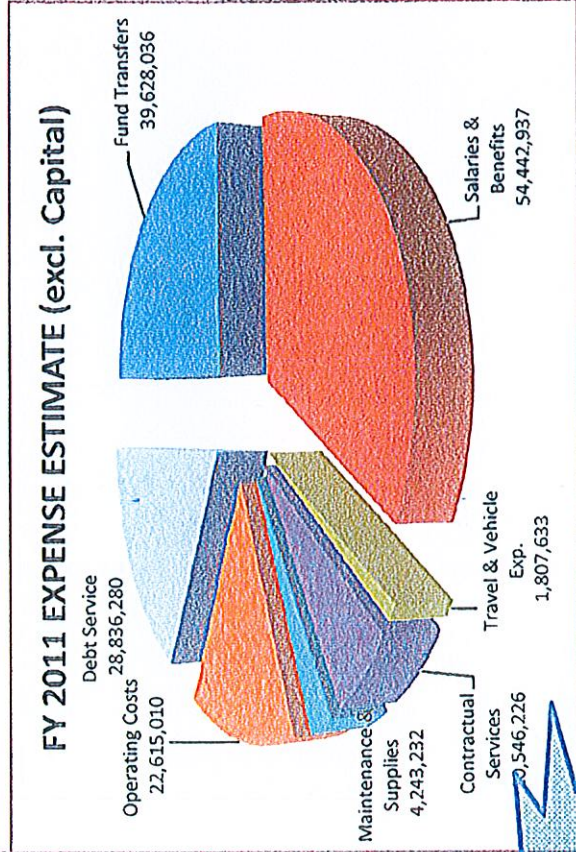
Est. Revenue as of June 30, 2011

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

Total \$162,119,354

Est. Expenses as of June 30, 2011

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



Cuts Sustained and Budget Additions

Cuts Sustained or Made in FY 2011

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

CMO Actions taken during FY11
 Reorganization of Manager's Office
Total-Actions Taken during FY11

\$ 38,779

One-Time Savings
 Savings from Staff Vacancies/Temporary Freezes (est.)

\$5,000,000

Unanticipated Recurring Additions to the FY11
 Low Income Property Tax Credit
 Increased Insurance Deductible

(\$331,103)
 (\$200,000)

* Offset by other temporary staff freezes

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Estimated Cash Balances Fiscal Year End – FY 2011

Estimated Cash Balances at July 1, 2011

Major Operating Funds

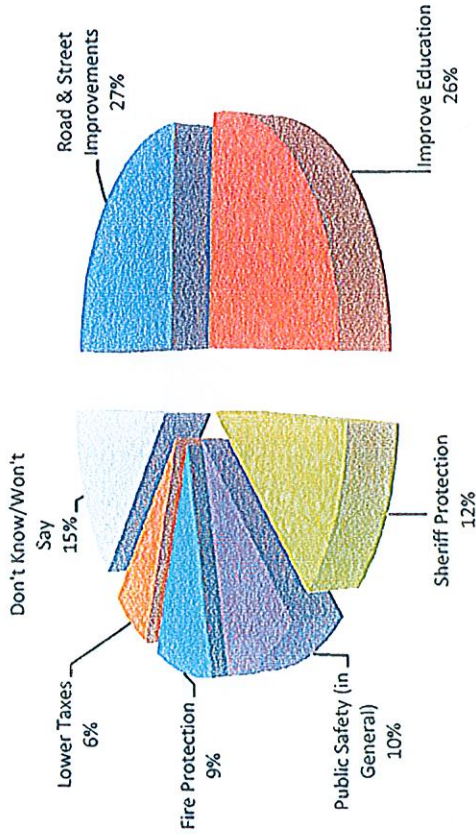
	<u>Cash Balance</u>	<u>FY 12 Reserve Requirement*</u>	<u>Usable Balance</u>
General Fund	\$45,814,330	\$31,450,830*	\$14,363,500
Property Valuation Fund	\$ 1,365,096	\$ 143,627	\$ 1,221,469
Road Fund	\$ 646,525	\$ 226,570	\$ 419,955
Indigent Hospital Fund	\$ 344,712	\$ 328,499	\$ 16,233
Indigent Services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

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* Includes reserve requirement and other cash restrictions/commitments.

Citizen Survey - July 2010

Citizen Survey - July 2010
Highest Priorities



Unaided Responses

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

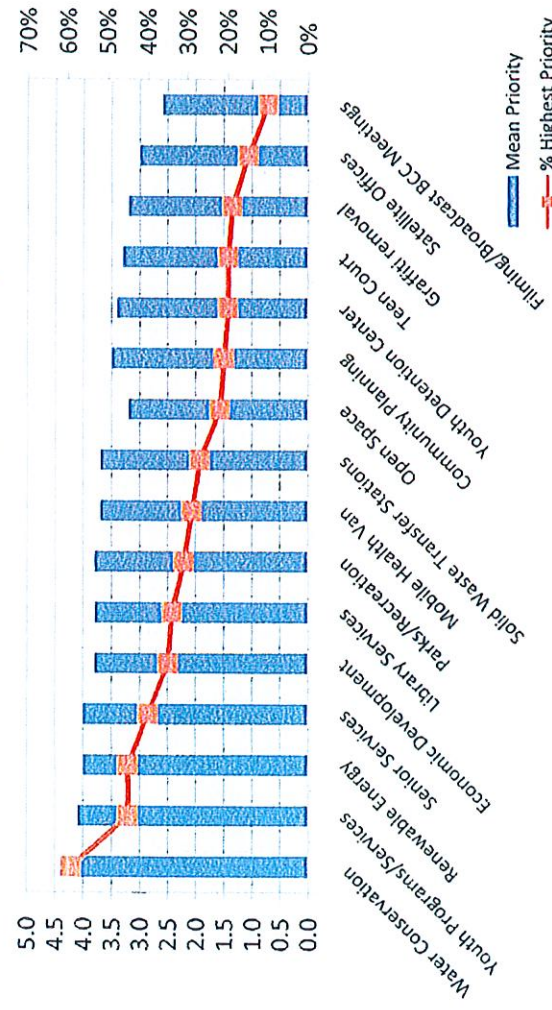
Priority	FY12	FY11
Road & Streets	\$ 3.3M	\$ 2.6M
Improve Education	XXXXX	XXXXX
Sheriff's Protection	\$10.2M	\$ 9.9M
Public Safety*	\$25.6M	\$24.1M
Fire Protection	\$12.0M	\$10.8M
Lower Taxes	\$ 0.4M	\$ 0.0M

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

Citizen Survey - Priorities

Citizen Survey - July 2010
Priorities for Budget Planning



Aided Response

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

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

Priority	FY11	FY12	Priority	FY11	FY12
Water Conservation	\$0.1M	\$0.1M	SW Transfer Stations	\$2.0M	\$1.8M
Youth Programs/Svcs.	\$0.2M	\$0.2M	Open Space	\$0.5M	\$6.6M*
Renewable Energy	\$0.6M	\$0.6M	Community Planning	\$0.5M	\$0.5M
Senior Services	\$1.2M	\$0.9M	YDP	\$2.3M	\$2.3M
Economic Dev.	\$0.6M	\$1.0M	Teen Court	\$0.2M	\$0.2M
Library Services	\$0.04M	\$0.04M	Graffiti Removal	\$0.05M	\$0.05M
Parks and Recreation	\$0.07M	\$1.5M*	Satellite Offices	\$0.05M	\$0.02M
Mobile Health Van	\$0.2M	\$0.2M	Filing/Broadcasting BCC	\$0.07M	\$0.20M

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

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FY 2012 Requests as they relate to the Citizens Survey

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Unaided Responses

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

Aided Responses

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

Fiscal Year 2012 Budget Requests

(does not include Capital Projects or Capital Package Requests)

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

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

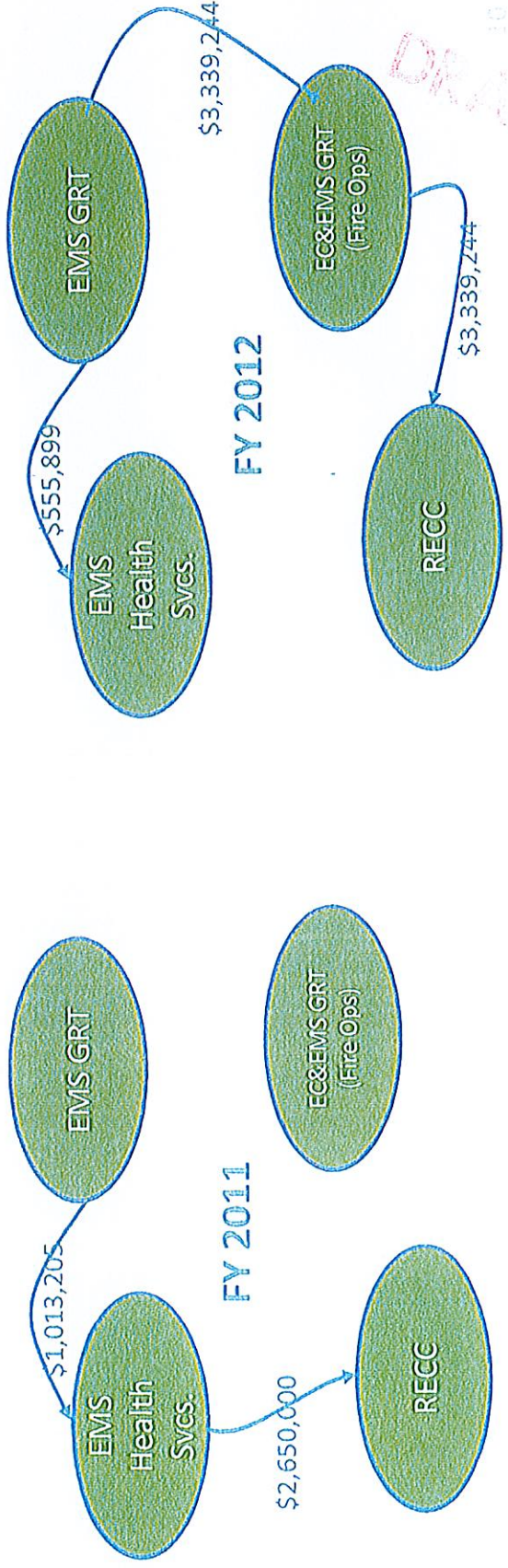
Fiscal Year 2012 Budget

Revisited RECC and Fire Funding Sources

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

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

To offset the EC & EMS GRT revenue now being transferred to the RECC, the EMS Hospital (GRT) Fund will be utilized to transfer \$3,339,244 to the Fire Operations Fund. The EMS Hospital Fund (GRT) Fund supported the ½ of the Sole Community Provider commitment in FY 2011 but will not be used for that purpose in FY 2012.



FY 2012 – Requests for New Staff

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Utilities

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

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

Sheriff's Office

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

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

Assessor's Office

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

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

Capital Package

GENERAL FUND

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

TOTAL GENERAL FUND \$967,494

OTHER FUNDS

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

TOTAL OTHER FUNDS \$2,080,158

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

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FY 2012 Use of Cash

Major Operations Funds

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

All Other Funds

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

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

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

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

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Recurring Revenues to Recurring Expenses

Santa Fe County policy states:

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

Recurring Revenue: revenue which is expected to be maintained or increase from year to year.
Recurring Expenditures: costs that support continuing services and programs.

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

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

FY 2012 Potential Savings and Possible Threats

Potential Savings

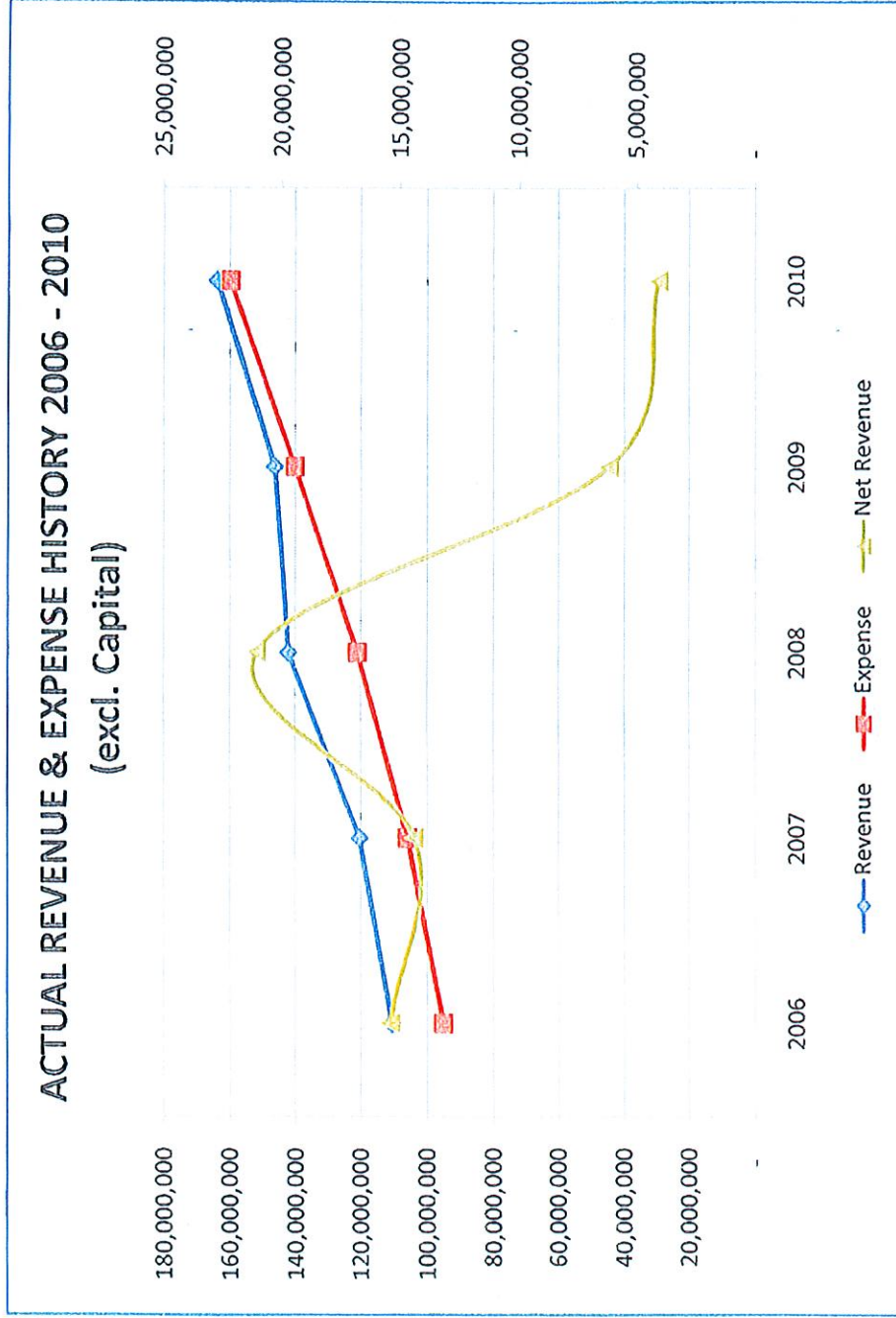
- ⑤ “Sand” 2-5% off of budgets (excluding grant funded programs but including Elected Offices).
- ⑤ Bargaining unit contracts must be renegotiated in FY 2012.
- ⑤ Hard freeze additional positions and provide no budget authority for those positions.
- ⑤ Additional reorganization of programs.

Potential Budget Threats

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

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Revenue to Expense History



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FY 2012 Replacement Schedules Summarized

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

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

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Summary of Issues

Issues to address for long-term sustainability:

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

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