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SANTA FE COUNTY

SPECIAL MEETING

BOARD OF COUNTY COMMISSIONERS

May 19, 2005

This special meeting of the Santa Fe Board of County Commissioners was called to order at approximately 2:35 p.m. by Chairman Mike Anaya, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll was called by Deputy County Clerk Shirley Hooper Garcia and indicated the presence of a quorum as follows:

Members Present:

Commissioner Mike Anaya, Chairman [early departure]
Commissioner Harry Montoya, Vice Chairman [late arrival]
Commissioner Paul Campos
Commissioner Jack Sullivan [early departure]
Commissioner Virginia Vigil

Members Absent:

[None]

III. Approval of the Agenda

ROMAN ABEYTA (Deputy County Manager): Mr. Chairman, we have no changes at this time.

CHAIRMAN ANAYA: Is there a motion?

COMMISSIONER CAMPOS: Move to approve.

CHAIRMAN ANAYA: Second?

COMMISSIONER VIGIL: Second.

CHAIRMAN ANAYA: Any discussion?

The motion to approve the agenda as published passed by unanimous [4-0] voice vote. [Commissioner Montoya was not present for this action.]

SFC RECORDED <10/19/2005>

IV. Approval to Close Executive Session held on Thursday, May 19, 2005 at 9:00 am to 12:00 pm for Discussion of Limited Personnel Issues

COMMISSIONER CAMPOS: Mr. Chairman.

CHAIRMAN ANAYA: Commissioner Campos.

COMMISSIONER CAMPOS: I move that come out of closed executive session where we only discussed limited personnel issues.

COMMISSIONER VIGIL: Second.

CHAIRMAN ANAYA: Motion and a second.

COMMISSIONER SULLIVAN: Mr. Chairman.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: We don't have going into executive session on the agenda and I thought we may want to go back into executive session after the budget meeting. So if we close executive session I don't know that we have the capability to go back into executive session.

CHAIRMAN ANAYA: So are you suggesting that we leave it open?

COMMISSIONER SULLIVAN: Till the end of the meeting if we want to go back into executive session.

STEVE ROSS (County Attorney): Mr. Chairman, I think we might have a problem with that because we advertised this, I believe as a session that would occur between nine and twelve. I'll have to get the notice. Somebody's nodding yes. We'll have to readvertise your next executive session.

CHAIRMAN ANAYA: Okay.

MR. ROSS: I didn't realize you might continue the executive session after this meeting or we would have changed the notice.

CHAIRMAN ANAYA: So you're saying we only noticed it from nine to twelve and we should close it now and if we need to go into executive session again we've got to readvertise?

MR. ROSS: Yes.

CHAIRMAN ANAYA: So when will we know that? Or are we for sure it was from nine to twelve?

MR. ROSS: Heads are nodding that that was how it was noticed.

CHAIRMAN ANAYA: So, Commissioner Sullivan, we need to close it.

COMMISSIONER SULLIVAN: So we cannot go back into executive session.

MR. ROSS: The normal procedure is that we give three days notice but you can reduce that if you choose.

CHAIRMAN ANAYA: Okay, so there's a motion and a second. Any more discussion? The motion was to come out of executive session.

**The motion to come out of executive session passed by unanimous [4-0] voice vote.
[Commissioner Montoya was not present for this action.]**

V. Review and Discussion of Fiscal Year 2006 Interim Budget

GERALD GONZALEZ (County Manager): Mr. Chairman, members of the Commission, this was originally the focus of the meeting this afternoon, is this piece and the succeeding two or three segments that we're going to be going over. You don't have the packets in front of you because we were trying to focus you on the screen up there. But the basic information, the backup information has been provided to you so if you have questions, we can come back to that and go over it.

That said, what I wanted to do is just sort of give you an idea of where we were headed for. We're going to be going over giving you a briefing on the proposed fiscal year 2006 budget. This interim budget will come before you on May 24 for your adoption. The final budget will come later on in the cycle. I think we get into that in July, we do the final. But we have to submit the interim to DFA by the end of the month is what I recall. So we're giving you a look at where we are with respect to the fiscal year 2006 budget. In the process of going through that we'll give you a glimpse of some of the 2007 items and maybe even beyond that we've been discussing at the staff level, particularly with respect to FTEs. As you know, we're trying to build a bridge into a multi-year budgeting process so we'll talk a little bit about that as we go through this process and then when we come back to do our final budget, we'll also at that point try and address a little bit more the fiscal year 2007 budget and what we might expect for that.

In addition to covering the budget this afternoon we're also going to present to you a request for direction on how to deal with the adult jail facility and we have some recommendations to present to the Commission on the part of staff and the jail team, and then we will also be looking for some direction for you regarding our long-term capital planning process and the bonding process. There's been a request from the Commissioners that we provide you with a little bit more detail and a little bit more focus in terms of the bonding process where we are, and what the steps are to move forward with that. So we have Peter Franklin here, our bond counsel this afternoon, who in conjunction with Susan will be helping to make that presentation.

Then depending on time, and it may be that we don't get to this and it's not critical this afternoon, but if there is time then we will also talk a little bit about where we are with respect to the space needs analysis, moving forward with the judicial facility, and just to give you an idea of how that is unfolding and evolving. So with that said, I'm going to go ahead and turn to the fiscal year, unless you have any questions, the fiscal year 2006 interim budget and I'll go ahead and have Susan kick off that discussion and presentation. We'd like to go through this and it's your preference whether you want to wait to the end to take questions after we do each section of our report, or if you want to just sort of jump in and ask questions as we go along. But I think from the standpoint of the flow, if you follow the presentation, some of the questions that you have may be answered and if they're not, then it might be easier to do them at the end, but it's your call.

CHAIRMAN ANAYA: Do you have a packet?

COMMISSIONER VIGIL: No.

CHAIRMAN ANAYA: Do we have another one?

MR. GONZALEZ: The question was just asked why this is interim. It's interim because we may make some adjustments after we close this portion of the budget. We send it to DFA, DFA does the reviews. Sometimes they come back with questions or want clarification, so we have to answer those questions and clear up the request for clarification they have, and then at that point we finalize the budget. Did I do that correctly, Susan?

CHAIRMAN ANAYA: Hold on one second. Do we have another copy?

COMMISSIONER CAMPOS: Nobody has a copy. They want us to focus on the screen.

SUSAN LUCERO (Finance Director): The packets that are being given to you are for the most part duplicates of what was given to you Monday. Actually, what you have in your hand initially has a lot more detail. This slide show here is what you're being handed out now and it's a lot more summarized. So what we'd like to do is first of all introduce how the process was initiated. It was a collaborative process in which all departments including elected officials brought forward their requests. Budget materials were distributed in February. We kicked off with a training session in February to initiate the entire process.

We asked for two basic approaches to the budget. One, what the baseline request was, and number two, building block requests, building blocks being expansions above and beyond the current operation, the current program. We went through two sets of hearings, one informally to assist the departments in obtaining appropriate performance measurements, also giving them an opportunity to ask questions, distinguish issues that they may have had between baseline requests and building block requests, etc.

And then after they worked their budget we met again and went into a more formal hearing, trying to understand the real needs and issues regarding their requests. From that, a manager-recommended baseline was suggested and in and during that process, the information regarding the change at the jail operation, the notice of termination from MTC was made formal, and therefore you'll see as in this flow-chart through our process and determining where we were with the budget, looking at increases regarding FTEs, increases regarding the baseline budget. We determined a certain reserve set-aside to hand on to this until the whole jail budget was settled. So that's where we are now.

And now we're at our workshop. We do need final approval by next Tuesday for the interim budget. It is due to DFA by June 1st and then we will come back with any changes and come to you at the end of the July requesting the final approval.

MR. GONZALEZ: Paul is going to run you through the numbers here. He's our financial wiz as far as doing that.

PAUL GRIFFIN (Budget Director): More or less. There are five big funds in the County. The general fund is the largest and it has the most discretionary money in it. It is principally made up of property taxes. Other than the general fund, there is the road fund, which is $\frac{3}{4}$ subsidized by the general fund. There is the Indigent Fund, which has its own $\frac{1}{8}$

cent GRT to support it. There is the EMS Healthcare Fund which has its 1/8 GRT to support it, and then of course there is the jail fund, which is a large fund, but which in the case of the adult facility is highly subsidized by the general fund.

So I'm concentrating here on the general fund, because EMS/Healthcare and Indigent are going to continue to operate the way they have operated and there's really not much to say about those two funds. And the rest of them are subsidized fairly heavily by the general fund and we'll talk about those particular amounts of money.

The general fund sources are primarily property tax. We're a property tax county here. Three-quarters of our money is coming in through property tax. Another 15 percent, 14 percent, comes from gross receipts taxes into the general fund. So that's 88 percent of the budget. The only other large amounts of money come from investment income, which we budgeted at \$800,000 this year. We're probably going to get about \$1.1 million this year in reality because rates are going up. And we have budgeted that at \$1.3 million for next year. We get recording fees from through the County Clerk. Recording fees and investment income are kind of sister receipts in that when rates go up investment income goes up and then recording fees go down because people are not refinancing their houses, and vice versa. When rates go down, people start refinancing but on the other hand our investment income goes down. Then we get some state-shared taxes, and then all the other revenue or all the fees and the charges for services and whatnot that the County has in regard to serving the population.

The property tax history is kind of interesting. We have always collected for the most part a little more than we have budgeted with the exception of fiscal year 2003. We were given - when 2003 came up for planning we were given a particular growth rate by DFA and at the very end when I was literally handing the budget document in, they used a much lower growth rate in computing the tax rate. Therefore we got less tax than we brought in. That was the day I became very conservative about the general fund, and I said I'm not going to compute it on the basis of property valuation anymore; I'm going to take a percentage growth rate over and above the actual property tax income from the prior year. And I've done that since, and we've come out all right since. In fact in 2005 we're making considerably more property tax than we budgeted so the 2006 figure is up commensurately because it is a figure over actual, rather than a figure over budget. So that's how that's computed.

General fund uses: This chart is arrayed by how fast did people grow. We took a picture at the beginning of this fiscal year, July 1, 2004, which was the beginning budget, and now we're taking a picture on July 1, 2005, which will be the beginning budget for fiscal year 2006. And so everything that happened during 2005, plus whatever was put in for for the budget that got into the baseline is equal to the growth. And I will go over the particular cases why some of these percentages are really high in the following slides. You'll notice there are some organizations that grew considerably faster than our revenue could support them. Quite a few departments grew faster than our revenues can support it.

The benefit that we received in the prior slide was from the gross receipts tax that was imposed for Corrections that lowed the amount of general fund money that we had to transfer to the jail in 2006. So it gave us a bit of a benefit and it gave us the opportunity to do some repair

work on the baseline that we haven't done for many years.

Now in terms of money, how much money people grew by, this general fund growth chart accounts for about \$2.5 million of the growth in baseline this year. We made a labor contract with the Sheriff and gave a considerable raise to deputies and other people in the Sheriff's Department through that labor contract. 2006 is the year when the bill comes due as far as the budget is concerned. So that grew by \$716,000, just for salaries and benefits. We will not see that growth in 2007, obviously, because that kind of growth is not bargained into that labor contract for that year.

The road fund: in 2005, in order to handle the jail problem, we decided that we would take cash from the road fund in order to support road fund operations. Now, you can do that, you can take cash out of the bank only so much and then you don't have a bank account anymore. In 2006, we don't have a bank account anymore. Therefore the amount of money that we have to transfer from the general fund in 2006 is \$539,000 higher than it was in 2005. We're going to face that with a couple of other funds next year which are going to have some pretty heavy implications on the budget in 2007 and 2008 and I'll show you that picture when the interim budget is approved.

The County Clerk faced the problem of new laws governing elections and a vastly complicated array of requirements for ballots. It raised the requirement for printed ballots from what we have traditionally spent in a year like that, like \$54,000 up to above \$300,000. As you remember during fiscal year 05 the preceding County Clerk came to you just before the presidential election and told you that she needed a whole lot more money for ballots. Well, this is reflected now in the 2006 number because remember, we took the picture at the beginning of the year and now we're taking it at the beginning of the year now. So we need considerable more money for ballots for the County Clerk.

CHAIRMAN ANAYA: Hold on a second. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Paul, quick question. Back on the road fund transfer. The funds - we needed that, I understand, out of general fund to pay for the adult jail facility.

MR. GRIFFIN: Yes.

COMMISSIONER SULLIVAN: Now, the funds that we use to match the sole community provider funds, which we do twice a year, once in the main request and then secondly in the supplemental request. Where do those funds come from?

MR. GRIFFIN: Those funds come from the GRT that is imposed for the EMS/Healthcare Fund and also the GRT that is imposed for the Indigent Fund.

COMMISSIONER SULLIVAN: Is that part of the general fund?

MR. GRIFFIN: No. It has nothing to do with the general fund. Yet. Not now and not in 2006.

COMMISSIONER SULLIVAN: And why do you say that?

MR. GRIFFIN: Allow me to present that situation a little bit later. I have a couple of slides. I didn't want to push too much information on you but essentially, in the EMS/Healthcare Fund and in Indigent, those funds were created some years ago because we

had a great deal of cash accumulate for health purposes. And they were accumulated for the purpose of spending down that money because the state was coming at us, threatening to take that money away from us. And year by year we have spent cash in the EMS/Healthcare Fund on the MOA as well as anything else.

The MOA is a device I see from a budgetary standpoint. We pipe money through the MOA and then we get it back out again then we spend it on services. So I look at the MOA as a pipeline and my real concerns are the array of services that we are funding through this pipeline through the MOA.

COMMISSIONER SULLIVAN: Okay, well, when you get to that point -

MR. GRIFFIN: And in 07, we will, unless - this is a worst case, because we're never going to get any more cash in the health fund. That hasn't really, truly been the case. We've run for a couple of years now on the Health Fund after we originally supposed the cash would run. We have to look at that down the line. But in the very worst case we would run out of cash in 2006 and then we would have a demand for money in 2007.

COMMISSIONER SULLIVAN: It would have to come out of the general fund.

MR. GRIFFIN: It might have to come out of the general fund. We will need to look at a lot of things, okay?

COMMISSIONER SULLIVAN: In order to support it.

MR. GRIFFIN: But it's sort of a time bomb ticking, if you will.

COMMISSIONER SULLIVAN: So that would, in 2007 would be money that would be needed in order to support the County's match of the sole community provider.

MR. GRIFFIN: Yes.

COMMISSIONER SULLIVAN: So when you get a little further down on the schedule of your presentation, when you get to that point, whenever it's appropriate, I just would like you to address the scenario of, at least with regard to the supplemental funding of our using what we would otherwise use in the supplemental funding, which I believe will probably be in the order of a million and a half dollars this year, just on the supplemental.

MR. GRIFFIN: We spent \$1.3 million in 05 on the supplemental.

COMMISSIONER SULLIVAN: Right. And this year it will probably be -

MR. GRIFFIN: You will not spend any kind of money like that next year because we don't have it.

COMMISSIONER SULLIVAN: Well, I'm concerned about that very thing and I'm also thinking that that money that we did spend on the supplement, and as I say, address this when we get further on into the jail issues or whenever you think it's appropriate, might be better spent on the healthcare at the jail, particularly if the County is going to assume responsibility for it. So I just want to throw that out and ask you to address that when it's appropriate in your presentation.

MR. GRIFFIN: I have a lot to say about it because I've been doing a lot of research on it in the last week. Again, MOA is a pipeline. You say you don't have money to spend on the MOA. Our ideal is that we pipe money into that MOA, into sole community provider, that is matched by the state with three times as much federal money, St. Vincent's gets a huge benefit from that, and then in the ideal world, that money comes back to us so we don't lose money on the MOA. So we still have the money, okay, that we put into it, but then the MOA is written to support a number of services.

What has happened over the history of the MOA is that that array of services has expanded. And that's what everybody needs to look at very carefully.

COMMISSIONER SULLIVAN: Okay.

MR. GRIFFIN: We're running a detox center where we didn't before, for instance. And that's all written into the MOA, as is half a million dollars in taking care of prisoners at the jail. So we're paying healthcare money now to fund the jail through the MOA agreement, if you will.

COMMISSIONER SULLIVAN: I just feel we need to address that, and I know there's an impact on services, but those services have grown exponentially and that we are participating in in the MOA and I think they may have gotten beyond our ability to fund and to oversee.

MR. GRIFFIN: It is something to watch.

COMMISSIONER SULLIVAN: Okay. Thank you, Mr. Chairman.

MR. GRIFFIN: I'm sorry. I really digressed.

COMMISSIONER SULLIVAN: That's no digression. A million and a half dollars is not a digression.

MR. GRIFFIN: I was sitting in front of Susan and Joseph saying, you know, we need to look at the EMS/Healthcare Fund because I have an issue here down the line. It isn't a 2006 issue but it might be going down the line. So anyway, let's go on.

The County Manager did not have a deputy at the beginning of 05 and there were various other increases that were put in his office, beside the fact that we added two constituent liaisons during the year, so there's additional money there in the County Manager and BCC budget. Legal has some additional money for a position, a couple of positions, and also we put \$120,000 in the budget for outside attorney fees for land use cases and that's new.

Again, we did not have an internal auditor and an accountant III at the beginning of 2005; those came in during 2005, but I've got to count them as growth from 2005 to 2006. So I have growth there. Our liability insurance and risk management went from \$414,000 this year up to \$535,000 next year. So we had a big jump in liability insurance. So I have little money there. So I add all those up and I come to about \$2.5 million out of about a \$3.2 million total increase in baseline, which is a huge increase in baseline. We never do that in a typical year except that we had the benefit of the Corrections GRT to defray some of the general fund passes of money to the jail fund this year. So we were able to do some of this work with baseline. Susan, I think it's your turn.

MS. LUCERO: As Paul mentioned, this is a unique year because of the magnitude of the Correctional Facility GRT, and the issue that then not as much cash from general fund was necessary to continue to operation. So it brings us to an issue that we need to look at in looking long term and that is if we look at what the typical growth of general fund is on an average basis, not considering that this is a unique year, but on an average basis general fund itself grows anywhere from \$1.5 to \$2.3 million a year. And one and a half means that property taxes might be coming in lower than usual or at a very low growth rate of perhaps three to four percent, and that GRT may be down as it was after the recession was started in fiscal year 2002.

We have not seen that now in the last two years. We've seen very healthy growth in GRT of five to six percent. We've seen very healthy growth in property tax of six to eight percent. So it brings us to a realization of where we are when it's good but we need to be considerate of things when they're not as good, not as stable, as well as the fact that we are being faced now with some rather large projects that are coming down the pike and we need to determine and think and explore how we're going to accommodate those.

So, for example, we have a couple of options here. We're looking at the 1/16 GRT that the legislature approved approximately two years ago. And we're looking at the other portion of capital outlay GRT in which the voters approved 75 percent for water, roads and open space, 25 percent for other uses as allowed by law. You can see in terms of years, if these two items were effective as of January 1 it could bring in this new year \$2.7 million to the County, and in subsequent years, \$4.4 to \$4.6 as growth would allow.

Possible uses of this type of funding would be one, especially in this year, to temporarily relieve the burden that we may anticipate from operation of the adult facility by the County. It gives us some flexibility. It allows for items we may not have considered yet. It also gives us flexibility for future revenue bond projects, items that would have to be paid for through a revenue bond such as the judicial complex, such as extensive renovation to the County administrative facilities. It also provides you with a potential source for restructuring the jail bond debt, if and when it's possible to defease that bond and look at some other type of restructuring that would give you an opportunity to get out from under the jail bond debt as it exists right now.

Now there are some considerations to look at with respect to the capital outlay GRT and I would like to defer to our bond counsel, Peter Franklin to address those issues.

PETER FRANKLIN (Bond Counsel): Chairman Anaya, Commissioners, I took a look at the County's capital outlay gross receipts tax enactment and did some research and to my surprise, this doesn't happen all that often, I found a case directly on point which indicates that if the County wished to change the dedication of the gross receipts tax - basically the law is that if the County wished to change the dedication of those revenues in that ordinance within the election question itself, it would be able to do that. It's up to the County whether it wants to take that on or not. Susan had asked me to take a look at that.

CHAIRMAN ANAYA: Commissioner Vigil.

COMMISSIONER VIGIL: Peter, I want to rephrase what you're saying. We've enacted a one-quarter percent capital outlay gross receipts tax. That's the one you reference. You referenced law and found a case on point that says that the County can actually rededicate those gross receipts tax to something beyond capital outlay? Would that include services?

MR. FRANKLIN: No, I'm not meaning to say that, Commissioner. There is in the County gross receipts tax Ordinance there's a split. There's a specific question I looked at, whether the split between County projects and so-called regional projects, City/County projects, was binding on the County and could not be changed without going back to the voters. And I found a recent case, a 2002 case called *Lameir v. Chaves County Board of County Commissioners*, which, without much explanation says the revenues can be rededicated by an ordinance amending the dedication under the original ordinance.

Now, the capital outlay gross receipts tax statute tells you, gives you the framework for what those revenues can actually be used for, but within that framework, you could change that dedication that was made in the County's ordinance.

COMMISSIONER VIGIL: And so if the County were to take this to the next step and say we do need to rededicate this to perhaps operations, administration or services, is it that far-reaching?

MR. FRANKLIN: No. Operations, services and things like that are not part of the capital outlay.

COMMISSIONER VIGIL: That's what I wasn't clear on. Thanks.

MR. FRANKLIN: Right.

CHAIRMAN ANAYA: Any other questions? Thank you. Peter.

MS. LUCERO: Roman will speak to the position requests.

MR. ABEYTA: Mr. Chairman, the next four slides are dedicated to building block requests that we put together since March of 2005, beginning with positions. In March we had a study session with the Board and then we also started receiving individual department requests for new positions, and what resulted from that was a compiled list of 43.5 position totaling a little over \$2 million. Based on that staff went back and started to prioritize the FTE requests. We went from a two-year cycle to a four-year cycle. We also broke down the requests into funding sources, which positions could we fund through general fund, which would we fund from other funds, such as our Utilities Fund and fire revenues that we receive. And what we came up with was in year one we narrowed down the list to 12.5 new FTE positions totaling a little over \$500,000 or closer to \$600,000 out of general fund, and then four FTEs at a little more than \$250,000 that we would fund out of non-general fund. In year two we have 18.5 new FTEs at a little over \$800,000, 2.5 from non-general fund at \$163,000+. In the year three, it's 6.5 FTE requests out of general fund at a little over \$300,000 and then two requests for FTEs out of other funds at \$117,000, and then leaving year four a half a position out of non-general fund.

The next slide is Board requests that we received.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Roman, so you have to add the 37.5 and the 9 together, is that correct? Which gives you 46.5.

MR. ABEYTA: Right.

COMMISSIONER SULLIVAN: So what you've come up with in that essentially three-year scenario there is more FTEs than what was requested which was 43.5. Is that correct?

MR. ABEYTA: Mr. Chairman, Commissioner Sullivan, yes.

CHAIRMAN ANAYA: Because he went two more years.

COMMISSIONER SULLIVAN: Well, he really only went one more year. The third year, there, the fourth year is just a half an FTE.

MR. ABEYTA: And those were added by staff. We started meeting since March on a weekly basis and as we got further down the line, some positions were eliminated, others were added. In some cases we got different direction from the BCC since March and so there is a change but it's not a significant change in the number of new FTEs. And in your packets that we gave you earlier in the week, on pages 7 and 8 is a breakdown of the specific position requests that we received and the list includes the requests we received from the BCC, and then what we received from the various departments.

CHAIRMAN ANAYA: How come you don't have anything under Fire?

MR. ABEYTA: As we went through the process we determined that the positions that were requested by Fire we would be able to fund from other sources rather than general fund. So they're being taken care of, but they're not taken care of through general fund. So that's why they're not on the list because what the list identifies now is requests that will be funded out of our general fund.

MS. LUCERO: Actually, Commissioner Anaya, what Roman is explaining is on the second slide, it does show the breakdown between general and non-general. And that non-general bucket is where the Fire employees.

MR. ABEYTA: On the previous slide, on page 6, you'll see the non-general fund. There's four FTEs and the 2.5, some of those are those Fire positions and Utilities positions because those can be funded from other sources.

COMMISSIONER SULLIVAN: Mr. Chairman, I see five Fire positions. In the year one I see three shift commanders. I'm looking on page 7 of the spreadsheet we got. I'm seeing two fire protection specialists and I'm seeing 10 percent fire/paramedic. That's in the current year. Stan's shaking his head. That's yes. Okay, in year two I'm seeing a fire account technician and a deputy fire chief in year two. And those are a part of that 43.5 FTEs. Now, I don't know if those are a part of your 37.5 FTEs or not. It could be part of the nine FTEs.

MR. ABEYTA: Mr. Chairman, if you go to page 8 of the packet that was handed out, that tells you what year each position would be funded, and Fire is at the bottom. So you'll see from year one, we would be funding three shift commanders, the

two fire protection specialists and the ten percent for the fire/paramedic position. And then year two we would do another fire protection specialist and one of the training specialists.

MR. ABEYTA: Now we'll talk about Board requests other than FTEs, but programs that you've identified for us that you would like for us to consider over the next two years. And Susan will cover that.

MS. LUCERO: These are the requests per Commissioner per district. We broke them up in dollars and percentages so you could see the distribution very quickly. What we notice is quite a focus on youth, education and recreation programs. At this point in time we don't have recurring dollars to dedicate towards an investment of this size. We have capital dollars of which we were looking to fund this year at a level of \$200,000 and that would roughly be \$40,000 per district.

What we'd recommend from Finance is perhaps a collaboration within the BCC regarding youth programs in which perhaps possibly half of the \$200,000 could be used towards this and then the remaining half is evenly distributed within each district for each district's own specific needs.

At the legislative level there have been attempts to put through a quality of life GRT which could be potentially used for something like a youth and education type program but it has not been successful in getting full support at the Senate and House level so that has not passed over the last two years.

At this time the only funding we do have for youth programs specifically is cigarette tax and that comes in at just around \$2,000 a year.

CHAIRMAN ANAYA: So what I'm hearing is we don't have the money.

MS. LUCERO: We don't. On a recurring basis we don't.

CHAIRMAN ANAYA: There's a lot of things in here that kind of duplicate themselves from each district. You said something but I didn't catch it about we had so much money, or \$40,000 in each district. Repeat that again.

MS. LUCERO: What we'd like to recommend is funding it at a level of \$200,000 for the year, for BCC requests, in which perhaps half of that you could collaborate as a group to go towards youth programs, and the other half would be evenly distributed between each district for your own specific needs.

MR. GRIFFIN: Out of the so-called capital package fund, the Board was given \$15,000 per Commissioner in fiscal year 05 to use on what we call discretionary projects. We looked upon these building blocks as discretionary projects because we don't have recurring money to fund them. We can fund them for this year and then that's it. Looking at the array of these requests we said we better give them a little more out of the capital package, so we upped that from \$15,000 to \$40,000 per Commissioner. That's as far as we felt we could go because we have a fairly large capital package request from the various departments in the County.

CHAIRMAN ANAYA: Okay, so what I'm hearing is we went from \$15,000 to \$40,000. And that's - you've put that in the budget? Okay. Any other questions?

COMMISSIONER VIGIL: Non-recurring.

CHAIRMAN ANAYA: So in other words, this coming year, if we approve this, we'd get \$40,000 each. But next year we have to start all over again.

MR. GRIFFIN: It's a zero-based budget.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Just one question. In terms of possible fees, you've been mentioning the imposition of more gross receipts tax, which makes me nervous. I think the County and the City have stretched the taxpaying public quite as far as we can at this point. They've responded well but I don't want to go to the well too many times. In terms of other revenue sources that we've looked at, have we looked at impact fees?

MS. LUCERO: Mr. Chairman, Commissioner Sullivan, if you're talking impact fees as they relate to, for example, fire, those are dedicated to new development. There's a very specific statute that treats that.

COMMISSIONER SULLIVAN: I know that's already existing. I'm talking about new impact fees. New developments to pay for the costs of roads and utilities and other items that are directly impacted as a result of those developments being built.

MS. LUCERO: No, sir. We have not. That's not included. I do realize that was I believe a suggestion from the Community College District feasibility study or fiscal impact study, but we have not.

COMMISSIONER SULLIVAN: We already have the statutory, Mr. Ross authority, to impose impact fees. It's not something we would have to go to the electorate to get authority for.

MR. ROSS: Mr. Chairman, Commissioner Sullivan, I'll have to look at that again. It's been a long time since I looked at that. I don't want to throw out an answer I might have to eat later. So let me look at that. I wrote it down on my pad. I'll get you an answer personally.

COMMISSIONER SULLIVAN: As a possible revenue source, particularly I'm looking at the road situations and the road maintenance costs. We've been borrowing from Peter to pay Paul and we've been borrowing out of the road department. We now need to pay them back but they're still going to be in the red as I see it. So this I think an area that the Commission needs to take a hard look at.

MR. ROSS: We'll do that.

COMMISSIONER SULLIVAN: You can give us some advice on that a little later. Thanks, Mr. Chairman.

CHAIRMAN ANAYA: Thank you, Commissioner. Commissioner Vigil.

COMMISSIONER VIGIL: This, Susan, may be something that requires further discussion but let me just throw three things out. I notice in our charge that we are receiving an increase in property tax. I don't know if Benito is here but I'm wondering how much the disclosure statute has affected that. I would imagine that it has. And how much our ortho-digital photography has affected things. I would imagine that it has. So

that one of the things that I would deduce is that we're actually collecting more accurate figures and collecting more comprehensively than we have in the past and I hope that that continues. Would that be your assessment, based on the chart of the increase?

MS. LUCERO: Mr. Chairman, Commissioner Vigil, I think that would truly be more accurately addressed directly by Benito and by the Assessor's office. They do track where that production, if you will comes from.

COMMISSIONER VIGIL: Okay. And I think one of the ways, while we're on the subject of revenues, Mr. Chairman and members of the Commission, and one of the concerns that I have had is the accurate assessment of GRT. What kind of relationship do we have with DFA with regard to that, particularly for projects that I think are on the horizon, projects that may come to the County through the film industry, things of that nature. Do those GRTs get accurately distributed between the City and the County? Do you have any sense of that?

MS. LUCERO: Mr. Chairman, Commissioner Vigil, if you're talking about how GRTs are available in the incorporated and unincorporated areas, yes. We know exactly per increment, if you will how much comes through the unincorporated versus incorporated side.

COMMISSIONER VIGIL: And does that include the film industry? When movies are filmed?

MS. LUCERO: What we do get is a report from Tax & Rev indicating what industries are producing at what level and our history has always been from the construction industry is where the magnitude of the GRT comes from.

COMMISSIONER VIGIL: Another revenue source I've had a concern with is with regard to our investments and I know our Investment Committee and probably the County Treasurer, I see the deputy County Treasurer here has initiated an effort to start looking more at investments. And I know that as we look at revenues, as we broaden our base with that.

As to our debt service, is there a possibility we can probably save some money through our debt service or refinancing it or other -

MS. LUCERO: I think what might be an accurate assessment of debt is that the majority of the County's debt is general obligation bond debt, particularly once these new issues are sold. And that, if there is any savings, it's all passed directly onto the property taxpayer through a lower tax rate. For example, if we look at a refunding of an existing bond, they will benefit from less interest paid over time and it will reduce their overall ate.

In terms of revenue bonds, there's no sense of savings there since it all comes and has to be pledged with gross receipts tax or some other revenue stream that you can dedicate towards a specific revenue bond.

COMMISSIONER VIGIL: Thank you, Susan.

CHAIRMAN ANAYA: Commissioner Campos.

COMMISSIONER CAMPOS: Mr. Chairman, Ms. Lucero, on this Board

request, last year we were looking at \$15,000 per district. Is that correct?

MS. LUCERO: Yes.

COMMISSIONER CAMPOS: And this year we're looking at \$40,000.

MS. LUCERO: Yes.

COMMISSIONER CAMPOS: I didn't make any specific requests. I assume District 4 will have \$40,000. Is that correct?

MS. LUCERO: Yes, sir.

COMMISSIONER CAMPOS: We're not waiving anything?

MS. LUCERO: No, sir, you are not.

COMMISSIONER CAMPOS: Because I do tend to spend my money with County departments on basic governmental functions. So I'm cool.

MS. LUCERO: And that's why we were very careful to make sure your name was there, even though - we're putting a little place-marker for you there.

CHAIRMAN ANAYA: We can go ahead and put his \$40,000 under mine.

MS. LUCERO: This next slide is a very summarized version of the requests. We're faced with teasing out the most critical of the \$4.1 million requests that will be need to be pared down to what's available, which will be approximately \$1.5 million. As we verify the actual cash balance available, we'll determine exactly what projects can and will be funded with our recommendation that we bring to you Tuesday. What we do look at is replacement on needs. For example, request for vehicles - a department has been appropriated vehicles consistently in the past and another department has not, we will opt for the department who has not and who has a need for a vehicle and that will be our recommendation to you. But you can see the various levels here of what is being asked for this year.

CHAIRMAN ANAYA: So give me an example of Public Works. What's that money for?

MS. LUCERO: That is primarily heavy equipment, large road and off-road type equipment. Solid waste, in terms of possibly roll-off containers and things that they need there.

CHAIRMAN ANAYA: Land Use?

JOSEPH GUTIERREZ (Deputy Finance Director): Mr. Chairman, all that information is included in your packet. I don't know exactly what page it is but it's in there. It details all the departments and each of the capital requests.

MS. LUCERO: Page 10 is what Roman just indicated to us is where that detail should be located per department. We'll move on to the Corrections part of the program, and Joseph and Greg Parrish and Bob Ortiz will take this section.

CHAIRMAN ANAYA: Was there any other questions or comments on the budget? You're going to take it before the Commission on Tuesday?

MS. LUCERO: We'll bring it Tuesday, yes.

CHAIRMAN ANAYA: For a final approval?

MS. LUCERO: For interim approval.

CHAIRMAN ANAYA: Interim? Okay. And then when is final?

MS. LUCERO: At the end of July.

CHAIRMAN ANAYA: Okay. Because I won't be here at the next meeting.

COMMISSIONER CAMPOS: Mr. Chairman, your \$40,000 is going to disappear.

CHAIRMAN ANAYA: I bet.

MR. GRIFFIN: The interim budget is a device, if you will, instilled by the DFA to make sure that we're doing budgets. That's the way I look at it anyway, because it's due before really the beginning of the new fiscal year. We have the opportunity before the end of July to make formal changes to the initial budget. We really ought to make those changes by the end of June. And then after June you're not dead in the water in that you can appropriate through resolution anything you want in the budget. So we're not holding you still on Tuesday if you will.

CHAIRMAN ANAYA: Okay. Commissioner Campos.

COMMISSIONER CAMPOS: Mr. Chairman, just a question. It seems that we're shifting from budget to jail. Are we going to be allowed to ask questions about budget at this time or at the end of the jail presentation? Is there a plan?

CHAIRMAN ANAYA: What was the question?

COMMISSIONER CAMPOS: When do we take questions on the budget?

This is broken down into two. I'm going to assume now we're -

CHAIRMAN ANAYA: We can take some questions.

COMMISSIONER CAMPOS: We finished the budget. Can we ask questions about the budget now or do we wait for the very end?

CHAIRMAN ANAYA: I would entertain any questions right now.

COMMISSIONER CAMPOS: On the budget, I have a question about revenue opportunities. Second part, other portion of capital outlay GRT. We talked about rededication, specifically about the 50-50, the regional and other, outside the region. What ideas are being floated by the County on changing that dedication? Number 2, other portion of capital outlay GRT, there was talk about rededication by ordinance.

MS. LUCERO: Right.

COMMISSIONER CAMPOS: And I heard that it had to do with a 50-50 split between 50 percent regional and 50 percent other county.

MS. LUCERO: Right.

COMMISSIONER CAMPOS: What is your thinking? Because we have a 75-15-10, throughout the county, half of it goes to the metro area and half of it goes beyond that.

MS. LUCERO: Let me explain. The voters approved 75 percent towards what they voted on, 75 percent towards water, open space, roads. Twenty-five percent for other uses is allowed by law.

COMMISSIONER CAMPOS: Wasn't it 75 percent water, 15 percent open and 10 percent other?

MS. LUCERO: If you read the question as it was posed, it was 75 percent

towards water, roads, open space, and 25 percent towards other uses as allowed by law. Then the ordinance that we as a County drafted further restricted the use in terms of the regional versus County portion. And that is where the discussion comes in of a possible explanation of redirecting that further restriction within the County's ordinance.

COMMISSIONER CAMPOS: Okay, the ordinance, was that 75-15-10 water? The questions that were passed were different than the actual ordinance. That's what you're talking about.

MS. LUCERO: Right. That's what we're talking about.

COMMISSIONER CAMPOS: As far as that dedication. Do you have ideas as to how you want to rededicate some of this?

MS. LUCERO: Yes. We have some issues. Primarily I think the way, the picture I want to draw is this is very powerful in terms of the dollar volume, and it gives the Board flexibility if you consider a potential redirection. It does not impact or hurt the regional portion in terms of what we have already looked at for the Buckman Diversion Project; it does not affect that. And what it does is it takes, instead of \$4 million directly going to regional and \$4 million going to County it kind of shares a million on each side, and it goes to other uses as allowed by law. It does completely go in line with what was approved by the voters, based on the question. So we're just anticipating or suggesting that perhaps that's something we may want to revisit.

COMMISSIONER CAMPOS: Okay. In the near term?

MS. LUCERO: Yes.

COMMISSIONER CAMPOS: And this will be funding that perhaps could be available for 06 budget?

MS. LUCERO: Depending on, yes, Board action and the steps that need to be accommodated before that.

COMMISSIONER CAMPOS: Okay. Another question on these interim fund growth in the County Manager's office, is it more than just the liaison positions?

MS. LUCERO: Are you talking about the budget growth?

COMMISSIONER CAMPOS: The general fund growth. This page here.

MS. LUCERO: The growth this coming year, the increase in the change, the total is \$294,000, which is a combination, basically, of three new positions, plus related benefits.

COMMISSIONER CAMPOS: Three new positions in 06?

MS. LUCERO: The growth from 05 through the Deputy County Manager, and then the two positions that were approved at midterm for the constituent services, liaisons.

COMMISSIONER CAMPOS: Okay. Those are the three positions that you're talking about.

MS. LUCERO: Right.

COMMISSIONER CAMPOS: And you anticipate that it's going to be a change of \$163,000?

MS. LUCERO: The total together is the \$131,000 plus the \$163,000 -

\$294,000.

MR. GRIFFIN: That also includes some increases in regard to elected officials' changes and the fact that now we're on parity as a Class A county.

COMMISSIONER CAMPOS: All Commissioners are going to be paid the same so that is going to increase the budget a little bit.

MR. GRIFFIN: Yes, there are some increases in that regard. I didn't want to list every little thing but I probably said S & B increases, salary and benefit increases there, as well as listing positions. So I have some cases of that. I have that case with the Clerk as well because she is being paid a higher rate, based on the fact that we're a Class A county.

COMMISSIONER CAMPOS: Okay. Thank you.

CHAIRMAN ANAYA: Any other questions? Commissioner Vigil? No. Okay. Thank you, staff for the wonderful presentation. There was a lot of work put into that. We'll see what we can do to do the FTEs and Roman, keep an eye on the Commissioners when I'm not here. Don't let them take my money. All right. Let's hear from the Corrections. Greg.

COMMISSIONER SULLIVAN: Mr. Chairman, that's the tyranny of the majority, that's what that is.

VI. Review, Discussion and Direction Concerning the Corrections Fund Including the Adult Facility

MR. GUTIERREZ: Mr. Chairman, members of the Commission, we're going to start the Corrections portion of the presentation. The Corrections actually is a key piece of the budget so you need to keep that into consideration. As we go through the Corrections Department we're going to cover the fiscal impact and we're also going to cover the programmatic impact. The areas that we'll cover under the Corrections Department are going to be the Youth Development Facility, electronic monitoring, the new program called the ARC, Adolescent Residential Center, and we're going to give you an update on the status of the adult facility.

The first slide here shows the financial picture of the Youth Development Facility and it's a positive outlook for the youth facility. As you can see in FY05 what we anticipate in revenues is almost \$4.1 million, expenses at \$3.7 million. We're looking at a positive net balance of cash of about \$375,000. In addition, when we started in FY05 we weren't sure how the youth was going to pan out so we actually transferred some general fund cash in to support the budget, almost \$350,000. So at the end of FY05 the youth facility will carry over a cash balance. What we're projecting for FY06, because of a rate increase of 36 percent, the revenues are going to jump up to over \$4.5 million. The expenses won't increase at the same level but we're looking at expenses of about \$4 million, giving still a positive cash flow of a little over half a million dollars. So you can see that the youth facility has a healthy financial picture and this is key because the next slide is going to show what the youth facility is asking

for in FY06 in terms of expansion.

Now, this wasn't in the previous budget because this was non-general fund and the original request was non-general fund. So that wasn't included in the FTE positions that were previously presented in the budget presentation.

CHAIRMAN ANAYA: This wasn't in the general fund.

MR. GUTIERREZ: This wasn't in the general fund. Because the youth facility has sufficient cash to support this building block request. And the building block request is detailed in terms of what Greg Parrish's needs are as that program grows. The five life skill workers, an additional therapist, one custodian. Staff turnover is key and these individuals that we call life skill workers are basically the main support for the operation of the youth facility. So there's a proposal in there to increase their salaries by 10 percent on July 1st. The impact of that to that fund would be about \$115,000. As we do that we would also have to increase the salary of the mid-level managers, which there aren't very many and that cost would be about \$15,000.

Both of those numbers include the salaries and benefits. So the total request for a building block for the youth facility is \$368,000, but on the previous slide, it shows that there is sufficient cash, and in FY05 and even in FY06 that financial picture is very positive. So there is sufficient dollars to support this request.

CHAIRMAN ANAYA: What is a middle manager?

MR. GUTIERREZ: I'll let Greg address that.

GREG PARRISH (Corrections Director): The middle managers are the supervisors of the life skill workers. There's about seven of those that actually supervise the life skill workers. Currently a live skill worker is paid \$9.43. We adopted the salary structure from Cornell and this is the first adjustment. When we look at it we determine that the life skill workers with their responsibilities of having oversight of these at-risk youth needed an increase to be competitive. Currently, the adult facility pays almost over \$11 for their officers, and the state penitentiary pays \$13. We're competing with that group. So that's where we justified the ten percent increase.

The middle managers are the supervisors of the life skill. They work 24/7 and they're on duty in different shifts. But each shift will have a supervisor.

CHAIRMAN ANAYA: Okay. Thank you.

MR. GUTIERREZ: The next slide is going to cover electronic monitoring. And this is just an update. You had previously seen this slide and we tweaked it a little bit. In terms of FY05, electronic monitoring, this is all general fund. We're looking at expenses of about \$550,000. It's all supported by general fund. It brings in a little bit of revenue. This year we're projecting about \$75,000. The mandate is what we're charged, how we figure the cost of operating electronic monitoring. And you can see that the average cost to the County is \$8.58, this year is what we're projecting. When we had a contract, it was \$14.99, almost \$15, basically \$15. So the County, had you not made that decision to bring the program internally, it saved the County about \$350,000 this fiscal year. In FY06 it's the same scenario.

Again, there's a little bit different financing structure for electronic monitoring in FY06

as projected. The volume is going up, so we're expecting about \$600,000 of expenditures, but we're only going to transfer \$400,000 of general fund. A portion of electronic monitoring population are juveniles, so we're going to use the cash that I previously represented in terms of the cash balance there, and move that to electronic monitoring to fund that, and then revenues will go up. So you can actually see that the general fund transfer is going to be less in FY06. The average daily cost is going up a little bit but this varies on a day-to-day basis. But overall, the savings to the general fund are going to be \$385,000 or more. As the volume goes up, the savings to the general fund go up, had the County continued with a private contractor.

CHAIRMAN ANAYA: We're doing good.

MR. GUTIERREZ: We're doing good. The next program is Adolescent Residential Center, this is just to give you a financial update on that. We refer to it as the ARC. This is a program that's actually going to go on line. June 1st is when Greg is going to receive the juveniles that are going to be in this program. The County staff has just completed the construction of that which went very smoothly and it came out very nice. The cost of doing that, how we funded that, we took \$580,000 of Correctional GRT, which we're expecting a little over a million this fiscal year. We had state severance tax bond funds to do that also, \$362,000. So the capital budget was \$950,000. We pretty much have expended that as of last week.

When we open the doors no June 1st, the annual projected budget or revenues that we'll receive by doing this is a little over \$1.2 million. We're looking at expenses at a little over \$1.1 million, so we're trying to keep a positive cash flow here. We don't want this program to be dependent on general fund. It was dependent on general fund to start it up as other programs are, especially in the capital area, but as we go into operations, we don't expect this to be general fund dependent.

The next area - I let Greg, and it's going to be talking about the adult facility.

CHAIRMAN ANAYA: Thank you, Joseph.

MR. PARRISH: I'll just give a little background and history on the adult facility. As most of you are aware, in October 2001 the current contractor, MTC took over the operation of the adult facility from Cornell Corporations. We had a three-year agreement with MTC to operate the facility and they subcontracted with a medical provider known as PNA. In October of last year 2004 we extended that contract for two years with a possibility of a one-year extension. They also subcontracted with a new medical provider of CCS.

Where we are today or what's taken place since then is that on April 13th MTC provided notice to the County of their intent to terminate our current agreement. Our operation agreement was to be effective, the termination will be effective of October 11, 2005. They indicated that after their medical provider provided them with notice to terminate medical services they felt that they could no longer provide services to the jail.

CHAIRMAN ANAYA: So the medical services told MTC we can't do it anymore and MTC told us they can't do it anymore.

MR. PARRISH: Mr. Chairman, that's correct. MTC, when they received notice from their medical provider they felt they had to terminate. They felt they had to

terminate. They've also indicated to us that they lost over a million dollars per year during the operation of the facility.

The next issue we want to do is just kind of talk to you about what we've identified as some of the concerns or issues with the jail and Grace will discuss the medical part.

CHAIRMAN ANAYA: Thank you, Greg. Grace.

GRACE PHILLIPS (Assistant County Attorney): Thank you, Mr. Chairman and members of the Commission. The medical services are the single most challenging aspect of the jail operation and even though we're here today to talk about what's going to happen this October because the current medical provider gave notice of their intent to terminate their contract, there are reasons why we feel that contractor-provided medical services have not been satisfactory.

A little over two years ago the Department of Justice issued a findings letter that was critical of a number of aspects of the jail's operation, and in particular the inmate medical care. Since then we've had I think a good relationship with the Department of Justice. We've had the benefit of ongoing technical assistance and feedback regarding the medical services being provided at the jail, as well as the security side. In our view, even though there's been some progress that's been made on the medical side, the improvements have not been what we would have expected and what we think they should have been on the medical side.

We are receiving fewer complaints from community members and inmates about medical care and that's based on really the Sheriff who seems to be somebody who tends to get complaints or who's gotten them in the past. So compared to two years ago, it feels like there are fewer complaints. However, we still get some and when County staff looks into it, sometimes, in our view, the complaints are warranted and that gives us some concern. The community and the judiciary in particular have expressed lack of confidence in the medical services that are provided at the jail and we don't feel that the current contractor has done what needs to be done in order to restore a sense of confidence and trust in the medical services that are being provided.

CHAIRMAN ANAYA: Could you repeat that? What did you say about the medical services?

MS. PHILLIPS: What I said just now is that there's a sense in the community and in particular the judges in the community who are sentencing folks to the jail don't have confidence in the medical services that are being provided. And we don't feel that the contractor has done what needed to be done in order to instill that sort of confidence.

CHAIRMAN ANAYA: Okay. Thank you.

MS. PHILLIPS: About a year ago when the jail team was looking at medical services in the adult facility we had a vision about what should happen there and we negotiated a contract that provided for additional staff that required quality assurance and that added some penalty provisions to the contract if it wasn't complied with. We don't believe that the medical contractor has satisfied all of the contractual requirements. In particular, staffing has been a problem and has not been maintained at the required levels, the quality assurance program has been described as "embryonic" and we've taken steps to assess - it wasn't my word but I

thought it was a good one. And we've taken steps to assess penalties.

The point for us is not that we'll collect penalties from the contractor, the point is that we need to have the services provided that we negotiated and contracted for. And we feel that this contractor, and I think the prior one as well, has had a difficult time retaining medical staff and that turnover in staff and staffing shortages has interfered with their operation of the medical unit.

While we have a contractor and subcontractor in the facility we are required to do oversight, and the oversight for medical services is costly for the County. It's also time-consuming and the fact that we've had a contractor/subcontractor has made that even more difficult and sometimes we have felt that the medical provider hasn't been sufficiently responsive to requests made by the contract monitor and the County staff on site.

We also feel that that kind of oversight requires some medical expertise that could be more effectively spent doing quality assurance if this were a County operation. We don't think our concerns are unique to this contractor. CCS, who is the current contractor there is the third provider that we've had in that facility and we feel that some of these concerns could have been raised about the prior contractors as well.

CHAIRMAN ANAYA: Thank you, Grace. I'd just like to recognize some people in the audience that are here. Warden Dixon is here. Warden, thank you for being here. And Deputy Warden David Osuna. We've gone our Sheriff, Greg Solano who is here. Undersheriff Robert Garcia is here, and our major, Ron Madrid. So thank you all for being here. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Mr. Chairman, a quick question about the initiative. We have to house prisoners, we are required at our own expense, and last year we approved an FTE for a person to look into these lengthy incarcerations that were as a result of them not even being brought for arraignment. What's been the progress of that? How much money have we saved?

MR. PARRISH: Mr. Chairman, Commissioner Sullivan, that employee came on board in January. I don't have any figures to say exactly what we saved but she's already developed liaison with the district attorney's office and the courts to address some of these issues. I don't think we've felt the immediate result yet. The first month or two of her employment was involved in preparing the DOJ compliance document that we had to send out March 1st and she worked closely with the compliance person to do that. But she has done some liaison. She's identified a lot of issues in the booking area which we are addressing with the current contractor to kind of move that system through.

COMMISSIONER SULLIVAN: I'd like to get some kind of performance results on that. We were sold that position on the basis that it would save money as a result of getting inmates out of there who haven't even had an opportunity to have their day in court. So it's been almost half a year here. Well, not quite. We're rolling towards the end of May here, so five months. It seems that we should be able to have some kind of indication of whether that's been successful or not other than doing liaison.

MR. GONZALEZ: Mr. Chairman, Commissioner Sullivan, one thing that we

do know is that we've been able to maintain, and in fact maybe reduce the total man-days that we're experiencing at the jail.

COMMISSIONER SULLIVAN: Do we have some numbers on that?

MR. GONZALEZ: We do have numbers. I don't have them right in front of me but we can get those to you. But that's one thing that we can do and we can probably quantify that if we need to and get you the actual numbers based on that. But we have been able to hold down demand numbers. Originally, they were projected to go up to above 400 and we've been able to stay basically below that during this period of time.

COMMISSIONER SULLIVAN: I'm talking about our responsibilities, not the contract prisoners.

MR. GONZALEZ: Right. But that we feel reflects the impact of having that person on board, making sure that we don't have people staying longer than they should. So it does depress the total number of mad-days we've been experiencing.

COMMISSIONER SULLIVAN: I'd like to see something a little more concrete than doing liaison. I think we've got all kinds of people running around doing liaison. I think we need some results. More than a year ago we met with Judge Hall, Gerald and several of us, and we had questions about electronic monitoring and we also had questions of him - and I respect their concerns about the jail. I think obviously, they know what they're talking about. We also had concerns about these 364-day incarcerations. Where do we stand on that? Have the judges met us half-way on those issues?

MR. PARRISH: Mr. Chairman, Commissioner Sullivan, I wasn't a party to that meeting but that is a constant problem. Judges feel obligated or feel that it's in the best interest of some inmates to be housed in this county and they often sentence someone to eight years, suspend seven and they'll spend 365 in the County jail. That's a trend that continues.

COMMISSIONER SULLIVAN: Because Judge Hall did make a commitment to us that that issue would be investigated and I certainly hold him to his commitment that we need to partner in this making the jail feasible. And just dumping on the jail contractor, it's a fashionable thing to do right now, but the financial costs of running the jail is still there, whether the County runs it or whether a contractor runs it. So I think we need to call in our chits here on those who said that they would help us with that issue.

MR. PARRISH: Mr. Chairman, Commissioner Sullivan, that's one of the things the court liaison is working on, those issues that you just mentioned. The sentencing, the ten-day rule, other issues that come up where individuals are spending more time. People spending time in jail for 30 to 60 days while they wait trial on a sentence that can only last ten or fifteen days if they're found guilty. Those are issues she is tracking. I don't have the exact documentation but I'm aware of numerous instances where the court liaison person has contacted the magistrate court and made arrangements for people to facilitate their expeditious removal from the jail because they've been there longer.

COMMISSIONER SULLIVAN: And maybe, Gerald, the way to handle the second issue I brought up about the 364-day incarceration is perhaps a letter from you to Judge Hall, reminding him perhaps gently of that meeting that we had over a year ago and asking if

he's got any information on what progress has been made on that.

MR. GONZALEZ: I'll be glad to do that if that's the will of the Commission, Mr. Chairman, Commissioner Sullivan. I do know that we do have their director here, Steve Pacheco, out in the audience, so I'm assuming he's also taking all of this in. But if that's what the Commission desires I'd be glad to do it.

COMMISSIONER SULLIVAN: We're working hard to get a new district court facility here and we've been promised and I'm just making sure that we get the partnering and the reciprocity that was agreed to. I'm not suggesting that we should tell the judges how to sentence the prisoners but I am suggesting that maybe that practice, which is continuing on as a standard practice needs to be re-evaluated.

MR. GONZALEZ: It would be good to see some movement and to the extent that we can promote that by sending a letter out I'll be glad to do that.

COMMISSIONER SULLIVAN: Thank you. Thank you, Mr. Chairman.

CHAIRMAN ANAYA: Thank you, Steve Pacheco for being here. We appreciate that. I guess what I'm hearing, Commissioner Sullivan, is we'll work with them but they need to work with us.

COMMISSIONER SULLIVAN: You have a way of just boiling things right down, Mr. Chairman. What can I say? Diplomacy is just your style.

CHAIRMAN ANAYA: Okay, Greg.

MR. PARRISH: Mr. Chairman, Bob Ortiz, the onsite monitor at the jail will also provide some information regarding security.

CHAIRMAN ANAYA: Good afternoon, Bob.

BOB ORTIZ (Jail Monitor): Good afternoon, Mr. Chairman, Commissioners. I've been the contract monitor for the County since April of last year, so I've been there approximately a little over a year. I'd like to take this opportunity to share some of my observations in the time that I've been there, and I'd like to begin by talking about the booking/intake process and I probably include supervision accountability with that as well.

As you know, the booking process is really the nexus of jail operations. It triggers all kinds of processes in the jail, not the least of which is finance classification and jail healthcare. And it's also the segue for anyone who's been arrested into the jail population, so it's a crucial component of the entire operation. In the last year or so I think we've experienced a number of incidents there which I can best describe as either communications failures or inadequate supervision, primarily at the mid-level. And the reason for that - well, not the reason, but the efficiency and effectiveness of the operation, not only in booking, based on my observation, seems to be driven by who's on watch at any given time, which tells me that there's not consistent supervision of the employees at the facility.

I think we have before us, having said that, an opportunity to develop an organizational architecture in terms of management of the facility to ensure, establish accountability and ensure responsibility by letting everybody what's expected of their jobs.

On the maintenance of monitoring equipment, I'd like to make a comment just about maintenance in general. Yesterday, myself and members of PFMD, County staff, had the

opportunity to conduct an inspection of the entire facility and we walked through every living unit within the facility. Every living area in the facility had issues with either showers, water, toilets, etc. and again, these have been recurring problems there as long as I've been there. Now, arguably we deal with a population that's not too interested in caring for some of this equipment, but it really speaks to a schedule of maintenance that I believe we can do a better job of. We have an investment in that facility and I think the approach to maintenance I think is going to change somewhat if the County takes over that operation.

On billing, one of the first tasks I had at the facility was to audit billing to Santa Fe County. The first monthly audit that I conducted we found that the County was overbilled in excess of \$30,000, which was totally unacceptable. Subsequent to that we conducted a full audit of the facility and that was the final tally. Well, it exceeded \$30,000. Over the last several months, we've seen some improvements in billing, but the margin of error in my opinion is still something that's not acceptable. That's an issue that has to do with training, with the computerized system and again, we talked about booking and how it triggers finance and many of the problems that we find in the billing system can be attributed to the initial intake of the inmate.

I'll pass over marketing because I think Mr. Parrish is going to speak a little bit about revenue opportunities, but in terms of policy compliance, as you know, MTC was successful in getting the facility accredited through ACA, which is the American Correctional Association, and with that it requires implementation of minimum operating standards for the facility. And as a result of that we have probably some of the best policies that I've seen in terms of the organization. So that's the good news. The bad news is that we have probably some of the best policies that I've seen.

What I mean by that is that even though the policies appear to be good, we see a lot of deficiencies in actual practice of what they say they're supposed to be doing. Again, I attribute a lot of this to deficiencies in management, particularly in the mid-management level.

Security staffing continues to be a problem that plagues the facility, and there's probably a number of reasons that we can attribute for that. Some of it has to do with people that get hired and after a period of time determine that this is just not for them. I think we all know that this type of work is very demanding and takes a special kind of person to be a correctional officer. There's also issues with management as a cause for why many people are leaving the facility and the turnover rate is high.

Public relations, we've always had a problem there in terms of customer service, in terms of how the facility deals with the public, whether they call into the facility and can't get through, inquiries made about inmates, it's something that I just can't help but believe that we can do a better job about. Arguably, some of that's attributed to the phone system that's in place there, but again, this has been a lingering, ongoing problem there that I think we can make some improvements on.

CHAIRMAN ANAYA: Thank you, Bob. Any questions of Bob? Okay. Thank you, Mr. Ortiz. Greg.

MR. PARRISH: Mr. Chairman, there was conducted a staff analysis of the

findings by Bob and by Grace and the jail team which meets regularly was discussing this and some of the issues that they determined and identified as being some of the contractor's performance has basically been not up to the expectations of the County. There have been numerous contractual lapses in the staffing, medical, and maintenance of the facility. Medical services have been deficient, as well as the staffing in the medical area. We have submitted letters to their corporate office regarding the lack of mental health staff and services there.

These are continuing things that we identified as a group that have not been addressed. Bob mentioned a recent inspection by the Property Facilities and Management Division where they noted deficiencies in the ventilation, showers, toilets and kitchen areas of the jail. And also the cleanliness of certain areas. The contractor's inability to address these issues has reached a level of unacceptable for the County as well as the services that they provide in the healthcare area. We also feel that the contractor has not done enough to change the perception of the facility in the public. Bob mentioned the public relations things, simple things as answering the phone haven't been addressed.

Regarding the contractor/County interface difficulty, private contractors tend to put on the best front for marketing and for other reasons and their business reputation depends on that. That often has led to conflicts between the monitors that are on site to keep an eye on their services and their ability to get additional business by private contractors is dictated by their reputation. So on occasions, they have not always been as forthright as we would have appreciated. Mainly, it's a business, it's profit-driven, and their main concern is the bottom line. And sometimes their operations reflect that. And that's something that we've experienced not only with this contractor but I think historically if we looked at our past contractor that's some of the issues that we've dealt with.

The penalty provisions of our agreement also lend themselves to creating tension between the monitoring staff. So on occasions we've not always been able to get a lot of the information we feel necessary and we've had issues with the contractors in the past, not the current warden, but in the past the wardens had actually told their staff not to talk to County staff regarding issues at the facility.

Revenue opportunities, with our current agreement, all the revenues are turned over to the current contractor. Should the County assume operation, any additional revenue other than the County's would actually go to the County general fund. We also have potential operating efficiencies. County operation would allow for some consolidation of services. We have different departments that could help the facility much like they do at the juvenile facility. Legal, finance, PFMD, they all provide services to the facility and help us address some of the issues.

Our observation at the facility has been that everyone wants to do a good job and try to do the best they can but some of the staff members don't understand their job responsibilities. The policies and procedures are good, as Bob pointed out, but often the implementation and practical application has fallen through the cracks and doesn't get down to the lower levels who are actually responsible for administering those policies and procedures. We also have some, the County operation would have some opportunities for partnering. Some state and county

agencies are often skeptical of private contractors and reluctant to do business with them. Our experience with the juvenile facility we found that other government entities are often eager to partner with us and also assist us in finding other funding sources and cooperative efforts where we can share resources. So there's an opportunity there.

The County operation of the adult facility would change the mission of the jail. A private contractor must always be looking to make a profit. Our mission as a County would be to be fiscally responsible but also to provide valuable service to our community, the inmates and the employees at the facility. I think we have an opportunity here to provide this service and also to change the perception that our community has of the jail by County operation. In closing, I would just briefly like to mention here that, Mr. Chairman, last week you were at the Correction Advisory Committee meeting, and I think they overwhelmingly endorsed a recommendation that the County take over the operation of the facility and they asked me to pass that information on to the entire Board. They also indicated they would like some consideration by the County for keeping the current warden because they think he has made improvements at the facility and tried to improve the operation overall.

CHAIRMAN ANAYA: Thank you, Greg. Any questions? Commissioner Vigil.

COMMISSIONER VIGIL: Greg, I wasn't real clear whether this was a staff analysis report or whether the jail advisory recommendations were also a part of this presentation that you just gave. It says staff analysis.

MR. PARRISH: Commissioner Vigil, I just tacked that on the end because I wanted to make sure that you were aware of what was presented to Commissioner Anaya last week, that the Correction Advisory Committee did do a resolution supporting County take-over of the adult facility.

COMMISSIONER VIGIL: And all the other analysis that you gave was the jail advisory, is that representative?

MR. PARRISH: Commissioner Vigil, that's basically from the jail team and the analysis we have done. The jail team is made up of senior members of the staff that meet regularly. Since we received notice in April we've been meeting twice a week including the Sheriff and senior staff to address issues and develop a proposal for the Board of County Commissioners.

COMMISSIONER VIGIL: So the jail advisory board is not familiar with these?

MR. GONZALEZ: Mr. Chairman, Commissioner Vigil, it really is outside the scope of the jail advisory committee's duty to go through the kind of analysis other than monitoring the facility from a policy distance and making sure that the facility operates in a way that they think is appropriate, given the policies that have been set for it. The jail advisory committee, or the jail team, the staff jail team, was actually created about 2 1/2 years ago and it's the same team that has led us through the assumption of the County operations for the juvenile facility. It's the same team that continued - and that analysis was done at that time, presented to the Commission. It's the same team that did the analysis that's being presented today and is making the recommendations that are coming forward.

COMMISSIONER VIGIL: I guess what I'm asking is have these statements

been discussed with the jail advisory board, the one that is appointed by this Commission? Or are all the statements that you've presented to us sort of a separate task that you've done through the jail team? That's what I'm understanding to be said?

MR. PARRISH: Mr. Chairman, Commissioner Vigil, the staff analysis was the analysis by the jail team, the senior staff.

COMMISSIONER VIGIL: Okay.

COMMISSIONER SULLIVAN: Mr. Chairman.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Right below the staff analysis on the budget, are you going to get into that now? Is that the next item? Okay, then I'll hold my questions then because that looks very dismal to me. A, it doesn't look like we save any money taking over the jail; we spend more money, and B, it looks like where we're talking about taking this money, from capital outlay and thinking that we're going to get new inmates is highly problematical. So that budget is worth taking a look at I guess.

CHAIRMAN ANAYA: Okay. Thank you. Susan.

MS. LUCERO: Yes, let's look at the fiscal impact of where we are now and what it could possibly look like. One thing I want to mention is when you review these figures and we look at the total cost, one thing to keep in mind is two years after we opened the doors our budget at the facility was about \$11 million, back in 2000. And if you look at where we could potentially be in another year or two we are looking at a 50 percent increase of this budget. It primarily will do with how we attempt to operate it, but there are also issues that have come to the floor that we haven't had before, such as the Correctional Facility GRT.

In terms of empty bed space, we have been contacted with some interest as to what we have available, so we can get into that. In the left-most column, this is an indication of what we were looking at prior to the notice from MTC, with salaries and benefits and the contractual portion of what it takes to staff the jail and what was being paid to MTC was \$9.5 million. Then, with other operational costs and debt, that's a total budget of \$12.3 million, or cost of \$12.3. What we were projecting was to include \$2 million into a sinking fund, take care of electronic monitoring program with a transfer as we have done last year and the year before with a total cost to the County of \$14.7

Under a scenario of taking on the operation as of October 1st, the increased cost would go from \$14.7 to \$15, because you are looking at a nine-month window versus 12 months. On the revenue side you would see care of prisoner revenue that right now is passed on completely to MTC in terms of their contract and the costs with us on that contract. So the care of prisoner revenue, if we were to resume operations in October would be \$3.2 million. The Correctional Facility GRT would be \$4.3 million. We have other revenue such as inmate medical through the MOA with St. Vincent's, investment income, an operating transfer from Corrections fund, and the general fund transfer of a little over \$6 million, which would be approximately \$100,000 more than what we originally were budgeting, for a total budget of \$15 million.

If we looked into a full year of operation and we anticipate a full staffing in the medical side and in the security side, and if we assume such things as the same cost of living increase,

etc., your staffing cost would increase from \$10.3 to \$11.1 million in 07. Other operating costs do substantially go up as compared to where we are right now because the County would take on maintenance, would take on supplies, linens, all the normal kinds of everyday operating expenses we would need to incur. The debt would stay relatively the same. The total cost would be \$16.1 million. That, plus the electronic monitoring cost of \$400,000 comes to a total of \$16.5 million.

Now, the item to note is the general fund transfer would increase from where we are potentially in October to where we would be next fiscal year by \$1.7 million. Now, keep in mind we have 135 beds we have not filled. If those could be filled at a moderate – and we're not suggesting this rate, but it is simply a way of putting an estimate there – if we could fill those at \$55 a day, that would sufficiently cover the gap, the \$1.7 million gap.

If we bring those inmates in at a higher per diem it would reduce the amount the general fund would need to bring to the table as it does right now. And we wanted to show you what it could mean if you looked at additional revenue sources such as the 1/16 GRT, such as at least a temporary redirection of the capital outlay, you could actually look at an overall reduction to the general fund transfer, but it would depend on those factors and the idea would be anything short of filling the beds is more of a contingency, not a permanent solution. Any questions on this part?

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: The questions that I have, Susan, with this are that really, you're projecting a \$2 million sinking fund under the current basis, so really, the difference in the cost is the \$12 million that it's costing us to run the jail, and on a full-year operation, about \$16 million.

MS. LUCERO: Yes, that is correct.

COMMISSIONER SULLIVAN: So to put it in words of one syllable, the County taking over the jail is going to cost the County about \$4 million more. Now, we're going to operate it better, and obviously we can look at the salaries and the benefits and so forth that the County pays so there's going to be a great deal more overhead. The question – but that's a lot of money, \$4 million is a lot of money and as you indicate down there under the general fund transfers, they were \$5.9 million this current year, but even for the nine months we'll have to transfer \$6 million, and then for the full-year operation in 2007, we'll have to transfer \$7.8 million.

MS. LUCERO: Right.

COMMISSIONER SULLIVAN: Not a trend that's a happy trend to see. Even when your predecessor went through these contract negotiations, every time we've – every time, and I mean bar none, that we've discussed the jail, we've heard that we can do better on inmate revenues. And every time, we haven't. So how many times do we have to be beat over the head? We have these professionals, these contract people that know all of the federal prison people and they haven't been able to fill that jail and particularly as a start-up organization, I think it's a little optimistic to feel that we can fill up the jail with another 125 beds.

So I'm a little skeptical about that. The question I had on the 1/16 GRT, is that – we

already passed the 1/16 Corrections GRT, didn't we?

MS. LUCERO: The Corrections GRT, yes. Not the general 1/16.

COMMISSIONER SULLIVAN: But we just passed the 1/16 Corrections GRT.

MS. LUCERO: A 1/8, yes.

COMMISSIONER SULLIVAN: A 1/8. So that was just this year.

MS. LUCERO: Last year.

COMMISSIONER SULLIVAN: In November. Boy, I just don't think - in nine months we go back and say, here we are again. One-eight is a lot of money. One-eighth gives us how much a year? About \$3 million to \$4 million a year, doesn't it?

MS. LUCERO: Well, 1/8 on this particular GRT gives us \$4 million.

COMMISSIONER SULLIVAN: Four million. So that's a lot of money that we didn't have a year ago.

MS. LUCERO: Right.

COMMISSIONER SULLIVAN: So it seems to me that we ought to be able to balance the budget here, but we keep getting more - I'm still looking at that pink line, the one pink line on your - appropriately highlighted with the three stars, we keep, even with the existing 1/8 GRT we are increasing our general fund loan, as it were, from \$6 million up to \$7.8 million. Am I reading that right?

MS. LUCERO: You are reading that right, and I think the picture from a financial perspective we're trying to paint is that there are other possibilities in terms of revenue on a temporary basis in order to jump-start this project, which you could implement now in order to put cash away over the next year before 07. And meanwhile it gives us an opportunity to do two things. One, completely rectify the medical unit, which is the area that needs the greatest amount of attention. That solution, if you get to that point, could make you or make us more marketable in terms of filling those empty beds.

As to why that hasn't been done before I think part of the problem was it was never completely under the County's control from the very get-go. The operator was always charged with the duty of marketing the empty beds. Now, that was never a problem with Cornell up until the time the federal prisoners began to pull out, but it certainly was a problem with the current contractor. So it's a matter again of who's able to control that destiny and who has the ability to do that, based on your command.

COMMISSIONER SULLIVAN: Have we filled all the beds in the juvenile facility?

MS. LUCERO: We are continually filling them.

COMMISSIONER SULLIVAN: So the juvenile facility is 100 percent occupied.

MS. LUCERO: A hundred percent occupied and 100 percent self-sufficient this fiscal year. And I think for having taken on that operation by this department in just one year's time is a tremendous step forward and a very successful one at that.

CHAIRMAN ANAYA: Any other questions? Commissioner Vigil.

COMMISSIONER VIGIL: I have a question in the area of medical services that

we really need to create, fix some problems there. How closely have we communicated with our local providers and St. Vincent's? I think it's a huge problem because there aren't that many medical providers, actually medical personnel out there. That's a huge issue in the industry in general, but I sort of agree with Susan's statement that I think as soon as our services improve the beds will follow. But my sense is that that could be quite successful if we're getting cooperation from local medical providers. Have there been communications with that? I know we have the MOA dollars involved in this.

MR. PARRISH: Mr. Chairman, Commissioner Vigil, we continue - the Health Department through Steve Shepherd has been in contact with local medical providers. We continue to explore those areas. Some of them have indicated an interest. We're also developing a plan modeled after what we're doing at the juvenile facility where we would be able to contract some of the medical services and have some of the medical services being provided by County employees, nursing staff, that sort of thing. So we're exploring all those options. And those are some of the partnering opportunities we're looking at.

COMMISSIONER VIGIL: One of the other concerns I have you've already addressed and made perfectly clear. When inmates are incarcerated probably the greatest spillover and the most heartache goes to their families, and they who want to make contact with inmates can't at times. And that becomes really problematic because that's such a trying time for families. How do you envision, Greg, or between your discussions that we might be able to, if the County takes over, address that particular piece?

MR. PARRISH: Mr. Chairman, Commissioner Vigil, right now they have visitation five days a week. We could look at expanding that. I think Bob touched on it with customer service. Just if we can do better with the phone systems in providing people with information, that's an area we can expand upon and address to make sure the families have contact and at least know what's going on. And I think it's just customer service. We have to be better at customer service than that's being provided right now.

GREG SOLANO (County Sheriff): Mr. Chairman and Commissioner Vigil, if I could just add to that. One of the hardest parts of instilling a spirit of customer service into employees there is that us as the County are conveying our concerns to a contractor, who may be conveying our concerns to a subcontractor, who then conveys our concerns to the employees, who don't work for us, and are three, two steps removed. And that's been the toughest part, especially for our monitors and our people that Greg, and our people that work in the jail and try to accomplish these goals. It's one thing for me to walk through the facility and say, why are these people sitting in the lobby for an hour waiting to see somebody, or why is somebody waiting out in the parking lot for two hours for somebody to be released? But it's another thing for me to convey it to Greg or Bob and for them to work it down the line. I think that's one of the biggest things that's going to be a benefit to us is that when there's a concern, they are our employees, and we're going to be able to go to them and say this is the spirit of customer service that we want at our facility and we expect our employees to convey that all the way down the line.

And it's so hard right now to get that spirit conveyed to lower level employees.

COMMISSIONER VIGIL: Probably, Mr. Chairman, a good segue for the Sheriff's recommendations which comes next.

COMMISSIONER CAMPOS: Mr. Chairman, one other question.

CHAIRMAN ANAYA: Commissioner Campos.

COMMISSIONER CAMPOS: Ms. Lucero, you've talked about improving medical services. Have you assessed the capital costs of improving the facility itself?

MS. LUCERO: Mr. Chairman, Commissioner Campos, we have discussed the need to do that. We have put in a place marker in terms of costs for capital. We haven't addressed the real punch list, if you will. Our PFMD Department needs additional time to do an accurate assessment of that, but we have discussed that and we would pursue something like that.

COMMISSIONER CAMPOS: Is that projection included in this 06 jail budget you presented us today?

MS. LUCERO: It is, under capital you see a \$400,000 figure. The other possible item to be considered too is any remaining cash existing from this year's Correctional Facility GRT, which I think as we speak is roughly \$300,000, somewhere there. So anyway, and we have uncommitted cash on the adult side that we're determining right now. So we have some reserves, if you will for that type of thing.

COMMISSIONER CAMPOS: There's really no projection as to what your capital costs would be to make this a functioning medical facility that we would like to operate.

MS. LUCERO: Not 100 percent. That is something that we need additional time to make a very accurate assessment of.

COMMISSIONER CAMPOS: Because here you talk about capital at \$400,000 on the current contract basis, and then \$400,000 for the take-over and then \$900,000 but I assume there are a lot of capital needs out there. So I'm assuming that not all of this is dedicated to the medical facility capital needs.

MS. LUCERO: Well, one item to keep in mind is the County does own all of the equipment including the medical equipment. Now, what type of shape that's in, that's another thing. Every year we do an inventory. We verify the physical inventory, but we've never verified the physical working ability, and I think as things are reported that aren't in functioning order we have in the past replaced those. But we would want to make a very accurate assessment of all those areas, the armory area, everything.

MR. GONZALEZ: Mr. Chairman, Commissioner Campos, in a sense, capital investment costs are some costs anyway. They are costs that we would have to put forth regardless of whether MTC or some other contractor continued to operate the facility or whether the County took over the facility. What we may see is some increase based on our being able to access the facility much more readily on a daily basis and assess some instances of potential deferred maintenance that may not have been raised by the contractor for various reasons.

COMMISSIONER CAMPOS: Okay. Thank you.

COMMISSIONER SULLIVAN: Mr. Chairman.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Where you put down possibilities of possibilities to make up this \$2.8 million deficit, what about charging inmates? I understand in other jurisdictions inmates are charged for each day. Are we empowered to do that? Is that a good idea? Is that recommended? Nobody's mentioned anything about that.

SHERIFF SOLANO: Mr. Chairman, Commissioner Sullivan, approximately a year and a half ago I looked into this although I looked into it from the perspective of a private company. There's a private company out there that will come in and run that kind of a program and do billing and collect every. So I had heard about them and I contacted them just to explore the option. What I was told was that under state law New Mexico does not allow that. However, I understand that local districts can do their own type of assessment and Bernalillo County had tried that at one time and what they found out was that the cost of billing and keeping up with the billing exceeded the income coming in from the inmates.

So I kind of let it drop at that point and didn't look at it any further but I'm willing to look into that again and see if anyone else has been successful, but those are the two entities that I did look at.

COMMISSIONER SULLIVAN: Are you aware of any others in New Mexico that even do it?

SHERIFF SOLANO: No, I'm not.

MR. ROSS: San Juan County has been charging for many years for the folks sentenced to the DWI treatment facility which is a jail facility there, a 28-day program.

COMMISSIONER SULLIVAN: How much do they charge?

MR. ROSS: They charge on average about \$1200 for their stay and the collections on that were very poor.

COMMISSIONER SULLIVAN: But they still do it.

MR. ROSS: They still do it.

COMMISSIONER SULLIVAN: Thank you, Mr. Chairman.

CHAIRMAN ANAYA: Thank you, Commissioner Sullivan. Greg, are you next. Greg, the Sheriff.

SHERIFF SOLANO: Mr. Chairman and Commissioners, we kind of threw in here before the jail team in full gives you a recommendation, a place where I could talk. The jail team has been meeting, somebody mentioned, since April that we got notice, that we are meeting twice a week. But the truth of the matter is that the jail team has been meeting for over, I believe, 18 months, every week, to discuss the jail issues. And I want to credit our County Manager, Gerald Gonzalez for putting the jail team together way back when we knew that the jail was not only a problem but that it was something that was going to continue to be a problem until we addressed it. So I think the jail team concept has been a great way of getting us through all the positive things that have happened.

Yes, the negative makes the front of the headlines but there has been a lot of positive things that have happened at the jail. The other day I was at home actually reading over some jail issue things and I had the TV on and TV land was on, and on that was the Andy Griffin

Show. And the Sheriff came into the jail, and it was a little two-room jail, and Aunt Bee came in and made apple pie for the inmate that was there and when I sat there and I said, at one time Santa Fe probably was a lot like that, where the Sheriff ran the jail and it was a couple of rooms and somebody like Aunt Bee made the dinner and what impressed me as I watched that was the spirit that I talked about earlier of the treatment and the way the inmate was treated. The Sheriff and Aunt Bee and everybody didn't look at that person as somebody who is a criminal but looked at that person as somebody who was a person.

That is, I think what we all, especially on the jail team, strive to accomplish here. Yes, we don't have a two-room jail anymore. We have a 670-bed facility. We have about, a little under 400 inmates that are the County's alone. And so Aunt Bee couldn't make that many pies. But I still think that we can do a better job, being local and taking control of our own destiny and going in and running a facility with that kind of spirit, with the kind of spirit with an understanding that not everybody in jail is guilty of anything. Every one of us has had friends, family members, brothers, sisters, daughter, and yes, even a son in jail at one time.

We want them to be treated the way that we would treat them. We want them to be treated with respect and dignity. We want their family members, when they call to make arrangements to bond them out, to get the answers that they need to their questions, to get their phones answered. We want them to get their prescriptions and their medical conditions handled in a timely manner and appropriately. And as we look back, we talked about the one million dollar increase that we're going to have to come up with by the time fiscal year 2007 comes from the GRT. Well, since I've been Sheriff, January 2003, our increase from the general fund into the jail has been about a million dollars a year. So every year that I've been Sheriff we're pumping another million dollars a year into that facility.

I can't honestly say that we have a better facility than we started out with three years ago, or at least we're not at the point where we should be. I think we've improved a lot of things, but we're not at the point we should be. So are the taxpayers, with a million dollars a year extra seeing the benefits? No. We've had several contractors in there and other than the first couple of years that that facility opened at the very beginning, it's never made money. And granted, one time, way before any of us were elected officials here, somebody said, if you build it they will come and we'll all make money. Well, I think we've all come to the realization that we're beyond that now.

I think what we need to do, and what the jail team is looking for is that we give the taxpayers a facility that is the best facility that we can do at the best cost for the taxpayer. And I think that's what it boils down to. The time has come for us to take control of our own destiny to start the vehicle and maybe even drive it from the facility into town. But we need to drive our own bus here. So that's my recommendation. Of course, you've all heard it before and you all heard it on the media, but I really feel, and the jail team took several votes as we worked on this over the months, and every time it was 100 percent. Every jail team member voted that, yes, the best option for the County is to take over the facility.

They'll talk to you about their recommendations, but it was debated at length, hours and hours. There were times that we'd start a jail team meeting at 9:00 in the morning expecting to

be done by noon and be done at 2:00 or 3:00. Sometimes not even be done and carry on until the next meeting and debated every aspect about what was best for our inmates and best for our community. And so when you hear the jail team recommendation, it's all summarized on one little slide, but if they gave you transcripts of every meeting you'd sit here and read for days. Everybody worked really hard. This is a big step. Every one of us who are elected officials will probably one day, we'll answer to this step. We'll either put it in our campaign materials how we successfully took over the juvenile facility and made it a success as we have, and hopefully how we successfully took over the adult facility and made it a success. Or we'll answer as elected officials as to why it didn't happen. I know that's what probably scares each and every one of us.

I for one was elected and took an oath of office to do the best I could for the community, and my recommendation is that we take over this facility because I think it's the best thing we can do for the community. So thank you.

CHAIRMAN ANAYA: Thank you, Sheriff. You said if they build it they will come. But now we should say, if we take it over they will come. Hopefully.

SHERIFF SOLANO: Mr. Chairman, Commissioners, I really think the time has passed for us to ever think about making a profit at the jail, but I do think that we can honestly go in there and try to run a facility that reduces the bleeding on the general fund and reduces the impact on the taxpayers. At the current growth rate, and especially although we've leveled off the growth and I think the liaison had a lot to do with that too, but we've leveled off the growth. But if you look at the last three to five years, the growth rate, we're going to run out of room in this facility and I think we projected, what was it? Five years? Do you remember?

MS. LUCERO: I think 2010.

SHERIFF SOLANO: 2010. So at 2010, we could fill this up with nothing but County prisoners and at that point we wouldn't be worrying about revenues from anyone else but just whether we can foot the bill for our own prisoners. So I think that's the important thing we need to look at. We need to stem the growth of our own population and run the best facility that we can, cut down on the lawsuit costs, the Department of Justice costs, the oversight costs. If we take the amount of money that we put in the last couple of years that I've seen and the amount of staff time, just to oversee a facility that's run by someone else, I can't imagine what we would have done with those funds if we could have just put those into doing it ourselves.

CHAIRMAN ANAYA: Thank you, Sheriff. I notice you have a limp. Did you fall off the dance floor?

SHERIFF SOLANO: Actually, Mr. Chairman, my leg fell asleep sitting on that chair.

CHAIRMAN ANAYA: Any questions of the Sheriff?

COMMISSIONER VIGIL: I just have a question.

CHAIRMAN ANAYA: Commissioner Vigil.

COMMISSIONER VIGIL: Am I to understand, Gerald, that part of what we need to do today is to give you a sense of direction on this particular item?

MR. GONZALEZ: Mr. Chairman, Commissioner Vigil, that's correct. That's why we were presenting the recommendations today.

CHAIRMAN ANAYA: So are we done with the presentation?

MR. GONZALEZ: With the exception of the last slide, Mr. Chairman. I just wanted to reiterate the jail team really took a comprehensive look at where we are and where we could be in the future. It's very clear that no matter who operates the jail, the adult facility, the costs will continue to rise. We know from the inquiries that we've made that if we put it back out to RFP they will rise even more significantly than the budget that we presented to you based on County operation of that facility. The other thing is that if we were to repeat the cycles of the past, we would still continue to have an adult facility over which we do not have control in terms of controlling our own destiny. What we believe that we have learned from the operation of the juvenile facility is that if the County is in control of those kinds of operation we have more of a role as well as a stake in making sure that we watch our costs, that we watch our revenues and that we do the best that we can to make for an operation that benefits the community as a whole, as well as the County.

So that's the reasons for the recommendations that we're presenting you this afternoon, the first of which is that the County, we're recommending that the County assume operation of the adult facility, beginning with the ending date of the MTC contract which is October 11, 2005. In conjunction with that, we're requesting your direction and go-ahead for proceeding with the 2006 interim budget as we presented it to you this afternoon, understanding of course that we still have some tinkering to do and you may tinker with it as well. But we're suggesting that in conjunction with that that we hold in reserve the \$900,000 that is currently targeted for potential FTE increases and with the exception of the fire positions which are separately funded, and with the exception of the juvenile building blocks, which don't come out of the general fund, and finally, we would propose to continue to provide updates to the Commission as we go through this transition process at each administrative meeting so that you know where we are.

CHAIRMAN ANAYA: Thank you, Gerald. I just want to let everybody know that Commissioner Montoya came in the building. Do we have any good news, Commissioner?

COMMISSIONER MONTOYA: Great news. Pojoaque Elks, state champs.

CHAIRMAN ANAYA: Let's have a big round of applause for the Pojoaque Elks. Thank you, Commissioner Montoya. Commissioner Campos.

COMMISSIONER CAMPOS: Yes, Mr. Chairman. A couple of questions for our County Manager. One, it looks like in the future we're going to come up short on revenues. What do we start doing now? Do we need a legislative solution? Do we need access to more revenues? How do we deal with that? And the second question is, it seems to me that you've talked about a transition expert, retaining the services of a consultant to help in the transition from private to public. Could you tell us a little bit about that? Those two issues.

MR. GONZALEZ: There's a number of avenues, a number of options, I suppose. In terms of revenue growth, one thing that we've discussed this afternoon is the possibility of, and one or two Commissioners have expressed interest in that, although I

understand from listening to Commissioner Sullivan that there are also reservations about that, but that would be considering imposition of the 1/16 GRT, which could go through operations at the County level.

Another opportunity would be marketing of the facility, and there is at present a potential opportunity of partnering with the Department of Corrections, who I understand, because of the constraints being imposed by the governor with respect to the expansion of penitentiary spaces across the space, will be looking for additional space for their inmates. We have opened the door to exploring the possibility of partnering with the state penitentiary for that purpose. There are some discussions that are ongoing that we didn't go into in detail this afternoon but those are options.

Other options, Commissioner Sullivan mentioned the issue of impact fees. I know that in addition to that and we will be coming back to the Commission at your request to talk some more about that. We've also looked at other fees across the County that could assist us from a revenue standpoint. One of those that will be coming back that you will have the opportunity to deliberate of course is where we go with our solid waste fees. What we do with those in the future. We are taking a look at other revenue opportunities that we will continue to present you with but those are just some options off the top of my head that we may be able to come back to the Commission with.

COMMISSIONER CAMPOS: But do you think we're going to need additional options? I think these options that you mentioned, we've all talked about. If by 2010 we're at full capacity, 100 percent County prisoners. That's not far away.

MR. GONZALEZ: That's I think the pessimistic projection that we would make based on uncontrolled growth of the inmates in the facility. Hopefully we would be able to continue an impact on that and I don't know if you look at it as revenue growth more than you look at it as expenditure control, but that's the dialogue that Commissioner Sullivan suggested that we continue to have and expand with the courts in terms of trying to limit how the facility is being used as sometimes a storehouse for other things. We have the sobering center and some other initiatives that I think will help us with respect to reducing expenditures.

On the revenue side, I don't know if anybody else has any thoughts around the table but – Susan, maybe this is a Susan segue. But those are just a quick sketch of some options and I agree with you; we need to think more creatively about what we can do in the future in terms of revenue expansion. Again, we're also looking at how we can invest our investment program in ways that would perhaps bring more revenue to the County. The new treasurer has I know made a presentation to you about that and I think we'll continue to hear more about that in terms of being a little – I don't want to say aggressive but at least reaching out a little more in terms of investment opportunities that the County may have to bring additional revenue.

COMMISSIONER CAMPOS: Okay. The last thing, Mr. Chairman, I'd just like to say that I do support the team's recommendation that the County move forward with complete operation of this facility. I support the idea of the 1/16 GRT. I know it's tough but we've got to do the job and we need resources and this is one of the few places we can go to. As I understand it, this is by – is it negative referendum or reverse referendum? It's something

that we have to do because we have to produce a product. We have to provide the service. I don't see any way around it. So I would support the team. I think they've done a good job. I think it's time to do a good job at the jail and stop dreaming about big profits and about being saved by some private company that can operate the thing efficiently because they haven't proven that. Thank you.

CHAIRMAN ANAYA: Thank you, Commissioner Campos. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Mr. Chairman, I think - I support the recommendations also that the County take a step with regard to the adult facility. I think the handwriting is clearly on the wall and I don't want to say it's a no-brainer because I know a lot of people worked a lot of hours on this and put a lot of brain time in it. So I don't want to call it that. But I think the conclusions are self-evident.

I do not support the 1/16 tax. I think that in November we went to the public and we said, here, we need a whole other 1/8 percent. We need another four million dollars to run the jail. The public say okay. I don't think we've given them an accounting yet. I think we need to take that money. I think we need to take these savings that we say we'll achieve as a result of not having a profit operation and see what we need. I don't say I wouldn't support it forever, but I think we need to give the public an accounting if we are going to run it as to what it really costs and not play out our last, our very last trump card until we need it, until we know we need it. I think that gives staff the incentive to meet the budget constraints. If we have to play that last trump card out, then we have it. If we play it out now, we've laid all our hand on the table and we have got nowhere else to go except to keep chipping away at the general fund budget.

So I think we have a good revenue opportunity in place with the 1/8 percent. I think with some creative management we can meet our goals or hopefully not at least increase the general fund bite that we've taken each year. But I support, as I say, the operation and the County moving forward with it for better accountability and for the reasons that the Sheriff has outlined. At this point in time I wouldn't support the 1/16 GRT.

CHAIRMAN ANAYA: Thank you, Commissioner Sullivan. Commissioner Vigil.

COMMISSIONER VIGIL: Thank you, Mr. Chairman. I'd like to throw in my hat and support the initiatives and the recommendations that both the Sheriff and the jail team has made. I know we've been on board with the juvenile detention facility and in my mind, from the reports I've heard, we're moving towards a successful project there. I'm sort of floored by everything I hear because there's a projection that exists, and Greg you'd probably be able to address this better, that at the rate we're incarcerating individuals, by the year 2025, we'll actually have more of our entire population in jail than we will outside the jail system. That's just where the trends are showing themselves.

There was a huge article a couple of years ago with regard to that. Today's experience is telling me that more and more. So I look at this with a sense of a sign of the times. I guess what I'd like to incorporate in making this transition is keeping the same kind of thinking that

we did with our juvenile facility, and that is we created the ARC. Part of the problem that we have socially and culturally is that we incarcerate inmates without any kind of real services that are there and the medical services of course to me in my mind are immediate. But as you look at this kind of transition, please keep in mind that when we release these inmates, for whatever charge they're in there for, and how we can work with the judicial district in terms of those charges and all the issues that have been brought up today, the 364, the ankle bracelets, those kinds of things, how we can incorporate meeting some of the services that they actually have.

I know this is a switch in paradigm. A long time ago we actually used to think of rehabilitation. I don't know that that's the paradigm right now but I do know that there is that revolving door. How can we incorporate that when we're actually designing a County facility, and keep that in mind. Because I think as we move towards this - what I'm recommending, and that's the County starting to manage, that we need to look at it from a broader perspective. I'm concerned, and Sheriff Solano, you articulate your position very well with regard to the hierarchy that exists and how that affects communications, and I do agree with you that the communications would be far more linear if the management and hierarchy existed under one particular centralized control.

I think I'm totally in favor and would definitely like to move forward towards this alternative. It's going to be huge. It's going to mean that we may have to pay the price somewhere else. But I'm very disheartened by the experiences that we've had with private contractors at this point in time and how we've actually made the news in some dire strait situations that I'm just saying that perhaps, if we had better communications, I believe that communications is 85 percent of it, a lot of what we've had to deal with in our community and the jail could have been avoided and I look forward for the County to take over to embrace more of the issues that we need to when we're incarcerating inmates.

CHAIRMAN ANAYA: Thank you, Commissioner Vigil. Commissioner Montoya.

COMMISSIONER MONTOYA: Mr. Chairman, not having heard the entire presentation but knowing kind of where things are at, I think it's a foregone conclusion that the running of the jail needs to be done internally, within our own operations. I don't see any private companies beating down our door to come and take it over. I don't think that's going to happen in the near future either. So I think it's at the point now where we were with the youth facility, where we were just going to have bite the bullet and move forward. To me, that's a foregone conclusion. It's inevitable. That's where we're at. There are no options. That is the option and that is for us to take it over. So I'm fully in support and looking at what we need to do in order to ensure that that's going to be essentially, as Commissioner Campos said, it's not going to be a cash cow, that's for sure. If anything, I just hope that we can keep it afloat without it killing the coffers that we have right now. The way it has been going the last three years since I've been on the Commission during these budget sessions, and I think in line with that as part of the discussion, we may be jumping ahead to number VII, but I think it's also inevitable and for me it's a foregone conclusion also that we need to look at that 1/16 that Commissioner Campos referred to as well.

I don't think people talk about reserves as a rainy day fund; it's raining, and we need to figure out how we're going to be able to get the funding that we need. If we don't, again this year, I always look at what are we going to do for staff, staff increases? There's not much there if we don't look at other sources of funding. I'd hate to start losing staff because we don't project and we don't work far enough and look far enough in the future to see how we're going to fund a lot of the increases that we're looking at. So I would just say that we should move forward with the 1/16 as well. I think the jail team has done an excellent job. They all are to be commended. Thank you for all the work that you've done on there and however I can be supportive, please let me know.

CHAIRMAN ANAYA: Thank you, Commissioner Montoya, and the Commissioners. You had very good points and I do want to commend the jail team and the Correctional Advisory Board and the Sheriff. I think you all have done a wonderful job. This is a very difficult thing for the Commission to move forward on but like Commissioner Montoya said, this is our only option, I think. But we've got to make sure that our municipal judges, our district judges, our magistrate court judges, our communities, our County Commissioners., the people that work in the CARE Connection, our medical providers, St. Vincent's Hospital, are all on the same page. We have to work together at this. This is not just a County Commission deal. This is something that we all have to work together in supporting. And we have to understand it. A lot of us don't understand the whole aspect of taking a jail over or how to run a jail and we all kind of say, well, we'll let the judges deal with it. We'll let the warden deal with it. We'll let the Commission deal with it. We'll let the Sheriff deal with it. That's not the case. If we're going to take it over, we all have to deal with it and we all have to understand it.

I want to thank the Correctional Advisory Board, Steve Marvin, the chairman, Joe Gallagher, Joe Joiner, Lynette Farley, Mitch Buscek, Dr. Steve Spencer, and Dr. Susan Cave. I attended their advisory board meeting and they were all in favor of the County taking it over and that's a good group of people to have on our side and we want to thank them.

I also want to thank the jail team members. There was quite a few that worked very hard in the decisions of this. Gerald Gonzalez, Roman Abeyta, Susan Lucero, Joseph Gutierrez, Agnes Lopez, Tony Flores, Steve Shepherd, Linda Dutcher, Greg Parrish, Bob Ortiz, Sheriff Greg Solano, Grace Phillips, Steve Ross, Rosemary Bailey, Petra Cifuentes, Jeff Trujillo, Robert Garcia, Chad Olson, and the team leader, Robert Anaya. I know you all have worked very hard and spent a lot of hours in coming up with the suggestions that you did.

We took over the Youth Development Facility and I am very proud of what I heard today from staff in terms of it's holding its own; it's doing a good job. And I have no doubt in my mind that we're going to move forward in a positive way when we take over the adult facility. So congratulations and thank you very much. Any other things we need to talk about, Gerald?

MR. GONZALEZ: Mr. Chairman, Commissioners, it's the Commission's option but we did have a short presentation scheduled to look at the bonding process and long-term capital planning. There's also a session which I think we can postpone to a future date, just taking a look at the judicial facility and where we are with respect to that. But I don't know

if the Commission wants to look at the bonding process. Peter or Susan, any idea about how long we're looking at in terms of that presentation? Five to ten minutes.

CHAIRMAN ANAYA: How does the Commission feel about hearing this five to ten minutes? I'd like to hear it because I want to know where the bonding is and how soon we can get some money and start building roads.

MR. GONZALEZ: We're going to name roads and kick ruts, Mr. Chairman.

[The Commission recessed from 5:03 to 5:10 and reconvened with Commissioners Anaya, Campos, Montoya and Vigil in attendance.]

VI. Discussion on Long-Term Capital Planning

MS. LUCERO: Mr. Chairman, what we're discussing now is long-term capital planning. I'll begin the discussion and then when our bond counsel returns we can go into some particulars in terms of other bonding projects. Right now we have and are entertaining two very large projects, the judicial complex and renovation of the administrative complex buildings. And we decided to revisit this issue because it definitely impacts what you consider for future revenue sources that are eligible to pay for this type of endeavor.

So something along this line, a judicial complex and administrative complex will definitely require a revenue bond issue. The voters will not approve a general obligation bond for something like this. Historically they don't. It was also proven when we did a poll this last summer, a year ago, that they would not vote in favor of issuing a general obligation bond for this type of building. So we are looking at a revenue bond, which means a revenue bond is pledged with revenue such as gross receipts tax, such as fees. And that's why this is particularly critical to discuss and you will see where we're showing you a possible range for the judicial complex of \$35 to \$60 million. This is based on information that we received from the architect, what we've looked at in the last study session that you were instructed on this, etc.

The cost of the administrative complex renovation is yet to be determined. With existing revenue sources the Board would be faced with looking to enact the 1/16, again, a possible redirection of the capital outlay, because as you can see, for the cost of a \$45 to \$50 million facility - facility or facilities, plural - you're looking at an annual outlay of \$3.6 to \$4.9 million in order to build something at that level.

So we wanted to make sure you were aware of what this means because right now we do not have revenue sources dedicated to afford this. The projection of when the architectural plan would be completed for the judicial complex, that will still take approximately a year. The construction itself would take an additional, I believe, year and half. So you're still two to three years from needing to pay for the debt, but we need to start planning for how we would pay for that now. So that's what this picture is describing for you now.

CHAIRMAN ANAYA: So we don't have the money to build the judicial complex right now.

MS. LUCERO: As we speak right now we do not.

CHAIRMAN ANAYA: Okay, and we need to start planning on how to sell bonds to get this money so that we can have this building done by two years from now?

MS. LUCERO: Right. We would need to dedicate a revenue source. We would need to explore what the potential revenue sources are and we would need to look at the total cost of what all you want to do, judicial, administrative, etc., in this scenario given what we have for possible revenue sources.

CHAIRMAN ANAYA: Commissioner Vigil.

COMMISSIONER VIGIL: I have a question. It's probably for you, Peter. When you issue revenue bonds, and you describe the project, first of all, are we limited only to one project when issuing revenue bonds?

MR. FRANKLIN: Not necessarily, Commissioner. You're asking a very general question, but depending on the revenue source, I think as a matter of statute the Commission can approve an issuance of revenue bonds for several different projects as long as the revenues being pledged are legally available to fund that type of project. And I'm assuming the gross receipts tax that you're probably talking about are generally going to be available to finance a judicial and administrative complex. That probably would not be a problem.

COMMISSIONER VIGIL: Let's say that the revenue bonds, beside the fact they could be more than one project, do have to be project-specific though. Or can they be for the acquisition of land, for the prospective needs of addressing space?

MR. FRANKLIN: Commissioner, I believe so. I'd like to have the statutes in front of me to answer your question but the acquisition of land for various public projects is a project itself and I think could be lawfully approved in a bond ordinance. And I think what you may be thinking of are constitutional log-rolling issue when you put a question before the voters, you have really much more specific kinds of limitations where you can only ask one question. You can't say we want to approve a library, a jail, an airport, etc., etc., or any combination of those things.

COMMISSIONER VIGIL: Those referendums are specific but in revenue bonds, I guess I'm hearing you say if we have five projects going that we want to look to revenue bonds for, we can actually identify those when issuing them and be able to use that money for that and it doesn't have to be specific beyond that.

MR. FRANKLIN: It doesn't have to be as specific as in a GO bond election question, I think. I think that's fair to see.

COMMISSIONER VIGIL: GRT.

MR. FRANKLIN: Well, I guess I'm thinking of gross receipts tax revenue bonds.

COMMISSIONER VIGIL: Okay.

MR. FRANKLIN: I guess the other thing I'd say, Mr. Chairman and Commissioners is that at the time that you adopt a revenue bond ordinance and approve the issuance of bonds, it's important to have a pretty good idea of what the project or projects are going to be so that the proceeds can be spent within the allowable time under federal law to

keep the bonds tax-exempt. And that's generally a three-year period. So one thing we want to try to avoid is issuing bonds thinking we'll need the money some time in the next two to eight years or something like that and then not spending it in a timely basis.

COMMISSIONER MONTOYA: Mr. Chairman, how many are we in the situation with that right now?

MR. FRANKLIN: Mr. Chairman, Commissioner, I'm not certain. I believe, and I'll defer to Susan on this, I believe we have some general obligation bond proceeds from a few years back that have not yet been spent and we ought to get going on spending those.

COMMISSIONER MONTOYA: And what can they be spent on? Roads?

MS. LUCERO: Mr. Chairman, Commissioner Montoya, those are – there are three bond issues. And don't worry, we will take care of the roads. We have a plan. We have a 97 GO issue for water rights that's not fully expended.

COMMISSIONER MONTOYA: 97 GO for water.

MS. LUCERO: For water rights.

COMMISSIONER MONTOYA: Oh, water rights. Okay.

MS. LUCERO: You have a 2001 issue for fire equipment, and for Public Works facility.

COMMISSIONER MONTOYA: How much was the 97?

MS. LUCERO: The 97? I think that original issue was \$10.5 million, four of which was for water, and I believe they have about \$750,000 left on that. And I believe they intend to spend that on water rights that they can acquire legally now by the end of June. I think that's the plan.

COMMISSIONER MONTOYA: Are those the ones we're looking at getting from down south? Are those the ones John's working on?

MR. GONZALEZ: He is working on those and there's another opportunity or two that are sort of coming our way.

COMMISSIONER MONTOYA: Okay. Then 2001? How much was that one for?

MS. LUCERO: The 2001 issue was \$8.5 million, \$4 million for the Public Works facility, I believe, and \$4.5 million for fire stations and fire equipment. And we still have some to spend for fire equipment. I believe Stan might know.

COMMISSIONER MONTOYA: So \$4.5 million for fire equipment and then \$4 million for the Public Works facility. So we for sure still have \$4 million, right? That one hasn't been touched.

STAN HOLDEN (Fire Chief): Mr. Chairman, Commissioner Montoya, specifically, the four million for the Public Works facility has not been expended, but a little over \$2.5 million has not been expended as the other four million. Part of that was spent on the RECC, the Regional Communications Center equipment, and the rest will be expended in stations and equipment for the Fire Department. Part of that is the one million dollar expenditure that you'll see for the Hondo Fire Station that's coming up here very soon.

COMMISSIONER MONTOYA: How much is that again, Stan?

CHIEF HOLDEN: About a million dollars.

COMMISSIONER MONTOYA: A million. Okay. Are you done answering my question? Those are the only two outstanding bonds that we have?

MS. LUCERO: That's right. 97 and 2001.

COMMISSIONER MONTOYA: Okay. And then I guess my only question would be when are we looking at the \$8.5 million being spent by?

MS. LUCERO: This is what we've done. We have met this last week with the architect on the Public Works facility. That's where we really need to make a great effort in getting that money spent. They feel they can look at a revised cost estimate now because costs have gone up for building, and give that to us in 30 days. However, we indicated to them that the Board was interested in energy efficient construction, etc. so that might take, as they come back with something, additional time to decide upon. But we've given them that information. They are working on it. Once they finalize a set of plans we can go to bid and we can bid the entire project and we can bid it in such a way that it's clear what the financing needs are for the facility. In other words, the money we have currently, we would know about when that would be spent and we could then plan on issuing the next bond, the new bond, in order to pay for the rest. And it wouldn't inflate our construction costs. It's merely a timing mechanism to know when the financing is necessary.

Now, in the meantime, because that I would say, by the time you get a final set of plans and bid the whole entire project and award it, it's probably September of this year. In the meantime, the roads that right now need to be addressed, you may recall I issued a memo to you that I addressed the savings that Public Works has had in their road maintenance fund. They had a meeting this last week to discuss that. They can at this point now begin encumbering funds that they typically would not spend until next fiscal year. They can begin encumbering those funds now to move work on those road projects during the summer.

COMMISSIONER MONTOYA: This summer.

MS. LUCERO: This summer. They need to address the management part in terms of labor. We cannot address that. But in terms of commitment of funds, that can occur now and then we would request a reimbursement resolution, go to the Board, that you would approve in order to refund the road maintenance fund once the new bond is sold. Does that make sense. Reimburse the road maintenance fund or whatever fund right now comes to the table, which would be either general fund or road maintenance fund, in order to address the improvements you need now, this summer for example. We would request a reimbursement resolution from you so that once the new bond is sold it could reimburse those budgets and the funds that basically bought the funding forward to get your project started.

So no one is out any money. It's just a matter of shuffling the sources.

COMMISSIONER VIGIL: Can we do that, Peter?

MR. FRANKLIN: Mr. Chairman, Commissioner Vigil, yes. That's done often. There are some legal requirements for doing it. We have to have the County adopt a reimbursement resolution within 60 days after actually spending the money. And my suggestion would be, so as not to cut things close, to actually adopt the reimbursement resolution before

you spend the money, and then we just have to have the bond issued within 18 months of the actual expenditure afterward and then we can reimburse whatever fund was used.

I wonder if I could make just one other quick point. It's important before we issue additional bonds that we have a plan for spending not only the money that is still out there from the last bond issue, but the new money we'd be getting. I don't think we necessarily have to wait until that old money is spent to issue the bonds; we just need a pretty firm plan for spending all of it within a set amount of time.

CHAIRMAN ANAYA: I'd like to recognize Judge Hall who came in. Judge, thanks for being here. Commissioner Vigil.

COMMISSIONER VIGIL: One other question, Susan. As we're looking at these debts with these bonds I wonder if we're - and I think we should know if we're in any potential arbitrage problem.

MS. LUCERO: These older bonds?

COMMISSIONER VIGIL: Yes.

MS. LUCERO: Yes. We definitely have one in the 2001 and we will engage in a contract yet this fiscal year for someone to calculate what the exposure is on that. But those bonds should have been spent at a minimum of last year by 85 percent and we're not there.

MR. FRANKLIN: Let me just shed a little bit of light on that because it is something I have a little bit of experience with. At this point we need to be yield-restricting the earnings on those bond proceeds, and what I mean by yield-restrict is whatever the yield on the bonds was, which was probably fairly high. It was probably in the five percent range, I'm guessing. In any case, we will have an issue if we're earning in excess of that yield, and if I had to guess I'm guessing we're not. Anyway, there's some potential good news there.

COMMISSIONER VIGIL: Mr. Chairman, Susan, Peter, whoever, it seems to me we need to worry about gaining yield with that bond, restricting the earnings. Do we have another bond out there that we could actually earn on the yield if it was refinanced?

MR. FRANKLIN: Mr. Chairman, Commissioner Vigil, you're getting at the most complicated area of bond finance.

COMMISSIONER VIGIL: Oh, never mind.

MR. FRANKLIN: But to try to make it as simple as possible, during what's called the three-year temporary period, after the bonds have been issued, if you meet certain spend-down requirements, the money can be invested at unrestricted yield. The idea, the federal treasury regulations, the concept behind that is you're issuing bonds because you need the money right away, more or less, and you're supposed to spend it within this three-year period or 85 percent as Susan said. And if you do that the Treasury Department will let issuers like the County invest at an unrestricted yield. And if you don't do that, then you have to start yield-restricting and rebating arbitrage earnings and that sort of thing.

COMMISSIONER VIGIL: Sounds quite complicated, but wouldn't it be a possibility for the County to actually gain some revenues?

MR. FRANKLIN: On a short-term basis. Probably not the best way to try to do that. But I think part of the bond program, the capital finance program that the County can and

probably should be looking at with this GO bond authorization is to figure out how to maximize the earnings on bond proceeds within those requirements during this three-year temporary period for each series of bonds. That is something that a financial advisor would typically advise on how to do.

COMMISSIONER VIGIL: Thank you, Mr. Chairman. Thank you, Peter.

CHAIRMAN ANAYA: Commissioner Campos.

COMMISSIONER CAMPOS: Ms. Lucero, going back to the projected financial options discussion, you talked about the judicial complex, between \$35 and \$60 million, administrative complex renovation, to be determined at some point. And as I understood what you said is at this point we don't have any revenue sources to dedicate?

MS. LUCERO: Right. We have, Mr. Chairman, Commissioner Campos, we have no dedicated sources to serve debt on such a project without further action on your part.

COMMISSIONER CAMPOS: What action on our part would you be asking?

MS. LUCERO: What we would be asking at this point, and if we go forward with this is number one, enactment of the 1/16 GRT.

COMMISSIONER CAMPOS: But we talked about that to finance just the jail operation, right?

MS. LUCERO: My intention, and I don't think I was able to depict that in the picture there in the graph, but the intention is to enact the 1/16 GRT to temporarily alleviate the pressure this year on the jail, and possibly next year. At least to some degree.

COMMISSIONER CAMPOS: 05 and 06?

MS. LUCERO: Yes. And more so from a contingency standpoint, to have something to fall back on in the case we have way under-projected costs. But I do want you to know that the budget we looked at we went high, very high on expenses, high on salaries.

COMMISSIONER CAMPOS: Tell me what you meant - on the budget we looked at?

MS. LUCERO: On the budget we prepared, I'm sorry. That we gave to you here where we looked at an annual number.

COMMISSIONER CAMPOS: For the jail operations.

MS. LUCERO: And for a nine-month number for the jail, we did project high in anticipation of the unknown. So the enactment of the 1/16 is like a second buffer in order to just alleviate any possible turnkey problem that exists that we're not aware of. The second thing we would need to you to look at is what we discussed before is redirection of the 25 percent of the capital outlay and revisiting that.

COMMISSIONER CAMPOS: Rededication of the capital out.

MS. LUCERO: Because between those two sources, you are looking at \$4 million a year. If we were to enact and go forward with something effective here soon with those two items, it allows you to build some cash for the jail as a reserve, for possible renovation or other building-type structural costs that we could incur, and plan for what we need to do here for the judicial complex. But you will see, looking at the range, we're not there yet. We may need to revise or at least revisit what we're looking at for a total project cost.

COMMISSIONER CAMPOS: Well, if you're looking at \$4 million additional, that barely gets you to the judicial complex. What about the administrative complex and everything else. You're not even touching that.

MS. LUCERO: That's exactly right. A good point.

COMMISSIONER CAMPOS: So there are very limited revenue sources, even if we adopt the 1/16. Even if we rededicate the 1/4 capital outlay.

MS. LUCERO: I think what it means, in terms of the site selection, we need to be more prudent in terms of what we want to look at there for land.

COMMISSIONER CAMPOS: Site selection for the courthouse.

MS. LUCERO: The land selection, yes. We might need to be more conservative in what we can afford. I don't know how else to put it.

COMMISSIONER CAMPOS: Moving out of downtown?

MS. LUCERO: This is a great place to be but we do pay a price for being here and it's a tough call. So unless we can find additional sources, right now at this time that's all that I can see. Let me put one more caveat into this. Let's just say that the jail operation is fruitful and we can get to a point of cost containment and possibly we could with some partnering opportunities and partnership opportunities that have recently presented themselves. If we reduce that general fund need to the jail, that does give you additional power or flexibility to afford a larger project.

COMMISSIONER CAMPOS: So what you're saying is that we have to somehow free up some of that general fund money to do what we want to do. For example, solid waste, we've talked about making that an independent, stand-alone revenue generating system, yet now it's very subsidized. How many millions of dollars do we subsidize that?

MS. LUCERO: That is about a \$2 1/2 million dollar project a year. Or budget. And you have also one thing and that is you have post-closure costs for the Agua Fria landfill so it's not anywhere near a self-sufficient type project or program.

COMMISSIONER CAMPOS: If we raised the fees so that it would be self-sufficient, we could release \$2 million plus for some of these projects that we're talking about? One and half million?

MS. LUCERO: Yes, depending on what we charge per permit, etc. Per user.

COMMISSIONER CAMPOS: Any other, other than solid waste, the rededication, the 1/16? Where else can we take pressure off the general fund to actually do what we need to do?

MR. GONZALEZ: The other obvious piece, if I can throw it out here is sort of what Susan implied earlier is just reduce the cost of the land underlying the facility. The less we pay for the land then obviously the less the construction costs are and it would potentially open up the cost for maybe even doing some administrative facility, depending on how much we paid for the land.

CHAIRMAN ANAYA: And some people wanted to donate, correct?

MS. LUCERO: I believe so.

CHAIRMAN ANAYA: Donate property. Some people wanted to donate

property.

COMMISSIONER CAMPOS: Out in Las Soleras?

CHAIRMAN ANAYA: Yes. Interstate 25.

COMMISSIONER CAMPOS: Now they're going for annexation with the City. I don't even know if that's on the table.

MS. LUCERO: Let me throw something else out there, and this was actually a very creative idea I think that Gerald had some time ago. When we were first talking about going through this polling exercise and getting the citizens' feedback on an administrative building, Gerald had an idea that I thought was very creative in which perhaps the County would go to the voters under a general obligation, not a revenue bond, but a general obligation bond pursuing funding for a socio-cultural-historical museum, and I may not be titling that property, but a cultural type museum, historical museum, that may also include at least some administrative office space. But that's a very unique of possibly funding something like that.

MR. GONZALEZ: That would not be related to the quality of life GRT that we've discussed. It would be apart from that.

CHAIRMAN ANAYA: Okay, I guess what I'm hearing is we have some bond money that we have out there that we need to spend first. We've got the \$750,000 left for water rights that we need to spend. We have the \$8.5 million and four million is for Public Works and \$4.5 million is for equipment for the fire. We haven't spent the \$4 million because we have to work it out with the Public Works, what if we use that in phases. And then we've got the \$4.5 for the fire and we used \$2 million for the RECC and we're using the other \$2 million for construction of buildings. Correct? We need to get that money out of there, is what I'm hearing so that we can start going out and buying other bonds. I think the bottom line is we need a judicial complex. We need an administrative complex. We need to continue working on our roads and I know this bond stuff gets a little complicated and confusing to me, but the bottom line is we need to get those projects taken care of.

I know this Board is looking to get those projects down so we need your help in how we can get that done as soon as possible. And I know sometimes we get a little frustrated up here because we keep saying where's our money? Where's our money for roads? Where's our Public Works Department? Where's our judicial complex? And I know you all are working on it. If we could just fast track it and see what we can do to get things done.

MS. LUCERO: Mr. Chairman, Peter has prepared a financing schedule to try to anticipate selling at least a portion of the new bonds. *[Exhibit 1]* I think what is dedicated for the Public Works facility and the roads, because we do have a road improvement plan. The water plan we don't have yet and as Peter stressed, it's really important to have something like that before you sell the money because otherwise - or get the proceeds, otherwise you don't have any plan of action to put in place.

CHAIRMAN ANAYA: I understand.

MS. LUCERO: Once the money's here.

CHAIRMAN ANAYA: Is there any - Commissioner Vigil.

COMMISSIONER VIGIL: Susan, what's our current bond rating?

MS. LUCERO: Well, actually, a couple of things. The last bond rating we received on a general obligation bond, which was the 2001, that rating was a AA-2. And we have in the last six months received what you call a review rating of our correctional facility revenue bond, the \$30 million that build that facility, and they re-review that every year, and we received a single A rating on that, which considering what type of bond it is and for what type of project, it's very good.

[Commissioner Anaya left the meeting.]

COMMISSIONER MONTOYA: Susan, what's the time frame now with the financial advisor?

MS. LUCERO: I'm glad you asked that question. We have prepared the RFP scope of work and evaluation criteria and we're finishing that up. We're going to send it to our bond counsel and to our own legal counsel to review, and we anticipate we can probably put the solicitation in the papers a week from this Sunday, this coming Sunday. So the 30th. So by the end of May we should have that hit the streets. We'll probably put about a 21-day response time on that. These are fairly quick for these types of firms to turn around. Then we'll evaluate it and we'll probably award it the beginning of July, somewhere there.

Peter has - I think he'd like to pass out his financing schedule because that way it will help you with that time frame.

MR. FRANKLIN: Commissioners, what I thought I could do is rather than go blow by blow through this, just give you the highest points. This assumes that we would distribute an RFP at the end of May for financial advisors and award it approximately a month later. Then give the financial advisor about 30 days to take stock of the County's situation, structure the proposed bonds to be issued and basically give me the information I need to prepare a notice of sale resolution, preliminary official statement and so on.

On that schedule we would be looking at closing our first series of new money general obligation bonds on the first day of November. Now, this is a schedule that could be compressed in a couple different places, if the Commissioners think it needs to be. One possibility is that you could hire a financial advisor on a small purchase basis rather than issuing an RFP. That would shorten things up by several weeks. There are some other areas here where - actually taking that approach, which I'm not necessarily recommending, but just pointing out that it's available to do a small purchase, you'd probably get three or four telephone proposals or written proposals and just select among them for one transaction and the total compensation would have to be under \$30,000, under the amendments to the procurement code.

But that would probably shorten up this whole thing by as much as six weeks or so. I would put to you the question though, do you actually need the proceeds before November 1st? If you do, then you should consider that. If you don't, it's probably appropriate to go through an RFP process and get a financial advisor who is really going to be looking at the big picture that the County's in. It's debt management. It's debt issuance and so on, over the next several

years. What financial advisors can do and are supposed to do is plan for that sort of thing, address for example Commissioner Vigil's question about how to maximize the investment return on bond proceeds, how to keep the tax rates level or as level as possible so that each time there's a new series issued the tax rates don't spike up. That's what they do. Although I wish I could do that, I'm only smart enough to be a lawyer.

COMMISSIONER MONTROYA: So the seller, is that going to be someone the financial advisor selects? The seller of the bonds? You have Modrell Sperling on here.

MR. FRANKLIN: Well, that's me. That's my firm. That's your bond counsel. What the financial advisor does in general obligation bonds, he or she puts together a proposed bond structure and then puts it out to bid among the investment banks across the country. And then what happens is they bid on a certain day at a certain time. They offer - we'll give you interest rates of two percent for this year, three percent for the next year and so on and so forth. The financial advisor analyzes the overall interest costs up from the different bids, the overall interest cost to the County, selects the lowest interest cost to the County and recommends that the County accept that bid.

COMMISSIONER VIGIL: Are you asking for direction on whether or not to follow this schedule today?

MR. GONZALEZ: We'd be glad to take any direction that you have to offer.

COMMISSIONER VIGIL: Then I have another question, Gerald. This probably goes to you because I think a critical piece of this is while we have a proclivity to get the roads done in our district, just how much can our Public Works Department handle it and is November a realistic date for us to sell these bond and start working on these projects?

MR. GONZALEZ: Well, I think the proposal that Susan outlined would allow us to move forward with the Public Works facility even before we've sold the bonds and then we'd complete the process as we go through it. So right now, that piece of it is just dependent on getting feedback from the architects and moving forward once we get that. I don't think that's the problem. And I think with respect to the roads was that a path is sort of carved out that will allow us to begin to address the roads during the summer, but again, you will have to come back and approve a reimbursement resolution that would allow us to refill the pot, so to speak, once we're underway with that. I hope I answered your question.

COMMISSIONER VIGIL: It does, and it sounds to me that this would create a stride for us going towards a direction. I'm totally in favor of it and just to put my input with regard to what we're going to do for a financial advisor, I guess the question I would have would be to you, Susan. It seems to me that if we solicit financial advisement from someone who's going to give us under \$30,000 worth of work, we're not going to get as much of an in-depth analysis as we would if we RFP-ed and created a comprehensive RFP to address all of our needs.

MS. LUCERO: I think what I'm probably most concerned about, Commissioner Vigil, is one, if we issue an RFP and considering we're this far along in having developed it, I'd like to go forward, and two, we do have a rather complicated issue with our jail bond, and I think that takes a quality type financial advisor. I have talked to numerous of

them about that. They all have a little different version, a little different interpretation of what they consider issues. And what it indicated to me is that, because of the depth of that and the complication of it it would behoove us to look for something more long term rather than a quick fix and we would benefit from that in the long run. Considering how close we are, I'd ask for your support in helping us see this through. If we're talking three to four weeks additional time, or maybe as Peter said, six weeks compression, I really feel that that would be well worth it, especially considering that we have an avenue to take care of the roads now and we are working with the architect on the Public Works facility and they still need 30 days or more to revise the cost estimate and to include energy efficiency issues that you've addressed.

MR. GONZALEZ: If I could just add, Mr. Chairman, Commissioner Vigil, I think it's important to get a financial advisor on board who could provide something comprehensive and I think you've apprehended that, a comprehensive list of services, because we have so many needs here at the County, they could actually help us look downstream at a long-term financing plan, probably provide the kinds of information that we haven't been able to access over the last year or so and really fill some, I think important needs that we have wanting and I think that's why we'd be able to do a full service kind of financial advice agreement.

COMMISSIONER VIGIL: You have my support on this.

COMMISSIONER MONTOYA: Susan, how much will that contract be for them do you think? For the financial advisor? If that's what we're going to get from them.

MS. LUCERO: Commissioner Montoya, I really couldn't tell you. I don't know. There have been quite a few who have come to the table and said we will gladly be the County's financial advisor under the Small Purchase Act. There's so many. I really couldn't say. It could range from anywhere but I think it will be interesting to see what the proposals all show. A lot of these investment firms have been watching the County very carefully over the last couple of years and are very interested in doing business with us, so they are already very much aware of our current debt structure and they look at it every day. So I'm sure there will be quite a range for cost proposals.

MR. GONZALEZ: Excuse me, Mr. Chairman. I don't know if Peter out of his long experience, if he would be able to at least sort of provide an envelope in terms of what he's seen other places for these kinds of services.

MR. FRANKLIN: Mr. Chairman and Commissioners, I think you can get quite a range. I worked on a \$20 million hospital GO bond that closed in February and one of the financial advisors that I know will be anxious to respond to the RFP I think charged about \$25,000 for that deal.

COMMISSIONER MONTOYA: For the \$20 million?

MR. FRANKLIN: Yes. And I think they, like bond counsel fees, they tend to be based on the size of the deal and to some extent on the complexity of the deal. I don't know how they approach sort of general advisory services that don't relate to a specific transaction. I imagine that they have some proposal for getting compensated on a hourly basis for that kind of work. Typically, they are a little cheaper but not a lot cheaper than bond counsel.

COMMISSIONER MONTOYA: So probably it's going to be over \$30,000 then.

MR. FRANKLIN: I think on a per-transaction basis, as Susan said, a number of these people would be willing to say, look. For your first series, if it's just one series of bonds, whatever the amount you're going to issue, we'll do it for under \$30,000. Because I think they're anxious to do business with the County. At the same time I strongly agree with Susan and Gerald that the County has a big-picture debt financing set of issues to be looking at. Some of those issues are very challenging, the jail bonds in particular. And I think it makes sense to hire a financial advisory firm that can provide some sort of ongoing assistance with those issues, and doing that, on a small purchase basis probably doesn't make as much sense.

COMMISSIONER MONTOYA: Judge Hall, did you have any questions or any statements you'd like to make?

JUDGE JIM HALL: Probably not. I think you have a difficult decision and I applaud you for going forward. But I've said it before, [inaudible] but I'll repeat what I said before, our interest is in going forward with a new facility, wherever it needs to be located. We prefer it be downtown, but the most important thing is a new facility. I have nothing much to add.

COMMISSIONER MONTOYA: Thank you, Judge. Any other questions? Do you have enough direction, Susan?

MS. LUCERO: Yes, I do, and I appreciate this very much. I appreciate all of your support and we'll all come together. We're on our way. So I appreciate it. Thank you very much.

COMMISSIONER VIGIL: Susan, I didn't make this statement earlier but I'm in favor of you all looking into the potential of that 1/16 GRT negative referendum.

MR. GONZALEZ: One other piece of information I just want to put in front of you is just an informational item. If some of you didn't see the article in the paper, I understand the Paramount, which is one of those pieces we had talked about in the past is apparently on the market and available for what looks like maybe a reasonable price. So we may come back to you with something on that.

COMMISSIONER VIGIL: Was that two million?

MR. GONZALEZ: Two million is what we've heard but who knows? Once it hits the street we'll have to take a look at it.

JUDGE HALL: Judicial complex and nightclub.

COMMISSIONER MONTOYA: Have some strobe lights on it.

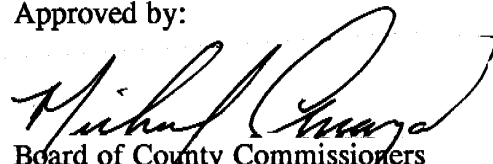
MR. GONZALEZ: Employee recreation area, please.

COMMISSIONER MONTOYA: It will become a night court. Thank you, Susan. Thank you, Mr. Franklin.

VIII. ADJOURNMENT

Vice Chairman Montoya declared this meeting adjourned at approximately 6:00 p.m.

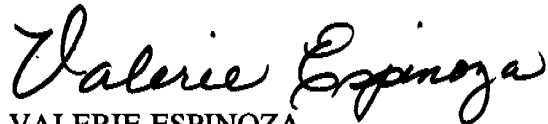
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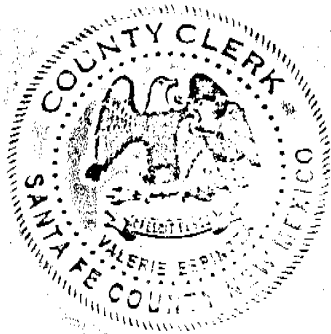

Board of County Commissioners
Mike Anaya, Chairman

Respectfully submitted:


Karen Farrell, Commission Reporter

ATTEST TO:


VALERIE ESPINOZA
SANTA FE COUNTY CLERK



DATE	ACTIVITY	RESPONSIBLE PARTY
Friday, May 27, 2005	Distribute financing schedule	Modrall Sperling
Monday, June 27, 2005	Select Financial Advisor; award contract	County
Month of July, 2005	Financial Advisor develops plan of finance and proposed structure for GO Bonds, in consultation with County and Bond Counsel	Financial Advisor County Modrall Sperling
July 20, 2005	Distribute draft Notice of Sale Resolution	Modrall Sperling
August 10, 2005	County Commission adopts Notice of Sale Resolution, ordering bond sale to occur on September 21, 2005	County
August 11, 2005	Notice of Intent to Sell General Obligation Bonds submitted to Department of Finance and Administration pursuant to Section 6-15-1, NMSA 1978	Financial Advisor Modrall Sperling
August 24, 2005	Distribute draft of preliminary official statement	Financial Advisor Modrall Sperling

DATE	ACTIVITY	RESPONSIBLE PARTY
September 7, 2005	Post Preliminary Official Statement	Financial Advisor Modrall Sperling
September 12, 2005	Publish notice of bond sale in <i>The New Mexican</i> and in financial periodicals	Financial Advisor
September 12, 2005	Distribute draft Award Resolution	Modrall Sperling
September 21, 2005	County awards Bonds to best bidder and adopts Award Resolution	County Financial Advisor Modrall Sperling
September 22, 2005	Notice of Adoption of Award Resolution submitted for publication in the September 27, 2005 edition of <i>The New Mexican</i>	Modrall Sperling
September 27, 2005	Notice of Adoption of Award Resolution published in <i>The New Mexican</i>	Newspaper
October 7, 2005	Distribute draft closing documents	Modrall Sperling
October 28, 2005	30-day limitation of actions period expires	Modrall Sperling

DATE	ACTIVITY	RESPONSIBLE PARTY
October 31, 2005	Preclosing	County Modrall Sperling Financial Advisor
November 1, 2005	Closing	County Modrall Sperling Financial Advisor