

SANTA FE COUNTY

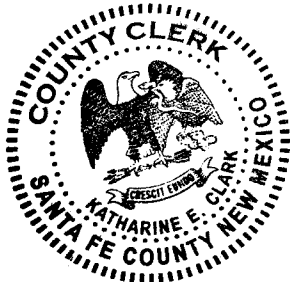
BOARD OF COUNTY COMMISSIONERS

SPECIAL MEETING

April 16, 2021

Anna T. Hamilton, Vice Chair - District 4
Rudy Garcia - District 3
Anna Hansen - District 2
Hank Hughes - District 5


Henry Roybal, Chair - District 1 [Excused]



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC MINUTES
PAGES: 37

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Deputy  Witness My Hand And Seal Of Office
Katharine E. Clark
County Clerk, Santa Fe, NM

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SPECIAL MEETING
BOARD OF COUNTY COMMISSIONERS

April 16, 2021

1. **A.** This special budget study session of the Santa Fe Board of County Commissioners was called to order at approximately 9:06 a.m. by Vice Chair Anna Hamilton.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, this meeting was conducted on a platform for video and audio meetings.

[For clarity purposes, repetitive identification and confirmations of those on the phone have been eliminated and/or condensed in this transcript.]

B. Roll Call

Roll was called by County Clerk Katharine Clark and indicated the presence of a quorum as follows:

Members Present:

Commissioner Anna Hamilton, Vice Chair
Commissioner Anna Hansen
Commissioner Hank Hughes
Commissioner Rudy Garcia

Members Excused:

Commissioner Henry Roybal, Chair

C. Approval of Agenda

COMMISSIONER HAMILTON: Manager Miller, or anybody who has information, are there any changes that we need to take note of?

KATHERINE MILLER (County Manager): Madam Chair, I do not have any changes.

COMMISSIONER HANSEN: I move to approve the agenda.

COMMISSIONER HAMILTON: Thank you.

COMMISSIONER HUGHES: Second.

COMMISSIONER HAMILTON: So we have a motion and a second.
Madam Clerk, do you want to do the roll call?

The motion passed by unanimous [3-0] voice vote. [Commissioner Garcia was experiencing audio difficulties and had not yet logged on.]

SFC CLERK RECORDED 05/13/2021

2. Presentation and Discussion of FY 2022 Budget Development

MANAGER MILLER: Thank you, Madam Chair, Commissioners. So we have a presentation today. It really just takes you through where we are relative to the FY22 budget, reflecting on some of the population goals that we have, and let's see if Daniel is able to bring that up. Thank you, So this is – we call it preliminary budget information because we recognize that the Board has not approved anything for the FY22 budget, but we had a previous presentation at the BCC meeting at the end of March that gave the Board a little bit of insight into where we think we will end fiscal year 2021, and insight into the budget requests from the departments and elected officials, and then the preliminary estimates of revenues for the next fiscal year.

Just a reminder, we try to build our budget based upon performance measures in alignment with our strategic plan, and we did some work the last week on our strategic plan. I'll reiterate that we are not done with the revisions to our strategic plan. But we did get some information out of the Board relative to our four population goals of provide a safe community, promote a sustainable community, support a healthy community, and be a proficient, transparent and accessible government. These population goals and the approach that we have to our budget were based upon Resolution No. 2011-24, which was our results-based accountability, which is an objective-based budgeting or performance-based budgeting system, and then also Resolution No. 2015-127, which added the population goals to the current and future budget process, and that's where they came from in order to build our strategic plan in 2018.

Just some things that came up. As we built our budgets, department directors and elected officials are reminded of those population goals and the strategies that were in the 2018 strategic plan. And so since we've put that in place we have worked to achieve some of the goals in that plan or the strategies and actions and actually carry out some of the actions and tasks in the plan and we've put those into our budget requests as we've progressed through the years. I've found that while we did not complete modifications to the strategic plan, our discussions last Thursday and Friday re-emphasized many of the things that are already in the plan as still high priorities. When we voted on what are those things and strategies that each group found to be really kind of top level priorities, and these aren't the actual strategies but this is kind of a summary of the things that I as the Manager and the note-takers and the people who scored things kind of rose to the top, and that was our affordable housing opportunities through our updated affordable housing plan, and numerous things that we could look at to include in future endeavors in our affordable housing opportunities. Climate change, and our sustainability efforts that we need to focus much of what we do on how to lessen our carbon footprint and create opportunities for combating climate change through our own actions and through promoting sustainability efforts in our policies and with our community.

Also, economic and community development opportunities with some increased focus on broadband capacity that the pandemic has really brought forward, the true lack of broadband infrastructure and service in our rural areas, making it hard for our constituents to work from home and educate their children from home. Also an increased focus on our recreational opportunities, particularly those outdoor recreational

opportunities in our open space properties that we already have, as well as looking at facilitating other opportunities like the shooting range ideas that we've been collaborating with other entities on.

Employee training and development, when we got into being an efficient, transparent government we had a lot of strategies there about making sure that our employees have good educational opportunities, training and promotional opportunities through our career ladders and our compensation scale.

Also fire prevention – public safety in general. Public safety in general, but there are concerns with drought and the fact that we have a lot of forest land around us as well as private property that bumps right up to national forest and federal lands that are highly forested, and to look at fire prevention and risk mitigation for forest fire and the impact on our citizens. Public safety through crime prevention – improved response times, increased coverage, traffic issues, driving issues, just increased coverage, and then staff training, making sure that our law enforcement entities, the detention center, the Sheriff's Office, and even dispatch and fire have appropriate training to respond appropriately and quickly.

Also, the expanded behavioral health services, and emphasis on the fact that we're opening our crisis center and we're looking to – once that's up and operational and providing services to the community in Santa Fe and the surrounding area also to look at our Edgewood area.

And then, as I said, drought mitigation and a safe drinking water supply and long-term water supply security.

So those are things that kind of rose to the top when we did our scoring and you will see that those items are reflected in this budget already. But there may be other areas as we move through the budget process that the Board would like to see tweaked or emphasized even more. And just my little note at the bottom: this is by no means inclusive of everything that's in the strategic plan. Most of what's in the strategic plan already, you'll see that our departments and staff have ongoing efforts built into the base of their budget that we don't spend a lot of time talking about but it's part of what they do on a day-to-day basis. And this is just kind of a list of what – a summary of what rose to the top at the end of Friday, after all of the breakout sessions.

Also I want to point out that we receive as a county – we're accountable to the State of New Mexico, Local Government Division within the Department of Finance and Administration for the submission of our annual budget. And on March 15th, the Local Government Division sent out a letter to us making certain recommendations in light of the fact that we're still in a global pandemic.

[Commissioner Garcia joined the meeting.]

MANAGER MILLER: So these were some of the things where local government is facing financial or budgetary challenges, and these are a lot of things we already did when we did the FY21 budget the second time around. As you know, we were about done with our budget review when the pandemic hit and we had to start all over. But these were things about adopting and applying formal policy that strictly disallows recurring expenditures from cash balances and non-recurring revenues. We always strive to make our recurring expenditures in our base budget match our recurring revenues, and that non-recurring revenues or cash balance could be used to assist us

through difficult times, which Santa Fe County has done a good job building up additional reserves in order to do that.

Implementing an immediate freeze on all current vacant employee positions, which is what we did last May. Our freeze, I think went into place in April and we lifted that freeze in December, at the end of December, because as you will see, we found that we were doing okay. I think all of the departments and elected officials – I want to take a moment just to complement them on what a good job they did in operating with limited budget capacity and some limitations on hiring and human capacity, they still did an excellent job and we actually came out of what I believe and hope to be the worst of the economic situation. We came out of that in a good position to build our FY22 budget.

Another one, implementing an immediate freeze on all employees' salaries. We did that. We no longer – we still could promote within but not merit increases. But we did live up to our union contractual obligations. So in all of our bargaining units where we had step increases where people got an increase for being in a position for another year, which much of the public safety bargaining safety units have, we honored those. So staff received their step increases as they were expected to do, and we honored those contractual obligations. We also did not do any kind of furloughs or pay cuts to anybody who was already employed at the County.

We implemented an immediate freeze on any new non-essential contracts that affect the general fund. We didn't have to do any of that but we are entering into, have entered into just recently some contract negotiations and this Board knows we have a few contracts that are up for either economic re-openers or complete new negotiations and we will address that further down in the presentation.

And then discontinue the practice of providing funds to any non-profit organizations that are not tied to a legislative appropriation. We didn't do that, but we did cut some of our funding through our contracts, but we do contracts for services and we kept all of those services going except where in-person contact was really required. We reduced some of those contracts. So some of our youth summer programs where they couldn't provide services on a virtual basis, we did cut back some of the funding there, but as you all know, we shifted a lot of the way we provide services and continue to do that. But these are the things that DFA recommends. Hopefully we're not going to have to do much of these next year in our proposed budget.

So revenue and expense projections, in this presentation you'll see some projections for the end of fiscal year 2021. Everything that we provide in our financial projections, we have actuals through March 31st, and then we're projecting out for April, May and June. Also, we've tried to project recurring revenues through that time, and then where will we be on June 30th with our expenditures? Also, we've looked at expenditures including the recurring operational fixed assets and maintenance projects and debt service balances.

We also have pulled out – we did two revenue projections for you so you could see this a little bit better and that is we took non-recurring. We have projections for the recurring, just recurring to recurring, and our debt service, and I'm taking out capital projects. I just want to remind the Board that we don't do capital project budgeting during our operational budget. We have done that separately. There's good reason for it. It makes it very complicated to try to do it while we're trying to get our operational budget

in. So just a reminder to the Board that last summer, in July, we had a rather extensive Board meeting on capital projects. At that time we looked at any capital project that we already had. We reviewed projects that were completed, and we had additional budget from those.

We reallocated all of that to projects that were still ongoing and needed additional funding. We also took funds that we had for revenues in our capital outlay GRT and our other special revenue funds to complete funding for all the projects that the Board had already approved, as well as a few additional projects to get them going, and we also did \$20 million worth of new projects that we funded with the general obligation bond. And that bond, we went to market for that \$20 million of bonds last week. We had one of the best outcomes we've had due to our financial position. I think our interest costs for the life of the bonds came in – it was either 1.24 or 1.26 percent. It was really a great statement but basically, you can see at the bottom there to note that in July 2020, we did \$21.2 million in new projects. So that's what we have on our plate. Anything that had previously been funded, plus \$21 million in projects going forward for the next two years.

We will come back, probably in the June meetings to ask for confirmation of rolling all of that money forward to be available July 1 so that we don't have a break in doing our projects. But I just wanted to remind the Board, the reason you won't see in any of these budget discussions requests for particular capital projects, as we do do that through a separate planning process, and we do that with the ICIP, and you will see the ICIP come forward. We do it every year with you and that's where we get to prioritize our requests to the legislature, and for the Board to prioritize to us your most important projects that we start to put in line for the next batch of funding, whether it be capital outlay GRT, grants that we might be able to get from the legislature or other sources.

So here's where we are to date. This slide should give you a lot of history, because FY 20 and FY 21 are such anomalies that we wanted to give you context of where we're coming from for our preliminary projections for FY 22. Our primary general fund revenue source is general property tax. Our next one in the orange or kind of peach color is our gross receipts tax and hold harmless distributions, and then investment income. And you can see what's happened. If we just look at property tax in FY 17 – and these are, by the way, 17, 18, 19 and 20 are actuals. And 21 is what we've received to date through March 30/31. And then the next column is what we're projecting where we will end at the end of FY 21, and what we'll have to start the year. And then our preliminary estimates for FY 22.

This is all revenues, so this includes bond issues. What it doesn't include, under the very, very last row, GOB or GRT bond issues, as you can see we're going to receive that money FY 21 6/30. We'll probably receive the proceeds from last week's bond sale around June 10th, which isn't really any time. So we will receive it and have to acknowledge that's a revenue in this year, but we're probably not going to budget much in the way of expenditure on those for the last 20 days of this fiscal year. So that's why I said you will see us come back to you putting it into its specific projects for the beginning of the year on July 1st. So you'll see that pop back up as another revenue, but it will be cash at that point.

It won't be coming in as new revenue coming in from the bond sale. We'll have

already had it; it's sitting in the bank, and then we will budget it in the FY 2022 budget in the specific projects that you can allocated last July. So you'll see that pop back up, but for the most part – and you'll see other capital projects that roll over and that number will also increase when you see the final budget. But for the preliminary budget, we're showing you what we already have in the way of revenues, and what we know we're going to receive through the grant.

So the other one is where the little hand is, actually, is 2021 American Rescue Plan. That \$14,580,000, that's our estimate of what we are going to get out of the rescue plan for our first allocation.

So that's where we're looking for revenues, kind of all-in. Also I'd like to point out in our grants, in that green row. You have the grants – the top row is our regular grants – HUD, Housing that we get, DWI – things that we typically get on a recurring basis. A lot of the grants that our Sheriff gets, that's where you'll see those. Fire fund grants, things like that, that we get over and over and budget on a regular basis, but then we separated out the 2020 CARES Act where we got almost \$10 million from the American Rescue Plan that we used for CONNECT, rental assistance, to purchase the shelter, the motel, the mortgage assistance, and all the other social services that we provided when we got the CARES Act grant last September, as well as the almost \$4 million that we got for business.

So you'll see we've received that already. We spent all that. We drew all of that down and zeroed out that grant from the state. And then you'll see we don't show any estimated revenue from the state at this point in time from the federal package. What we estimate is what we think we'll get in a direct allocation and that's that \$14.5 million.

Also, I'd like to point out our budgeted number on GRT up at the top there with the peach. The peach number – you can see that we were starting to climb pretty well in 17, 18, 19. A couple of those big jumps, between like 18 and 19, that's where we put another increment of GRT in place for public safety. So if you recall we put the second increment of the hold harmless in place. So not all of that is growth. Some of that is new tax. So you can see some of that partially came in in – some of that growth came in in 18 and then in 19. And I believe – so the GRT, not all of that, I just want to point out is growth. We typically put one in, an increment that comes into effect in January, but we don't start to collect until March because there's a two-month delay from when it's collected at the register to when we receive it. So you'll see a little bit of that increase in FY 18 was the first four months and then you see the rest of that in 19 when we received the full increment.

So our growth between 19 and 20 was a little more normal except at the very end of 20 and that was May and June reflecting March and April, economic activity from the pandemic.

So you have to dig below these numbers to know what's really going on and so our estimates take into account that that's not true growth between 17/18 and 18/19 and then 19 to 20, we started off the year like gangbusters in July of 2019 through – all the way through – truthfully, we were having the best year ever in GRT and then the pandemic hit in March, and then it went – then the whole economy shut down and it totally changed.

So there's also a little bit of – you have to factor in how much of that growth – so

where are we going to start back up when the economy is more back to normal. What we're looking at is we believe this year we'll have about a 17 percent drop from or high time, and then maybe still ride out about a 15 percent drop next year. So that's where we come up with the \$54 million.

That could turn around and be a little bit better. The economy could come back faster but that estimate in GRT is based on what we've seen during this cycle. The months have been a little off but also remember the governor shut us down completely again at the end of November, early December, which is typically a high purchasing season, and we haven't transitioned to the internet sales being destination-based instead of source-based. In other words, wherever you buy, where that bit is going, is what tax applies. So if I order in Santa Fe on line, the tax is City of Santa Fe tax. That's going to be implemented in January. Right now we just receive an estimated amount from the state on a flat rate.

So we don't know what the real impact of that will be either. And through the whole pandemic we just received a flat distribution to the tune of about \$600,000 for the year is what it will be. We don't know if that – estimates are it will be better, but we can't say. We don't have the data to know that. So we are conservative in knowing what that would be and really didn't factor that into our GRT growth.

Hold harmless continues to go down. Just a reminder to the Board, what the state did is – so at the beginning when they took the tax off of the food and medical services they said to local governments, well, we'll distribute to you what you would have received anyway. For Santa Fe County that was between \$4.5 and \$5 million a year. But then, the state when oh, my gosh. That turned instead of a \$30 million estimate on the state's general fund, it was about \$300 million factor statewide. So then they passed a law that will give you three one-eighths as a local government, what we call the hold harmless increment of three one-eighths to make up that money. But they're going to take that distribution away. They're taking it away over a 15-year period. It reduces by seven percent for ten years, and then six percent for the last five until it's gone.

We used to be, like I said, when that started we were around – and don't look at FY 17. It was in a different area but I can just tell you about when it started it was around \$4.5 to \$5 million across all our GRT increments, and you can see it's essentially going down. We get some wonky distributions now and then from the state but it's really going to be around \$2.6 million. It's a number we budget but counting on it recurring and budgeting salaries against it is not something we think is prudent since it's going away.

Anyway, that's our estimate for our overall revenue projections. You can see that it was our budget and our actuals to date at the bottom, FY 20. And the reason we jump around as well is it depends on whether we sell bonds. That's why you see big jumps in overall revenues. You can see it along GOB or GRT bond issues - \$61 million, \$59 million. These are when we sell bonds we might sell the bond like we are this year towards the end of the year, not spending any of it, and then it's another big issue. Those ones between 17 and 18 were pretty much when we did the revenue bonds and our GO bonds, the revenue bonds for these two buildings, the two administrative buildings. That's why that number is so large. You won't see numbers quite like that. That was one of our bigger bond issues and GO bond. Also, when we do refundings you'll see that. If we refinance you're going to see all that money come in but it just goes to pay off other

bonds. But at the end of the day we do anticipate a fairly good budget in FY22 for capital projects.

Also, note that the health premium, we've talked about earlier that we need to look at our health premiums. I think we're going to be good on our dental, but on our health premiums we need to look at an increase there, a small one. The \$10.3 million is calculated best upon an estimate of how many employees at a three percent increase. If the Board doesn't vote for that that number will come down.

Now, the expenditure projections, same thing here. Taking everything that we have across all funds, 17, 18, 19, 20 are our actuals. You can see we've stayed pretty solid from year to year in what we spent. We've obviously had our increase in salary and wages. When you see the big jumps that's where we've added a lot of employees. So between 17 and 18 you see that fairly large jump. That was when we added quite a few public safety staff. We added 18 firefighters and a couple other fire staff. We also added I believe about five people in Corrections, four dispatchers and three deputies, plus about five administrative staff to support that. They weren't all hired at the same time but that's where you see the big jump in salary and wages, between 17 and 18, and then we brought some more on between 18 and 19.

Pretty flat between 19 and 20. We did not add a lot of staff but you're going to see that we also saved money by not – and whether we'll hit that \$49 million, I don't really know because we had a hiring freeze. But three-quarters of the way through we were at \$33 million and that's where you can see the impact of the hiring freeze in salaries and wages as well as employee benefits.

All the departments are hiring aggressively and I'm going to put a shameless plug in for the virtual public safety hiring event. We have lots of people signed up for that and hopefully we get a lot of new employees in our dispatch and Corrections, and we also have a fire cadet academy where we just – it's ten or twelve. I think it's twelve, our new hires that will be going to that. So that's why we expect to have quite a bit more expenditure over the next quarter.

But we also are pretty good on our – you can see the departments really cut back on their training and travel, only spending \$79,000, \$80,000 to date when we typically spend \$300,000 to \$400,000. Also maintenance, we haven't driven a lot of our vehicles as much by doing things virtually, so that's projected to be about half of the norm. Other services, that's increased. And the reason is all of that CARES Act money that we pushed out the door. The supplies, about half. We're encouraging departments to go ahead and take care of some of those things. If you're low on supplies and you've got supply money in your budget, go ahead and get it now.

Also, I think our healthcare assistance, it's projected to be a little lower but that's because we did quite a bit with the CARES Act money as well. Liability and insurance and deductibles, that continues to go up year over year for a few reasons. When you have more employees, more buildings, more vehicles, you have greater general liability coverage, but also our law enforcement premiums as well as our medical malpractice at the jail continues to go up exponentially.

So this one just kind of gives you where we are this year from our budget to our actuals and our revenues. We had an adjusted budget of \$137 million, and to date we have realized \$122 million of that. So we have \$15 million to go over the next quarter.

We think we'll hit that number but you can see the areas where we still have money to be collected. We're currently in our second half of the year on property tax, so the due dates for property tax payments for tax year 20 are December 10th and May 10th, and so we have \$12 million to collect there before the end of the year. That also affects the valuation fund. They receive one percent for reappraisal purposes out of what we bill. And gross receipts though, we had estimated it would be worse than it is, and so we're ahead there.

Health premiums, we still have to collect and that's done through payroll, so we estimate we will get that \$4 million that we're short there, because it's done – the number of employees comes out of the employer and employee side. Grants, some of our grants we collect towards the end of the year but those are reimbursement-based in many cases, so we submit for those.

And investment income. If you notice, we budgeted it at about \$2 million but in prior years, prior to this economic cycle, we had been getting \$4.5, \$5 million. We count on that for covering some of our general fund expenses and we're estimating next year to also be – and any of those of you who are on the Investment Committee know there just is nothing to be had in chasing interest rates right now and investment, much in the way of earnings. So we had estimated \$2 million. We'll likely get a little bit more than that, maybe \$2.5 million, but that's about half of what we had been getting the previous few years.

As far as the expenditures though, I have to say I'm really quite proud of the departments. When we said curb your spending they curbed their spending. Our adjusted budget, you can see the CARES grant was in there. We went from \$144 million as our original budget to \$160 million, and we've pulled capital projects out of these by the way, and bond issues, because it does distort the picture, so this is just operating. You can see we adjusted to \$160 million. We've to date \$86 million, and we estimate that we'll at the end of the year be at about \$74 million, give or take. But you can see that gives us another year where we'll have a favorable ending to the year across all funds.

I want to point out to, this is all funds. So this is not our general fund; this is all funds. Except for those special revenue funds used for capital. But when I say all funds, for instance, road fund, fire funds that are transferred from other revenues like excise tax and from other GRTs. Housing, everything. So this puts all funds together but it gives you a sense of Countywide where are we. We always look in all of our funds to our reserve policy that the Board passed and that it to make sure that we have appropriate general fund reserves and that we have appropriate reserves in those funds that salaries come out of. So that would be like the Corrections fund.

And you have to also remember we also transfer funds from the general fund into those funds, like Corrections fund, road fund, all those funds that support the Sheriff's operations, Fire operations. Much of those also have transfers from the general fund. But this is just the expense side across all funds, except for capital projects.

So now we get into, pulling out projects and capital, what does it look like on a recurring basis for revenues and as I said, we're looking at projecting at the end of the year – and if you look at FY 17, 18, 19, 20, remembering that between 18 and 19 we had that large growth due to a new tax in place. We also had – but we had a really good year going from 19 to 20, and then the brakes hit at the end of 20. So and then 21, where you

see our major drops to go from \$151 million actuals to \$141 estimated for 21, as you see it up there in property tax, while we had a growth in residential the Assessor has given me that we are going to see a significant drop in non-residential. So we believe that the growth in the residential will offset that loss in non-residential but effectively keep our budget relatively flat.

We also don't really know what the collection rate is going to be. Because we haven't collected our second half for last year we're not sure how we're going to end this year. This number may change as we get to the end of this fiscal year but right now we're approaching thoroughly conservatively to be about the same and in that vein, if it's the same, we think around \$52 million. Also, as I said, GRT, we don't see it coming back completely to pre-pandemic times but we do see it coming back some, based upon the numbers that we have. So we do estimate it as still a drop from the highpoints of 19 and 20, but not a massive one, as you can see.

Hold harmless distribution, like we said, it's not recurring so we're taking out that part that we think will be there for a year or two but you're going to continue to see that number come down due to the state legislation.

Ambulance billing, you see that in FY21, we do anticipate a good year, but at the end of FY20 is when we put the contract in place for a private entity to do our billing, and they receive a fee off of everything that's collected. They did a great job of getting us caught up. So FY21 has a big bump. We don't know how much of that is catch-up from FY20 where you saw us drop when we should have been going up, so we're kind of using an average of the years prior to this year.

And then you can at the bottom investment income, another one that we county on, \$2.5 million as opposed to the high years 19 and 20 at \$4 to \$4.3 million.

And the other thing that is not in here is the grant. And the grant, the rescue grant is not in there because that's not a recurring grant. That's going to be a one-time. So what is in there are the recurring grants.

So that puts us with a recurring revenue projection of about \$145 million.

Then this goes to – and this was not forced. I'd like to point out that this was not forced. This just happened to be the way it came out. All of the departments and elected officials submitted their budgets earlier this year. We did budget hearings with each one of them, and we did not go in and cut a lot of things out. We've taken a few things out that we discussed during those budget hearings, asked them if it looked like they had more travel than they could possible spend. We cut some of that down. But this is where it is. It happens to be that the recurring budgets that have been submitted by the departments roughly equal the recurring revenues as estimated by Finance.

That's good news, except what it does not include. That does not include – because the departments do not put in their budgets, they do not enter cost of living increases. They do not enter any kind of other compensation packages that the Board might approve. They don't include any hikes in employee benefits, so if there's an insurance premium increase, that's not in there. They don't include legislation that may affect benefits which we have this year in our Fire Department, and they don't include any FTEs or any new initiatives that the Board requests.

They do include initiatives that they have put in funding because they know that this was a priority of the Board and they're trying to address it through their regular

operations, but they don't include other things. So anything that we add to this budget that's recurring, we either need to look at an offset in this budget, which I think there's some room, if needed. You can tell by looking at 17 through 20, our actuals, and you can see that in many cases the departments asked for more money than they actually spent. So there is some wiggle room, and there are some areas in maintenance, in supplies, in other operating costs. Operating costs and supplies I have to look at those together because sometimes we've moved line items to different categories. Services, you can see we got a bit request at \$23 million, but historically we've only spent an average of \$15 to \$16 million. Some of those things are those requests though that target the priorities of the Board, and you'll see those in other slides.

This just pulls out. I wanted to make sure that you could see, we pulled debt service out. We have two types of debt service. We have general obligation debt service where it goes to the voters and the rate on your property tax bill is adjusted based upon what is approved by the voters for us to go out with bond issues. And we take the overall assessed value and divide that into our debt payments and we get DFA in conjunction with the Assessor's Office and Finance, as well as all the other entities – the City, the Community College, the school districts and everyone – looks at what our property tax rate is, but for us, our debt service rate is confirmed by our debt service schedule and our total valuation across the county. We're estimating that those payments need to be \$18.6 million and that will produce a rate around .12 mills. That's our target rate with our financial advisor.

Then we also receive, on those bond proceeds we receive interest and miscellaneous revenues. And then we have also GRT debt service. So our GRT debt service, the things that we have for debt service on that, out of approximately \$5 million here, plus also in our transfers in we pay for the – we have revenue debt against our GRT for the courthouse, and that's the district courthouse on Montezuma. We still have debt on that. We have debt for 102 Grant renovations. We have debt for the construction of the 100 Catron. We still have debt on our jail. And we still have debt on BDD. So just to give you a sense of what's in there, and then there might be a couple little small ones left but I think most of the others have been paid off.

Our total estimate, between the two, by the way, is \$28.5 million.

Then I've had a lot of questions, well, what about the American Rescue Plan, or ARP as it's new acronym and nickname – not to be confused with AARP, for us elderly folk. But they're calling it ARP. I'm going to preface this entire conversation that we still do not have any guidelines from the Treasury. I was in a meeting with the Mayor yesterday. We do a community check-in every two weeks and included in that group is Gary Lutz from SBA. He also has not gotten for the SBA programs any guidelines. The Mayor stated that his meeting this week with all of the Mayors Council that he meets with. None of the cities have gotten any guidelines, and my meetings with the federal delegation – Senator Lujan last week as well as the Association of County, NACo – no guidelines.

That's frustrating, because if we had it it'd help us build our budget but we'll get them when we get them. And we'll be sure to be ready when we do get them to make recommendations on what to go for. But all in all, it was signed into law on March 11th, so it's just been a little over a month. Probably not worth getting too concerned about. It's

\$65.1 billion for direct county allocations and that's based on population. Every county is eligible to receive a direct allocation. Not all municipalities are. Theirs have to go through the state, but we fall into the county category for direct allocation. We've been informed that we would receive those funds in two tranches – 50 percent within 60 days of March 11th and the remaining 50 percent no earlier – no earlier – than 12 months.

So if we get it in May, not really any time to spend it because we already shut down our procurement policies. If we get it in May the reason that we showed in our budget revenues, I'm showing it coming in next year because it's basically going to hit our bank, and I'm through this budget process asking the Board for approval where to allocate it for the next two to three years. Because it's good through December 31, 2024.

And then we won't get the second half, the other \$14 million until – truthfully until FY 2023. So probably the June/July timeframe of 2023 for the 23 and 24 budget. But the nice thing is the funds may be used for 2 ½ years and that's a good thing, because it gives us that time to recover our revenues to pre-pandemic levels and hopefully above them so we could get to use this funding to help that revenue gap until we get back to where we think we would have been.

Cities and other non-county municipality funds are separate from county funding and those will go to the state and those entities will be sub-recipients from the state. The US Treasury is working on guidance and just so you know, because we don't have the guidance I can't tell you everything that the money can be spent on. Nor can I tell you what our reporting requirements will be. As we get those I will be sure to make sure that I give you updates during our regular BCC meetings though.

Allowable uses: this is what we know so far, because this came out of the National Association of Counties and it came to – it was when the bill was signed, the information that we did have. Allowable uses are to respond to the public health emergency, assistance to households, small businesses and non-profits, aid to impacted industries such as tourism, travel and hospitality, and providing grants to eligible employers that have eligible workers who perform essential work. Those three things, by the way, were things that we could do with the CARES Act money and they were things we did do with the CARES Act money.

Essential worker premium pay, reduction in revenue, online property or income tax, necessary investments in water, sewer, broadband infrastructure. The reason I highlight that is they were careful to use it for broadband and we used CARES Act for broadband. If you recall we used about \$1.3 million, but they were funny about the be careful on other infrastructure because you don't want to have to pay it back. But the very specific restrictions they said were pension contributions and lobbying activities – not allowed. Counties should be careful around capital infrastructure improvements. I don't know what that means other than I'm pretty sure we can use it for broadband. That's about all I got out of it. And clearly eligible items only because questionable items might require repayment to the US Treasury.

So we want to make sure – I'll say this about the federal funds as far as PPP loans and things that I've heard about loans that have been made with federal money. The federal government, they're very particular about what you spend it on, but they've been generous on forgiveness. So I think it just means make sure you use it on what it's intended for. They're not out there to try to recover the money but they don't want you to

use it on non-allowable expenditures.

So I had staff plow through the plan and look for every program in there that might be available because I want to make sure the County is aware of is a) what's out there for everybody in our community who is trying to recover from the pandemic, whether it's personally or as a business, and, with the funding that the County's getting directly, how do we maximize the effectiveness of that money and not duplicate what's already in the American Rescue Plan through other avenues.

So this is what they found. I'm going to preface this again, however, there are no guidelines for any of this yet. And so I can't give you the chart on who to call and how to go get it. As soon as we have that information we'll let you know, but these are the programs that are out there, not just with the rescue plan itself but we also looked at what came out of the legislative session in New Mexico. So we've added that in there as well. But we know that rural rental assistance program is there that provides an additional source of support for households with income too low to pay their basic rent, their subsidized rent, from their own resources. There's the American Banking Association with assistance with mortgage payment deferrals and forbearance agreements during the pandemic. There's the America's Credit Union advancingcommunity.com, assistance with mortgage payment deferrals and forbearance agreements during the pandemic. There's PNM in New Mexico, PNM qq relief, and they still have funding helping with assistance for your utility bills.

The New Mexico Mortgage Finance Authority. That's the mortgage finance authority in Albuquerque that deals with housing related, not to be confused with New Mexico Finance Authority that's public infrastructure and economic development assistance. This one though, they have a cost assistance program that provides emergency housing to income-eligible households and residents of tribal lands including rent and mortgage assistance.

The Shuttered Venue Operator grant, this one Commissioner Hansen had brought up, and even though it says opens April 8th, I specifically asked the SBA do you have any guidance on this yet and they said no. But that's \$15 billion that's going to go through the SBA for grants up to 45 percent of a venue's gross earned income or revenue to help these shuttered venues – movie theaters, playhouses, potentially the opera, all of that to receive some grant funding, but the guidelines aren't there yet and even though it said April 8th I specifically asked yesterday to have the guidance for that. They don't; they're trying to get it.

RDC micro-grants. These are amounts of grants from \$500 to \$2,000 for little rural development grants. Restaurant revitalization fund. This is \$28.6 billion and I'm not sure that that's \$10 million per restaurant and \$5 million per business. That might include restaurant chains. This is in the federal bill. Once again we don't have the information on how to access that yet though. New Mexico Finance Authority, small business recovery loan fund. This is open though and they're starting to do webinars on this. This was adjustments to the program that was approved by the state legislature of \$400 million out of the severance tax permanent fund that was available for loans. What happened though when they did that in the special session last year, last June, is it was too restrictive. So they revised that act this past legislative session and really opened this up. They've extended the loan funding and you can get low interest loans. I think they're 1.625

percent for businesses, and I think it's no interest for the first year, and this is to help you get your business back up and running or back to full capacity.

Also, but in conjunction with that, you can get an NMFA LEDA grant. They're still waiting on Economic Development Department at the state to finish the rulemaking on this. The idea is that you could get – if you create more jobs from your pandemic timeframe when your payroll – say, you had 10 people that you kept on but you open back up and you add five new jobs you get funding for each job that you add, and it's a grant, and you can even use that grant to help pay back your loan if your loan is used to pay your mortgage. So it's tied to your facility, because LEDA cannot be used for anything but infrastructure in your building, so the payments that you would get in this grant have to be supported by a lease or a mortgage. However, it is a grant. And that's \$200 million that as put in place by the state legislature and signed by the governor.

The North Central NMEDD working now loan offers small interest deferred loans to pandemic-impacted business of up to \$10,000. There's also employee retention tax credit. If your business did not receive or qualify for a PPP you might qualify for tax credit to support employee wages and health insurance costs, and that credit is taken by the employer against the employer's side of Social Security tax payments.

There's the Paycheck Protection Program. That currently expires May 31st and these are SBA-backed loans and grants. Rental assistance program. It's short and medium rental assistance program for low income individuals experiencing homelessness.

The Mortgage Finance Authority Housing Trust Fund, there's rental assistance for properties monitored by MFA. There's also Energy Smart program, receiving energy efficiency upgrades for winterizing your house, weatherizing your house. Also emergency housing assistance program for transitional housing and supportive services. Homewise Energy mortgage assistance program. Economic injury disaster loans, these are SBA-backed low interest loans.

MFA – Continuum of Care, which is a partnership between Hank's organization and MFA for funding agencies that provide assistance for people experiencing homelessness. MFA Linkages program, rental assistance for individuals with serious mental illness diagnosis. Those individuals are at risk of becoming homeless. The LIHEAP program and that's low income Home Energy Assistance Program. PNM Good Neighbor Fund.

DFA has \$175 million for emergency rental assistance and utility costs, and that's open on their website right now, and HELPNM which is for seniors' utility assistance and New Mexico Gas and Heat also assistance with utility payments. And then we had another one.

So what we're going to try to do for you, for all those, and the reason I put them all in here is I wanted you to know there are a lot of programs, at the New Mexico State level, at the local level and at the federal level. In all of the state legislation that came about, in what non-profit organizations are doing and still doing – have been doing and are still doing, as well as the federal bill.

So what we want to do is to make sure we don't duplicate those but rather make sure we understand all of people's opportunities to apply for funding and assistance and where they might be gaps, come back and recommend assistance.

So now I'm going to go to the actual budget requests. You're probably going, are

you ever going to get to the County budget? I'm getting to the budget now. So this is what the departments have submitted and what's in the system. So this is what has been loaded into the system by the departments and that we've gone through out internal budget review process between Finance, the Manager's Office and each department and division within that department as well as the elected officials and their programmatic people and financial staff.

So you can see these are – what we did is also give you FY17 through FY20 actuals, and what is the preliminary budget, and I call that preliminary because that has not been – it's not interim; you haven't approved it, but this is what is in the system. So you see a rather large increase at the jail, for the adult detention center. That's got some maintenance projects within it. But this year we had the lowest population, this last year since the pandemic, had the lowest population in the jail we've ever had. I'm already seeing it climbing back up. So just on the County inmate side where we have either Stage Police, City Police or Sheriff's who've made arrests, at our low we were at I think 198. I've never seen our population since we opened the jail be below 200. And then we had about 100 inmates from US Marshals and other entities. So lowest population I think we were down around 290 to 300.

But today we're back up around 350, most of those on the County's dime, at around 250 inmates, or 240. So we're seeing entities increasing arrests and the feeling as though the pandemic is not as much as a risk. What we have done during the pandemic is try to keep the population low and anybody arrested on a petty misdemeanor out of the facility as much as possible to keep the risk of the spread of the pandemic in the facility. Which I'd like to compliment Pablo, the Warden, the Deputy Warden and their staff and Cat Ramos for doing such a good job on handling the pandemic within the facility. But we've had an increase in our federal marshal inmate population as well and we're seeing the regular population from law enforcement agencies' bookings increasing.

Also we anticipate an increase in our medical services, medical services and medical malpractice insurance. As I said the cost of that just continues to grow.

We also – where you see in the FY21 such low numbers for projections in our law enforcement, the law enforcement and fire did a good job of curbing their overtime. They did a very good job at curbing their overtime. Sheriff didn't have as much demand for overtime because we didn't have things like the pilgrimage. That's a typical event where just about everybody comes in on overtime to make sure that the individuals walking the pilgrimage to the Santuario are safe. All the events that happen downtown, none of those happened. Zozobra, all of that that requires a lot of law enforcement presence, so we had lower overtime across the board in public safety but much of the public safety entities anticipate a lot of that will come back.

Also as we look at that, there are some areas that we know we can go back in and take a look at things and make sure that we're not overbudgeting in areas that we don't need it, because when we take a look at actual to preliminary budget you'll see it's quite a bit higher. But there's also that effect, what I've always mentioned is we budget at 100 percent occupancy, so to speak, that every job will be filled, and you can see the effect of the fact that it's not filled we have vacancy savings and that vacancy savings is what we use to fund our fixed asset requests by the departments for Sheriff's vehicles, Sheriff's equipment, fire equipment, funding to supplement fire equipment, the Public Works Solid

Waste equipment, heavy operator equipment, new vehicles, computer cascading, all of that.

So the biggest variance when you go from year to year, from actual to budget, is that funding that we do put in the budget in our salaries. If you're completely full you have the money to get through the year.

So what's in that budget that isn't just regular salaries, regular benefits, regular supplies, contracts for maintenance, contracts for pest control, utilities, fuel, software maintenance – that's what makes up the majority of the budget. But then there's those things that the departments request that help them meet the goals in the strategic plan. What we try to do is highlight those so you know what – instead of going line by line, because it would take forever, but these are the things that are in the department and elected officials' budgets of note that help us be a more efficient, transparent government, provide better safety, provide for a healthier community and for a sustainable community.

In the Assessor's, the Assessor has really changed his approach to his office's way of doing reappraisal and capturing new development, and we do that through the pictometry. And the pictometry flyover is usually done in the spring before the leaves come out, and this is something that we split between the valuation fund and the general fund, and we use general fund to assist because that makes this software available provided by the flyover, makes it available to other departments like GIS and Fire and Public Works for use in doing their jobs.

Also, one of our priorities is always making sure we provide training opportunities for staff and keep a highly trained and qualified staff, and the Assessor does a great job with that in encouraging the certifications for his appraisers. They have several levels. He requires them to take classes and tests, and then they also get an additional stipend as they reach those different certifications.

Under the Treasurer's Office, there is funding for employee development in government investment officers classes, instate travel for EDGE in New Mexico Counties Treasurer's Affiliate, Government Finance Association and those type of trainings. Also, they are implementing a new online chat, similar to what the Assessor has done. Our new Treasurer is venturing into the online chat form so that hopefully they don't have to answer so many phone calls, and they have some staff dedicating to providing answers for taxpayers.

And then also looking at – and we've discussed this and taken a look at it, there's \$7,000 for an investment portfolio accounting and trade software tracking system.

In the Sheriff's, DWI law enforcement deputy salary overtime funding at \$190,000 from grants. Employee professional development of \$62,000, and annual license for the Watchguard online steward. I pulled this out because as you know our officers have body cams but there's some state law changes requiring additional storage for that and we're purchasing additional storage for the Sheriff's Department.

The Clerk has some increases in election costs because the election law changed and our new Clerk has the pleasure of doing everybody's elections. So we see about a \$100,000 increase as a result of our consolidating elections.

Departments, within the County Manager's Office, you know we have Human Services, Finance, Public Information, IT, the Film Office, those types of things, but here some highlights. We're putting back in tuition reimbursement. We didn't have that last

year. We had cut out all our travel and training but we put the tuition reimbursement back in as well as funding for anyone in the County who wants to participate in EDGE classes.

Also in Finance, our financial audit and internal audit services cost us around \$232,000 a year. We implemented Kronos and Telestaff, so something that happened in spite of the pandemic is we switched completely over to a new timesheet system. It wasn't without growing pains and it was not an easy challenge but it was one of the things Eric Aaboe did before he retired and that was to help us get fully implemented to the new system. That system costs us for maintenance \$212,000 Countywide.

The low income property tax rebate, it's estimated this year at \$536,000. That's based upon the trend of where we're going, so we built that into the budget. Also, \$15,000 for the investment portfolio and trade software in coordination with the Treasurer's Office.

Our PIO, we have web-hosting services of \$150,000. That's to help keep the websites updated for everyone, all offices within the County. IT, our IT Department has quite a bit of money in their budget for professional services to maintain our systems and our infrastructure.

And also additional services, County data and infrastructure maintenance. We have a lot of servers and a lot of storage, \$186,000. Our biggest cost in IT though, aside from cascading all of our computers and staying up to date is all of the software that we have across the County, CentralSquare is our main one, and our PDS imaging software, Symtrax, Insight, Public Section. A bunch of different ones. Drop Box, Webex, all of that. \$665,000 is in our budget for those types of services. And then another \$155,000 for cascading laptops and desktops.

We are moving our laptop and desktop purchases though to having more of what we call the two-in-ones, where you have a docking station at your desk and you have a docking station at home, and when you leave you pick up your purse or your briefcase and you grab your laptop and you go and you can plug it in at home too. We want to take advantage of some of the things of this pandemic and that is that you don't have to be physically at the County office every day to do your work. If we can cut down on commute and cut down on greenhouse gases by having alternative work schedules, we want to make sure that we have work stations that help accommodate that.

Also Legal, Iron Mountain, as you know, we've got a contract in Albuquerque for record storage. The actual storage costs us \$76,000, almost \$80,000 a year, but every time you retrieve a box from there, so any time somebody wants a copy of a permit it's \$60, and that's numerous requests a day for permits that may be down in Albuquerque in different boxes. So we're hoping and working with Public Works and Legal and all of the offices, how do we transition out of storage down in Albuquerque to possibly using something, some component of the YDP youth facility now that we no longer use it to have juveniles to create a records storage right here in Santa Fe County and have it more efficient and more convenient but also less expensive. I think in total we probably spend close to half a million dollars retrieving records.

Also we have outside attorneys that assist our attorneys in certain areas of expertise, like water rights acquisition law, some personnel matters, and other unique litigation that we might be involved with. Those contracts add up to about \$300,000 a year.

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Community Services, we have our Seniors and Community Relations. We receive, out of about a \$3 million budget for our seniors we only receive about ten percent from the state, so there's some misperception that every time we open a senior center that the state helped pay to build it that they help pay to operate it. It's a very small contribution in the way of helping. It's only towards transportation and money towards the trips, money towards some of the meals, but it only totals about \$464,000.

Also, we have been continuing to provide meals to the homebound and we think that that's going to continue into FY22, and we have a \$350,000 increase in there to continue that for the materials to provide those meals, a certain type of serving trays to keep the food warm and also to keep it so that it can be frozen and keep it sealed.

Outreach to help seniors with vaccine registration, focus to open the centers with daily activities and services is included in their budget.

DWI grants, as I said, that's a recurring grant even though we have to apply for it every year. We get about \$1.8 million. It helps with our DWI prevention and education programs, as well as we get the Local DWI grant of around \$80. We get \$300,000 towards the Detox program with our contract with the Recovery Center and the facility on Galisteo, and then we also get some grants and work with the City of Santa Fe on combating DWI.

The Safety Net Care, if you recall, a few years ago we used to do a thing we called sole community contributions and we would allocate funding to the state which they would match with the federal Medicaid match, and that changed a few years back and the state mandates that we pay them an equivalent of 1/12 of a percent of GRT in quarterly payments. That comes out to about \$4.4 million. We receive a bill every quarter from the state. We don't have any say in this. We just have to give that to them. What they do is they do match it with federal money and provide increased Medicaid reimbursement rates to the hospitals.

Community Services Department also has our CONNECT program. We have \$800,000, and that's out of our own health assistance funding. Our GRT kind, kind of what's left of that increment. So historically, the second one-eighth general fund gross receipts tax increment historically went to our indigent fund, and in our indigent fund we paid sole community provider money to the state and then we paid indigent claims to providers in the community. All of that changed when the state changed the law. The sole community went away. They said you'll give us a twelfth; you get to keep the rest. We keep the rest for what we call our healthcare assistance program, which is this, and that's the \$800,000 that goes toward the CONNECT program as well as helps fund the salaries of our health staff – Patricia, Jennifer Romero, Rachel – those staff, and our navigators.

Our navigation services, we do this directly with staff as well as with some of our provider partners and these contracts help support youth and families and pregnant youth, and help reduce one of strategic plan goals is underweight baby births. We have programs and contracts with La Familia and some of our other providers up north to help combat that. We also – the big increase you see in Community Services, we anticipate full operations of our behavioral health crisis center and our behavioral health crisis response team. So that \$1.9 million, we hope to know see come to fruition. The funding that was put in by the County Commission to build the facility, and that was supported by

general obligation bonds and capital outlay GRT, but then the Board also, when the tax was put in place a few years back that I said covered the additional firefighters and public safety staff, we also allocated a portion of it, about \$1.4 million to behavioral health and you're seeing that budget for the first time for a full year of services to be provided by New Mexico Solutions on those two programs.

Also additional funding goes to the Sobering Center of \$173,000 along with the \$300,000 grant, and then the COSSAP grant is that grant that we had received to track individuals after an opioid addiction and opioid overdose, and then we follow up with them through our individuals over in the Fire Department, so you'll see the effects of this grant appears in both our Fire Department as well as Community Services. This is a combined effort.

In Growth Management, in Planning, we talked a lot about in our strategic plan update in our group about the things that are going on on our open space and we're trying to document some baseline things and put our open space management plans together. So we have management plan funding as well as some of the baseline surveys and restoration contracts. We do a lot of this and I really want to commend Penny and her Planning staff. This year instead of contracting for it they did a lot of this work themselves and went out on the open space properties and documented piñon-juniper. We also do bat studies, and this is where we get some baseline data on our open space properties for preservation purposes.

Also Tesuque Creek management plan, facilitation of Thornton Ranch to get that property open. You know we coordinate with tribes all across the country to make sure that we have proper tribal consultation on what we do on that property. And then a Bishop's Lodge safety study for \$50,000.

Also continuing to build on our open space web-based information where we have our open space trails information. This will just continue to build out information on our website.

SLDC, we have a lot of things that we're trying to do in our development review area. About \$50,000 for SLDC amendments, including a Chapter 12 – and that's just to get some assistance from consultants. We've done that before on some of the major portions of our code, that this is a Chapter 12, Growth Management Use Matrix and Planned Development District Standards and Overlay Zones. Impact fee implementation: We've talked a while about all the things we need to do to get information, to properly proposed impact fees in the appropriate areas of the code and UECs, the utility hookup fees, and we hope that this coming fiscal year, in FY22, that that will be before the Board for consideration.

Also getting the short-term rental monitoring enforcement contractor, get those changes into the code, as well as also use a contractor that we've been working on the development of the initiatives and the data collection to help enforce whatever is in the code relative to the short-term rentals.

And then also, something that we wanted to do and tried to do during the pandemic. It was just – we had such a short amount of time to spend that CARES Act money but one of the things that we had highlighted in order to reduce interaction with the public, but also just to be more efficient and easier to get your permits is to get a complete online permitting system. Staff has been researching and reviewing different

ones and we hope to actually acquire that and get it up and running next year.

GIS, our GIS Department is amazing, what they do, the type of data that they work with the maps they can produce at the snap of your fingers, requires a lot of training and expertise and so we made sure that we have enough funding in there to do some continued employee professional development. And then Erle brought up something that is really amazing and I have yet to see this, but we have an original King's map of Santa Fe and we hope to get that restored and preserved somehow. I'm not even sure how to approach it but we put \$20,000 in the budget request in order to try to do that. He won't even let me see it because nobody's allowed to touch it. It's somewhere, but I want to make sure we do something before Erle hits his retirement to preserve that.

In Growth Management under Economic Department, we have \$50,000 for Mindshare Labs for the third phase and to complete the third phase and to complete the Trails and Outdoor Adventure app experience, the Santa Fe Experience app. And the fourth phase, the Move Shoot Site. If you came to Santa Fe for tourism and you wanted to go look at where all these movies – it's kind of like the Breaking Bad effect down in Albuquerque. People love to know where movies were shot, certain scenes. So we want to create an app that actually takes our residents as well as our visitors on a tour of all of the movie shoot sites.

Our workforce training project that we do in connection with the Santa Fe Community College, \$50,000. It's called Protec. Very successful in helping train up individuals and we even use – we were a test site at one point in the training site to help people learn Excel skills and inventorying skills at our Public Works Fleet Division.

And then also additional professional services for short-term rentals. And this is on the tourism site and the lodgers tax site. So we not only have the code enforcement side we have the revenue side of it. How do we make sure that we collect revenues that we want to see in GRT as well in lodgers tax.

Affordable housing, another bit priority of the Board. We have in affordable housing, floodplain certification but \$420,000 – this is a big one. \$420,000 for market analysis and planning and an architect engineering survey for the development of the Camino Jacobo land that we just bought. If you recall, in Joseph's reports to the Housing Authority Board, where are we on that project? Well, what we need to do is some preliminary design in order to apply for tax credit – make that a tax credit project. So this is the money to get that started. We're also – we have down payment assistance funding at \$270,000, developer subsidies of \$90,000, Happy Roof funding of \$125,000, and foreclosure prevention funding of \$50,000.

Low rent, this is pretty much what's in the Growth Management and the Housing Authority. I just want to remind everybody we have quite a bit of federal funds in that program, \$2.2 million comes in for Section 8, \$50,000 for the self-sufficiency, \$93,000 for the ROSS grant, with our match of \$52,000. And then all of our capital funds is about \$1 million to do improvements on our housing sites as well as our FSS payments for our clients of \$50,000. We also received – that's not in the operating budget yet, but in the legislation from the – capital outlay from the state legislature, we received several hundred thousand dollars for improvements at our housing sites that can be leveraged with this capital fund program money as well.

Public Works, one of biggest departments when it comes to staff as well as the

budget, right behind Public Safety, because they provide so many essential services throughout the county. Internally, for our own operations we have our Fleet Service. We want to make sure we keep our fleet staff well educated on the new technology in vehicles, electric vehicles, hybrid vehicles, because they do a lot of the maintenance of our entire fleet. Also, to provide that service just within – the stuff that they purchase to do maintenance is \$227,000 and then you'll see maintenance within all of the other departments for their vehicles. But this is just in their own department, things that they need to cover for all their equipment and vehicles.

Traffic engineering, another digital – we want a digital sign fabrication plotter that helps us make our signage throughout the county on County roads and County facilities, and a sign retroreflectometer, which I'm not exactly sure what this is but it gives us data. It's driver feedback data and signs back too so we get information and it gives signage to drivers when we have construction, when we have accidents, when we have roadblocks, when we're doing the pilgrimage – that type of thing.

Solid Waste. So I know when the SWMA board has to consider, with three of you on the board, I need to consider the study that was done by Director Kippenbrock on how the tipping fees are likely going to need to be raised. What's currently in the budget for tipping fees and landfill costs for recycling is about \$516,000. We think this is around \$100,000 increase for tipping fees, but I'm going to have more information for you by the time we get to the next Board meeting on exactly the three different options and what that would do to our underlying budget for solid waste tipping fees.

Also, vehicle and heavy equipment replacements of about \$525,000. They run those trucks all day long. They are hauling the bins off to the landfill on a continuous basis so we go through quite a bit of equipment in our Solid Waste and we try to keep it as safe as possible by doing continuous replacement.

In Property Control, that's the maintenance of all of our buildings, we have budgeted \$317,000 just within Public Works' budget but also there is throughout the departments there are some maintenance costs budgeted for that they cover on their own through contractors but this is what's done with our own staff at Public Works and any contractors that they employ to assist in maintaining several hundred buildings and facilities that the County has.

Road Maintenance – our biggest section of the Public Works budget relative to providing direct services in Public Works and that is maintaining our roads. We have \$6.3 million. Most of this is a transfer from the County's general fund. We do receive funding from the state from the gasoline tax but it's not nearly enough to cover what's needed for maintenance of all of our County roads and so within this budget, this funds our staff and inward maintenance budget. We have staff but then we have all of the equipment and all the contracts and all the materials needed to maintain our roads. That's striping, fog sealing, crack sealing, tree trimming and general maintenance of our roads.

Also, Sustainability, another area under Goal 2 that the Board had quite a bit of focus in our strategic planning and residents within Public Works, and these are just some of the details of what's in their budget currently. We have \$25,000 for outreach and education. We have \$25,000 to install 45 additional backyard compost systems. The domestic well monitoring program that we have been trying to get off the ground, it's a result of the fact that the County Commission put water conservation into our SLDC and

limits individuals who are not on a water system to a quarter acre-foot per household for their water use off of their wells, but we don't have any way to monitor that and enforce it. So we want to get a domestic well monitoring system in place and be able to actually enforce and collect data. And then there's also the analysis and data collection implementation of monitoring water security and health.

Also utility management system for \$57,000, that's to look at what are we spending throughout all of our facilities and how do we track and how do we know that all these improvements we're doing are actually reducing our use of fossil fuels and our use of energy. So this is a system to actual monitor all of our County facilities.

Also, we're working and we have to – there's a lot of steps that have to happen but Jacqueline and her staff are working on a solar and energy loan for low income families, potentially like a loan guarantee program. We have to obviously make sure whatever we do doesn't violate anti-donation but the idea is, well, if we could provide loan guarantees we could lower the interest rate for low income families to get solar panels on their own homes.

Our Fix-It clinics are in there as well as well as some GHG emissions tracking goals for \$15,000.

Within Public Works is our Utilities Division. We have \$50,000 for professional development. We have infrastructure inventory and repair parts for Agua Fria totaling \$210,000. Source water planning funds for the first year estimated at \$75,000. Updating a groundwater model for consolidation of Eldorado and La Cienega, \$75,000. All those go to the issue that we talked about during the strategic planning update of drought mitigation and water planning.

I want to add that also we've kind of restructured the Utilities Division so that we'll have John, our division director, but we're in the process right now of trying to get a Deputy Utilities Director and then Anjali is now our Water Resource Manager. So we reclassified one of the positions within the department to really focus on water security and our water supply. And that's going to be one of Anjali's – as well as still working with the community on moving the Aamodt forward. She won't be the project manage as far as the construction of Aamodt but rather just moving that along and keeping our relationship with the tribes and the City and the federal government and our partners, everybody well informed. But in addition, she's going to be our Water Resource Manager looking at how we secure long-term water supply.

Also at the bottom – I already mentioned that. There's a note at the bottom just to remind everybody that our project budgets are prepared separately. So we're doing separate meetings with the departments about their projects that are ongoing, that they already have budget for, or that are in the bond sale. Do we have the right amount? Is this what you see your project budget is? How much will you spend by the end of the year so we know how much to put into the final budget to roll into next year so that they can continue progress on all the projects. So you will see those numbers as we get into the final budget process.

Public Safety, as I said our other very large department, a lot of money there, primarily in our biggest facility cost is operating the adult detention facility. We have an estimated increase in our cost for inmate care and expenses due to the increase in population. So we do see a large increase there, which is why you see it going up so

much from prior years. We have increased costs in our food service contract, increased costs in our pharmacy contract, and also we have in that our medical services. We contract for agency nurses so when we don't have staff nurses we are not understaffed. We call an agency nurse to come in and cover the shifts. That costs us over half a million dollars a year. We also contract for dental services at the jail, close to \$200,000 a year, and then other offsite care – pharmacy, lab, radiology – another \$464,000. And then, as I said, our medical malpractice.

Now, while we no longer have our youth facility we still are responsible for the care of our youth so we have our contract with San Juan County. We estimate an average of six juveniles per day at \$225 per day, which is our contract. We have a guarantee of three, and so we pay for three juveniles per day regardless of whether we use those beds but to date I believe – since we did that about a year ago we have always used our minimum bed capacity. That's \$492,000. And then we also have the cost of transport built into the base budget.

Also, Corrections, as I've said before, we do the New Mexico Counties accreditation and we just received that reaccreditation this spring or early this year. That's good for three years, but the facility would like to pursue the American Corrections Association accreditation as well.

RECC, we have an increase in RECC for \$18,000 over this year for training and professional development for the staff to make sure that they keep their certifications on different levels of training. And dispatch replacement computer equipment totaling \$42,000 and we – just kind of a note, we do actually receive money from the state for some of our 911 telephone lines to the tune of about \$26,000. So we pay it but we do seek reimbursement from DFA in the 911 fund for those lines.

In the Fire Department we have a lot of training for our staff in professional development of about almost \$70,000. Social worker services – this is the other side of the opioid addiction grant I was talking about, which is the \$36,000. So we receive the grant in CSD but we have associated costs in Fire totaling about \$37,000 and then as I mentioned, we shifted to the contract for ambulance billing, and it costs about \$96,000 with that contractor to bill and receive about anywhere from \$1.5 to \$2 million of ambulance billing.

So that's all the department highlights. I also had brought up previously that we have FTE requests. There's about 20 positions throughout the County totaling about \$1.7 million, not making any recommendations today. I just want to talk about them with the Board and answer any questions. Also we have a total of \$8.8 million in requests for fixed assets. That's vehicles, equipment and computers, servers, that type of thing. A little update on this. And we do have that list of fixed assets for you to review, but I believe that this will actually be predominantly funded. Between the different funding sources we'll probably get somewhere to around \$8 million in total.

These are the FTE requests. We talked about them before. A project manager in IT, a youth services administrative program manager – although I am working with Rachel and Sonya on whether we might be able to make this happen with existing staffing levels, just by rearranging some of the workload. Also one of the things we don't have in the Fire Department is what I'll call a relief factor, so any time somebody is on annual leave, sick leave, out for training, that shift is covered by somebody on overtime. I

asked the Chief if we were to get – what would we have to do to get our overtime down and not have staff working so much overtime so that they could actually take some of their leave and that proposal is that we would need about 12 cadets. I'd really like to look further into that to see exactly how that works but I've put it on here because I didn't want it to be a surprise as we get further down the process. They've also requested a communications officer and an IT radio technician.

Then GIS has requested a GIS technician. Erle, I think has requested that position for several years due to the volume of work they do in GIS and particular that work that they do with the developers and the public.

Under Road Maintenance, Public Works would like to create its own road maintenance construction team. That would require some heavy equipment operators. Also looking at a survey tech and two solid waste maintenance workers that are currently half-time employees to go to full-time employees. And then also three utility maintenance workers for the newly renovated Quill plant.

And then one sheriff's deputy. This actually was a deputy that the Sheriff already had but he needed another – he took a vacant deputy sheriff position for this assistance with all the IPRA requests they get, and so he'd like to replace that deputy position and not lose it, but he needed assistance immediately with his IPRA requests.

So that gives you the total cost, total number of requests and the total cost, where we think that would need to come from relative to general fund, so a good – the Fire positions that were requested would take about a million dollars and we would use GRT. We really have to see if we have enough room in that GRT revenue to cover that before we would recommend funding it. We do believe in Utilities that the utility revenues, although there's an outstanding issue on a wheeling fee, but we believe that there is enough in utility revenues to cover those utility positions and those utility positions are essential for when we start the operations at the Quill plant. We also believe that the staff that were requested under the road maintenance crew or the road construction crew, that we can actually use all the grants and the capital funding to cover the cost of those. So we think that that's probably pretty do-able. It just means they have to keep up with accounting for their time for each project that they work on.

So the big questions, I really think on this are going to come in – and what additional Public Works staff requested – come in that \$440,000 of general fund or transfer from the general fund, because that becomes a recurring general fund expense, and the \$934,000 for the Fire. And so we'll be coming back with some better analysis on that, but I just wanted to kind of give you the preview that I do believe that the three utility positions are covered with utility revenues and the other three Public Works positions could be covered with grants so they are likely to be recommended. And some portion of the other requests in Public Works and Fire and Growth Management also have some possible positive outcomes.

Fixed asset requests, as I said, we have \$6 million covered by the general fund. Here's how they break out and the types of requests. And then there's been some cleanup on those where some of the departments either had duplicate requests. So the original request totaled \$7 million. It's down now to \$6.1 million, and some of them were able to purchase out of this year's funding without negatively impacting our estimates for the end of the year. And so I think that we will be pretty close to that number by the time we

bring this back to you for a recommendation.

And then these are in the fixed asset requests. These are other funds. This is by type of request. A lot of this is fire equipment so where you see that other equipment and machinery, the \$940,000, and some of the heavy equipment. Some of these are supported by fire funds and other funding that can't be used for anything except fire-related equipment and not salaries and benefits or other operating costs. So the majority of that is fire or utilities.

So then we get to employee compensation and benefits, and I know there's a lot of information here and I'm trying to talk as fast as I can, but one of the things that while we had recurring revenue and matching our recurring expenditures to date, that was based upon also a drop in our revenues. So if we did nothing for employees and we just funded the budget as we have it, if we did nothing with compensation and benefits we would have a balanced budget. However, I think that it's really critical that we take a look at funding our employees. We were not able to, other than honor those public safety union compensation increases by steps, we were not able to give a cost of living to staff last year, and we also have seen that the bottom of the pay scale, \$13 an hour, we know that even though Santa Fe County minimum goes up we believe that the County staff, we need to keep moving up that bottom and trying to get closer to I think what advocates would say, a minimum wage across the country ought to be around \$15. So we recognize we ought to be trying to move in that direction and be leaders in that.

Also, I wanted to consider that since we don't have our revenues back that perhaps there's a way to compensate our employees with a one-time incentive pay that also rewards them being here through the pandemic and being here for the long haul with the County. And then we have to take a look at our health and dental insurance rates since we are self-insured.

So just to give you some information relative to COLA. Typically when we do a COLA we do a COLA on January 1st on each fiscal year. We don't do it July 1st; we do it mid-year. That year we fund a half a year of it before we fund a full year of it. It helps us grow into that because salaries and benefits are our greatest cost in the County. And they're the one thing that's recurring that to change it means hiring freezes or reduction in force. Things like that. So we always look at this as the most important consideration that when you add staff and you have salaries and benefits, that's for the long haul, and you need to have a revenue to cover it. So we're usually conservative in our approach for cost of living increases, trying to implement them on January 1 and build in a half a year before we have the full impact.

Just to give you an idea, Countywide, if we did a one percent, a one percent increase on January 1, 2022, and then a one and a half on January 1, 2023, that would be an increase to the base budget of \$1.7 million on a recurring basis going forward, once we built into it.

Option 2 would be a one and a half percent increase on January 1, 2022, and then another one and half January 1, 2023, that would build it – and this is salaries and benefits, by the way. That would increase our salaries and benefits line item by \$2 million. And then Option 3, which is a one and a half and a two would be about \$2.4 million, with the same implementation dates.

So this gives you an idea of what I was saying because you ease into it. Year one

is the first column, so you first six months costs you \$337,000 for a one percent, \$506,000 for a one and a half percent, and \$506,00 for one and a half. Year two, because you'd have another half year increase, so you'd have the second half of the year of the one percent and a half of the year at one and a half percent. That's \$850,000. Total cost in that year of one and a half and one and a half is a million, and a one and a half and a two is \$1.2 million. And then your last bit of implementation is an additional \$500,000 to \$685,000.

So that's showing you the impact over three fiscal years by doing two cost of living increases, one on January 1, 2022 and one on January 1, 2023. I'm asking for these – we usually do one at a time but I'm asking for these because I also would like to be able to provide information to the management for entering negotiations with the unions. I'm not making a recommendation at this time because I want to show the Board how I would recommend we pay for these. You're probably sitting there going, well, how are you going to pay for them? You already showed that we have a balanced budget, so how could we fit additional compensation in for staff? And I have a proposal for that when I get through all of these.

So another one we talked about was getting our employees up closer to the \$15 an hour. If we wanted to raise those employees who make less than \$15 an hour by fifty cents on the 1st of July, and then a second time, and then they'd get their cost of living on January 1 if you approve a cost of living, whatever that is, one, one and a half percent, and then on June 29th, before the end of the fiscal year, so all of this is captured prior to building the next year's budget, that would cost, in order to do that under that scenario, if you just did the one increase, that's \$159,000. But if you do the other increase it's an ongoing cost of another \$132,000 or in total for those, it would be \$292,000. And this across – this has nothing to do with the bargaining units. This is across the board. Anybody at the County who makes \$13 an hour to \$15 an hour. This is how we would increase their pay by 50 cents on July 1, 2021, and another 50 cents, up to \$15, so if you were at, say \$14.80, you would just go to the \$15. But to do that by a whole dollar for anybody under \$15 an hour or up to \$15 an hour by June 29, 2022. That would build at additional \$300,000, or \$292,000 into the base budget going forward in July 1, 2022, so fiscal year 2023.

So then the other proposal, because we weren't able to do something last year but we did end fiscal year 2020, and it looks like we will end fiscal year 2021 with enough money to fund our fixed asset package, but we also could fund a one-time payment for non-probationary employees. So we were looking at how could we do that? What's a possible way of rewarding everybody that's been with the County past their probationary period, but also reward those individuals who've been with us even longer? So provide everybody at least a minimum of a \$1,000 payment, but then also provide some kind of benefit for being here even longer.

We would distribute this one-time payment in order to not go awry with the state for bonuses, because this is not a bonus. We would pay it over six pay periods, or four to six pay periods. Obviously, the collective bargaining units would have to negotiate how they would want to distribute it to their members with our management team, but the amount in total to each bargaining unit would be based upon this formula. And what we were looking at is kind of a longevity component to it. And we broke it down into three

different tiers. Tier one would be individuals who make \$40,000 or less, and they would receive a minimum payment, I believe it was of \$1,200, and then \$10 more for every month that they were with the County to a maximum of \$2,400. Tier two would be those at \$40,001 to \$75,000, which has 460 employees in it. They would receive a minimum payment of \$1,100, and ten dollars for every month with a maximum payment of \$2,400, and Tier three was a \$1,000 minimum payment and \$10 for every month up to \$2,400.

That's the breakdown of the employees that we currently have that would fall into those categories and that's the average amount. That's the total per grouping for a total of \$1.5 million, which was about the number I was trying to target to say I believe that in our cash balances we have enough to be able to do something like this regardless of recurring revenue, this could be done and budgeted as part of our non-recurring expenditures and be available for negotiations with the bargaining units for next year. Those who are non-union or who do not have an economic re-opener, which is basically AFSCME blue collar and all non-union, we would look at implementing this at the beginning of the fiscal year, sometime in July. And then that gives you what the average per employee payment would be, and we would look to do that over four to six pay periods.

And then last but not least is our medical health insurance. So we broke even between premiums, what we received in premiums from the County and the employees and what we spent in administrative fees, insurance for high claims, and claims that we pay out directly. This fiscal year we were dead even. But our advisors show us that health costs go up about ten percent, the price of health services at your hospital and at your doctors, continues to go up. So in order to make sure that we don't – because last year was a devastating year for the fund. We lost – we paid significantly more in claims than we received in premiums from employee and employer.

So asked Gallagher, our advisor, to give us cost proposals for a one percent, two percent or three percent increase to the County for medical. It would range for employer contribution, a one percent would be \$310,000 increase to our budget on the benefits side, and the three percent would be \$445,000. On dental, same thing. One two and three would be \$24,000 to \$31,000, and the employees, their total contributions would make up anywhere from \$132,000 to \$185,000 [inaudible].

To show you how this plays out, it shows you what we're currently doing. It shows you in the green what would be proposed. The tiers along the top are 20, 25, 30, 35 – that's the percentage the employees pay based upon income. So our highest income employees pay 35 percent of their premium. Our lowest paid employees, which I believe is \$30,000 and less, because I think our break is \$30,000 and less, \$30,000 to \$50,000, \$50,000 to \$70,000 and \$70,000 and over. That's how those employee contributions work. And then you can see the change.

So you can see at the end, you can see how much proposed employee contributions would go up on the second row, and on the second row how much the proposed County contributions would go up. So you can see, for instance if we did a one percent increase, somebody who's paying in the highest bracket, \$101 per pay period would then be paying \$1.02 more. So it shows you with the one percent the largest impact would be \$9.94 if you're on a PPO with employee plus family.

KATHARINE CLARK (County Clerk): Manager Miller, I have a

question.

MANAGER MILLER: Yes.

CLERK CLARK: Is there an analysis on why the cost is going up? Is this part of just the normal increase? Or is this qq? Or is there sort of an analysis of I guess why we're seeing a big increase – I know healthcare costs go up every year, but I'm curious as to if there's been an analysis on why?

MANAGER MILLER: Madam Clerk, Madam Chair, I'll get through this as much as I can but medical costs, the price of medical services as an industry, just goes up. Technology, R&D, it just continues to go up, more and more services, more and more technology and better and better, but it's expensive. That is the United States medical industry. Medical services industry, our country does nothing to hold price down, but also our country does nothing to stop innovation and R&D to have better and better medical services. And I say better and better, meaning the technology to pinpoint cancer or treat something is better and better, and it's just more expensive. So where we as a County can effect a reduction in claims is through our wellness programs, trying to have the healthiest employees we can have.

CLERK CLARK: So we've see a lot of –

MANAGER MILLER: Madam Clerk, please go through the Chair and please don't interrupt.

CLERK CLARK: I'm sorry.

MANAGER MILLER: This also is the – if there were a two percent increase, it shows you exactly how that impacts employee contributions and employer contributions and a total, and if you go to the bottom, that particular increase, the maximum increase to the employee, if they have the PPO, the more expensive plan, the PPO, plus family, is \$19.87. And this is if there is a three percent increase, which is \$29.81 cents for the most expensive plan. So I wanted to show everyone that so that you can see what it would potentially do. These increases, any time that the Board has increased the health insurance premiums they don't go into effect until January and usually are implemented at the same time we would implement any kind of cost of living increase.

Our biggest problem, we didn't for several years we didn't increase any of our medical or dental by very much. Not enough to keep up with the costs, so while we had a reserve in our self-insurance fund so that if claims exceeded our premiums we would be able to cover that with reserves. Two years ago that fund took a huge hit by several hundred thousand dollars, and this year it was dead even. And that was with a large increase in premiums last year. And we also did see less – we anticipate, and this goes to one of the Clerk's questions, is we didn't even have many elective surgeries last year so claims were actually down from the perspective of not as many people could go have elective surgery. A lot of people also didn't go to the dentist. So we saw our dental claims go down.

What this tells you is that optimistic, moderate, conservative – if you did nothing, it basically tells us we would have nothing for claim fluctuations; we'd have zero. That second line, we'd have nothing if we have additional claims, and we'd have nothing for a buildup for cash reserves. If you did the two percent increase you'd have \$194,000 for fluctuation in claims, which it doesn't take much, and if the Board would like I could

give you a much more detailed presentation on our claims, but we pay the first \$225,000 of any medical bills out of our fund. So it doesn't take much to get to \$7.7 million if you have multiple employees who have a major illness. Just even one premature baby can be a claim in the \$2 million frame and we pay the first \$225,000 of that.

We used to do \$150,000, then we went to \$175,000, then we went to \$200,000 and now we're at \$225,000 and we have about – usually about seven claims a year that hit that big number, but we've been having more and more that are in the over \$75,000, and all of that is covered. Anything up to \$225,000 is covered by our fund.

And then Option 2 is the two percent and Option 3 is the three percent. What that would do is give us a claim fluctuation margin and it would give us a little bit to rebuild the cash reserves. Just to remind the Board, we have a policy to build up the reserves in this fund to try to be at least 50 percent of our projected claims, and we're not anywhere near that. We're down – well, look at it this way; if we stopped doing it ourselves and to date paid out any claims that are outstanding we would be in the negative; we could not cover them. We would need to come up with probably about three-quarters of a million dollars.

There's enough when we fluctuate but just so you know, just today, if we said, okay, we're not going to do this anymore. We're going to go to the state, we're going to go back to the state and join their plan and stop ours, we would have to pay out trailing claims and we would not have enough to cover that. They usually takes 60 to 90 days to come in and we would not in our reserves have enough to cover that. So we're off-target on reaching 50 percent of our projected paid claims unless we have an increase enough to help build up a little bit of our cash reserves.

We were on target for the first two years, three years. We built reserves but the last two years, and we even actually by the way, Board, we contributed an additional \$260,000 two years ago just directly, not through premiums, at no cost to the staff. We increased our reserves in that fund by \$260,000 in addition to the premium increase. So that's why Option 3 would help give us some claim fluctuation and help build the reserves.

I put the dental in there but that's for your information. We actually did okay with dental. We ended the year with a little bit of additional funding in dental after all claims were paid. It had been losing every year. It was our – I think for our first three years we lost. Then we broke even and this year we had about \$100,000 over and above all claims and insurance premiums paid so I would not – although I put it in there because I asked Gallagher for the estimate – we did not put anything in there – I wouldn't recommend an increase but I did provide the information.

So here's a summary of all of those things. If you did the lower end of recommendations – that's the 50 cents per hour for the lowest paid, plus the cost of living adjustments at the lowest levels, and the healthcare at the one percent, and the one-time payment, you'd be looking at a recurring cost of about \$2.1, \$2.2 million and a onetime of \$1.5, \$1.6 million. And at the high end you'd be looking at about a \$5 million recurring cost if you did the FTEs, as well as the highest COLAs and the one-time payment.

Also, what's not built into the budget – I'm not going to go through these – but what's not built into the budgets is the list of legislation that was passed by the State of

New Mexico that will have some impact on our recurring budgets in FY22 and beyond. We're still working to see where we might need to increase the budget in order to cover it. One of them that would need to go into consideration with our union negotiations with the Fire is that certain overtime pay is now considered part of the base salary for PERA purposes and we have not calculated up what that is yet.

The restaurant GRT tax deduction, we will not receive restaurants that are opening back up. There's four months that they don't have to submit their GRT, but there was an appropriation in there to keep the local governments whole. And then the Per Diem and Mileage Act changes are some that could affect our cost of travel that we need to make sure we account for in our travel estimates. And then obviously, the New Mexico Civil Rights Act, we have our insurance rates for the rest of this calendar year but we don't have our insurance rates for January 1 going forward, so we do not know the impact on our general liability and our law enforcement and medical malpractice insurance.

So, sorry. A lot of information. Trying really hard to make sure you had everything that we have and I stand for any questions, and suggestions, recommendations, etc.

COMMISSIONER HAMILTON: Thank you. First of all, I just want to start out saying that was an unbelievably good, informative, well organized presentation. We're really, really grateful for that. And I think – it's a huge amount of information. I'm sure we're all a little bit overwhelmed but I'd like to go through the Commissioners. I'll start alphabetically and see if they have any questions. Commissioner Hansen, do you have anything you want to ask about at this point? We will have other shots at this, obviously, at future meetings.

COMMISSIONER HANSEN: Madam Chair, I concur with you that there was a tremendous amount of information. I think I did write down a few questions. Do we have another 1/8 hold harmless that we can institute at any time?

MANAGER MILLER: Madam Chair, Commissioner Hansen, yes. We have all of our increments imposed except for that last hold harmless 1/8. We imposed the first one back in 2015 to fund the administrative buildings, the roads in the tribal area and some ADA compliance. So half of that goes to debt service; the other half goes to maintenance and improvements on our facilities. And then we imposed the second 1/8 about three years ago, four years ago for the public safety and behavioral health.

COMMISSIONER HANSEN: So we have one more.

MANAGER MILLER: Correct.

COMMISSIONER HANSEN: And when can we implement that?

MANAGER MILLER: You can implement it any time but it goes into effect – it'd be too late to do it to go into effect July 1, but whenever, you need 90 days. You would need to pass an ordinance 90 days in advance. I've got to make sure none of this law changed but it's typically 90 days in advance of the date it would be enacted. And that can only be enacted July 1 or January 1.

COMMISSIONER HANSEN: Okay. Thank you. I just had a few items I wanted to add under different items but I think that I can talk to you, Manager, about that and we can discuss that in a standing – or something like that. Because I think in general we're doing the items that we have been trying to move forward with and raising

everybody's pay to \$15 I feel like is really an important issue. So I'm grateful to see that. So there are some things I think we could add under Planning, which might be the issue with the shooting ranges and how we would fit that in, and possibly a little bit more in Sustainability. I think we can talk about this at a standing, and so I appreciate all the work that staff has done on this to put this together. It is a tremendous amount of information. So thank you so much.

COMMISSIONER HAMILTON: Thank you. Commissioner Hughes.

COMMISSIONER HUGHES: Thank you. I just have one quick question, going back to the expenses to date for the County. I was curious as to why when we're 75 percent through the year we're only at 53 percent of our expenses. That confused me a little bit.

MANAGER MILLER: You are very astute to catch that. Madam Chair, Commissioner Hughes, so we had a hiring freeze, so for the first six months of the year we had quite a bit of salary and benefits that was not being expended and although we didn't budget all of that we did budget starting January 1 but it takes a while to get staffed up, so we're seeing right now that we're getting staffed up on that. Secondly, there's some large costs, like BDD is over \$2 million. We haven't paid that yet. There are – quite a bit of the spending also for fixed assets, we did not let the funding go until late in the calendar year. And also behaviorally, departments tend to start to buy everything – they hold back on spending and start spending in the second half of the year.

And they do that regardless of the pandemic, but they did it more so. But you will see not just a typical 25 percent spending for the last quarter; you'll see something significantly more than that. But if you noticed in Yvonne's projections to the end of the year, you see it catch up. It won't catch up all the way though. We won't be 100 percent expended, which is why I said I'm actually quite proud of County staff, department directors, the elected officials, for being frugal during the pandemic because we did not know where we would be. And they still provided all the critical services without blowing through their budget.

And so we didn't have to add money to budgets, which sometimes we do, but also just behaviorally, departments tend to wait to the second half of the year to buy a lot of their things. But I have seen an increase in all our contract activity. So for instance with Growth Management and Economic Development and Planning, a whole bunch of those contracts just came through. I've signed a ton of EPAs for new hires to fill all of the positions that we had frozen. I have seen – and then also we have some bills that need to be paid and we tend not to pay them till the end of the year. We don't get invoiced for a lot of stuff till towards the end of the year. Plus we do a large push to pay everything out and make sure that everyone gets any outstanding invoices paid at the end of the year.

COMMISSIONER HUGHES: Okay. I thought there must be some big expenses and the other reasons make sense too. So that's my only question. Back to you, Madam Chair.

COMMISSIONER HAMILTON: Thank you. Commissioner Garcia, do you have any questions at this point?

COMMISSIONER GARCIA: Thank you. So really quick, Katherine. You and your staff did a great job. You do an excellent job for Santa Fe County, and I have some questions but at our standing I'll ask those questions next week. So for the

individual, you send a billion dollar budget for the State of New Mexico. You do an excellent job, you and your staff. Katherine, you get it. You know that. You've known that for a long time. And so I just have a couple of questions for you but I will wait for my standing in asking about them. But great job, you and your staff.

MANAGER MILLER: Thank you.

COMMISSIONER GARCIA: I've known Katherine for a long, long time and great job, Katherine. You know that budget very, very well. Thank you, Katherine. We'll talk at our standing. Thank you.

MANAGER MILLER: Thank you.

COMMISSIONER HAMILTON: Thank you so much, Commissioner Garcia. I actually had one other question, which some reactions, like the one on raising salaries, which I agree is really important and some of the others like potential one-time payments, and even on some of the things that represent choices, like on the FTEs that will give us a range of budget impacts that we will have evaluate, you said you had some information, you want to be able to provide us information on options for how to pay for those. I assume that's coming maybe next week at the next budget study session. Is that –

MANAGER MILLER: Madam Chair, I could basically give you my insight to that right now. So when I showed you the revenues, if you look at what sustains our recurring operations, it's property tax, gross receipts, investment income – it's not so much all our other little fees and what not, but just in those three, primary general fund revenues, I'm estimating from our better years of 19 and 20 that those are going to be down by about \$6.5 million. If you look at what I was saying that all those things cost, take out the one-time payment – if you took out the one-time payment, the other things, if you were to, and I'm not sure that I would recommend all of those things at the highest level, but if you were to, let's just say that's \$5 million a year recurring. Well, the rescue money is good for three fiscal years And it can be used for revenue replacement.

So if you just look at replacing property tax revenue that we're down, GRT revenue that we're down, and investment income that we're down for three years, that's about \$6.5 million, or \$19.5 million. If you were to just reserve out of the CARES Act funds, Rescue funds – I'm never going to stop saying CARES Act, CARES+, if you just were to reserve out of that \$29.5 million, \$19.5 million towards revenue replacement for three years, you could cover and – I don't want to say hope. I really do believe that our GRT and our property tax will recover to that level and exceed it by 2024, so that you would actually be covering those expenditures, recurring, with a non-recurring but until that recurring revenue came back.

So that's why I think – I think that you would be able to fund a portion of those requests. I think you easily can fund the one-time, because we got CARES Act money that we didn't expect this year, so it helped our bottom line. So you'd be able to use cash balances to fund that one-time. And then of those other increases I think that you could select some level of those of additional FTE, of a COLA, for the next two years, and of the lowest paid and health insurance premium insurance increase, and know that you have the revenue replacement from the Rescue Plan to cover them for three years.

If you see at the end, if the Board could make it into next year and we see oh, this isn't happening, one of the things that we know we are really good at doing is pulling back our spending. As I said, I want to – I cannot stress enough to acknowledge how hard

all of the department directors and the elected officials and their staff worked through this pandemic to continue to provide every service that we provide – maybe differently – but they did it and they did it a reduced staff level. And they were able to pull back our spending and until I know that even if we have another wave and the state shuts down and we have another reduction, if you are conservative in keeping some of the Rescue Plan money as revenue replacement, and not just immediately spending it, you will – the County will be able to provide those increases, to fund some additional staff, and to continue to provide all of our services and to cover the cost of a small premium increase in our insurance, and then still be in a good, solid position when we've recovered.

COMMISSIONER HAMILTON: That's fabulous. I appreciate it. I know we had talked about that generally. I'm sure the Commissioners may want to do the same. I just want to sort of reiterate support for what you just said about the incredible acknowledgement that all the staff deserves for having accomplished what they did under such really stressful, challenging circumstances.

MANAGER MILLER: Madam Chair, this also leaves some of that funding for broadband expansion. I think that's one that we can do with it. I'm hesitant to suggest anything else without the guidelines, but that's one that they did say. So that's one of the thoughts in my mind had been well, we'd be able to do maybe \$2 million in one year and \$2 million in the next towards broadband expansion, but also, you might be able to find additional funding through all those other sources in the \$1.9 trillion plus what the state put in in the way of it. So maybe you hold it until you say, oh, here's where I need a match. And we can use it for a match for maybe state funding or something like that.

So I'm partially hesitant. We also know that we may need to find gaps in the social programs. So we may need to provide some additional funding to CONNECT, or some additional funding to housing assistance for mortgages or rental, or business improvement. But there so many of them out there right now that it's like – and I'm not 100 percent sure what guidance we're going to be given on our direct allocation. So that was one thing I do know though is it was intended for revenue replacement and my thought process was, well, hold some of that. If the revenues come back sooner then you can shift it elsewhere.

So those three revenues, I said they were down about \$6.5 million by projection, if you held back \$6.5 million for revenue replacement, but we saw by the end of next fiscal year that we're right where we think we're going to be in 2 ½ years, then you can allocate it somewhere else. So that's why I say that's our best way to be conservative but still be able to compensate the employees, to provide them – without a doubt there have been increased costs of living in food if nothing else. And gas prices are starting to go back up. So I think that cost of living for employees has definitely gone up and we definitely need to consider that one of the priorities in allocating those Rescue Plan monies to make sure that we don't just send it all one direction but we kind of balance out what we do with it and do it in a conservative way.

COMMISSIONER HAMILTON: Excellent. And before we consider adjourning, could you also give us a very brief heads-up for what our goals and objectives will be for the next budget study session next week will be.

MANAGER MILLER: So what I would like for me, between now and the

next budget study session is to any feedback that you have individually for me of things that you would like to see. More information? Do we have more stuff in the budget in certain areas? Is there anything in there that I didn't pull out to put out there for you that you're hoping to see? So that if I don't have it I can figure out, okay, how can we incorporate it? That's one.

Two, is that in the next budget study session, which is schedule for April 30th, but in the afternoon; it's a Friday afternoon. Sorry. It was just the only time everybody was really available. Is that we would look at the details of recommendations relative to the fixed asset list, so I'd list out everything that was requested, and then everything that we're recommending for funding. There's only a few. Like I would say, we tried to make sure that hit everybody's top ten. Some didn't even have ten, but the Sheriff always has 20 requests, so we targeted the top ten for the Sheriff. They have lots of equipment, lots of vehicles. So we tried – but we're closing that gap, by the way, between what we believe is available in funding and what the departments requested, we're closing that gap by individual conversations about what can be tackled right now in the current budget, because as Hank astutely noticed, there's still some room in their existing budgets through the end of the year and we are anticipating having \$10 million fall out of the budget, which by the way is the \$8 million, essentially, for fixed assets, and \$1.5 million for one-time payments.

So we still want to make sure that we come in somewhere in that range. And when you're talking hundreds of millions, \$500,000 here and there, to predict that exactly is difficult, but we're still trying to hit that number to fall out of the budget to fund those one-time things going into the next budget. But if there's money within a department's budget, because they didn't buy something, they didn't do something, but they're asking for something else next year, we're like, hey, if that's something you can get now, get it now.

So I'd like to be able to go through that list in more detail with you, and then also go into more detail with you about the FTE requests and some recommendations there, and how we would pay for them, as well as recommendations on the compensation packages and health insurance premiums and how we would recommend paying for it there. And give you also a little more detail of what does that look like for the average employee's salary. How does it play out in the paycheck at the end, if you give a one-time, if you give a COLA, and then if you have an increase in insurance. Are they still better off at the end with the payments or with the compensation plans that you have authorized, if you do?

And then also I would provide a breakdown by union, a dollar amount, based on the recommended overall compensation packages, what that equates to by union, because each union – I have to always remind everyone that while you approve, possibly – say you approved a one and a 1 ½ percent COLA, that equates to a certain dollar amount by bargaining unit. We do not tell the bargaining unit how that's allocated within their members; that's a contract negotiation. They may choose to do it straight as a COLA or they may say we want to change our pay scale, or we may want to reward seniority, or we believe we have this group that needs adjustments. But they work within that dollar amount that's provided by bargaining unit and we try to make that equitable across all bargaining units.

COMMISSIONER HAMILTON: Thank you for that. So Commissioners, are there any other questions at this point?

COMMISSIONER HANSEN: Madam Chair.

COMMISSIONER HAMILTON: Commissioner Hansen.

COMMISSIONER HANSEN: Are we going to go to announcements briefly?

COMMISSIONER HAMILTON: Yes. Yes. The very next thing.

3. CONCLUDING BUSINESS

A. Announcements

COMMISSIONER HAMILTON: Are there any announcements? Vv.



COMMISSIONER HANSEN: Thank you very much. I just wanted to share with the Board that the board chair of ICLIE which we have been a member of in the Sustainability Department. ICLIE is a local government for sustainability. Board chair, Bridget Shea, who I work with at NACo and EELU invited me to participate in the ICLIE Leadership Race to Zero, and I just wanted to share with you that I will be speaking on cities for nature on the 21st, part of the Biden climate program and I there's more to it but I'm just giving you a brief notice so that you k now. It mostly is all the things that we are already doing. It is not including any new programs or anything like that. It's working on our greenhouse gas inventory, and by participating, we get additional help from ICLIE that is compensated to us. So it's actually a win-win for everybody. So I just wanted to share that. Thank you, Madam Chair.


COMMISSIONER HAMILTON: Very nice. Any other announcements.

B. Adjournment

Commissioner Hansen moved to adjourn and was seconded by Commissioner Hughes. With no further business to come before this body, Vice Chair Hamilton declared this meeting adjourned at 12:10 p.m.


Approved by:


ATTEST TO:

KATHARINE E. CLARK
SANTA FE COUNTY CLERK


Board of County Commissioners
Henry Roybal, Chair

SFC CLERK RECORDED 05/13/2021

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SFC CLERK RECORDED 05/13/2021