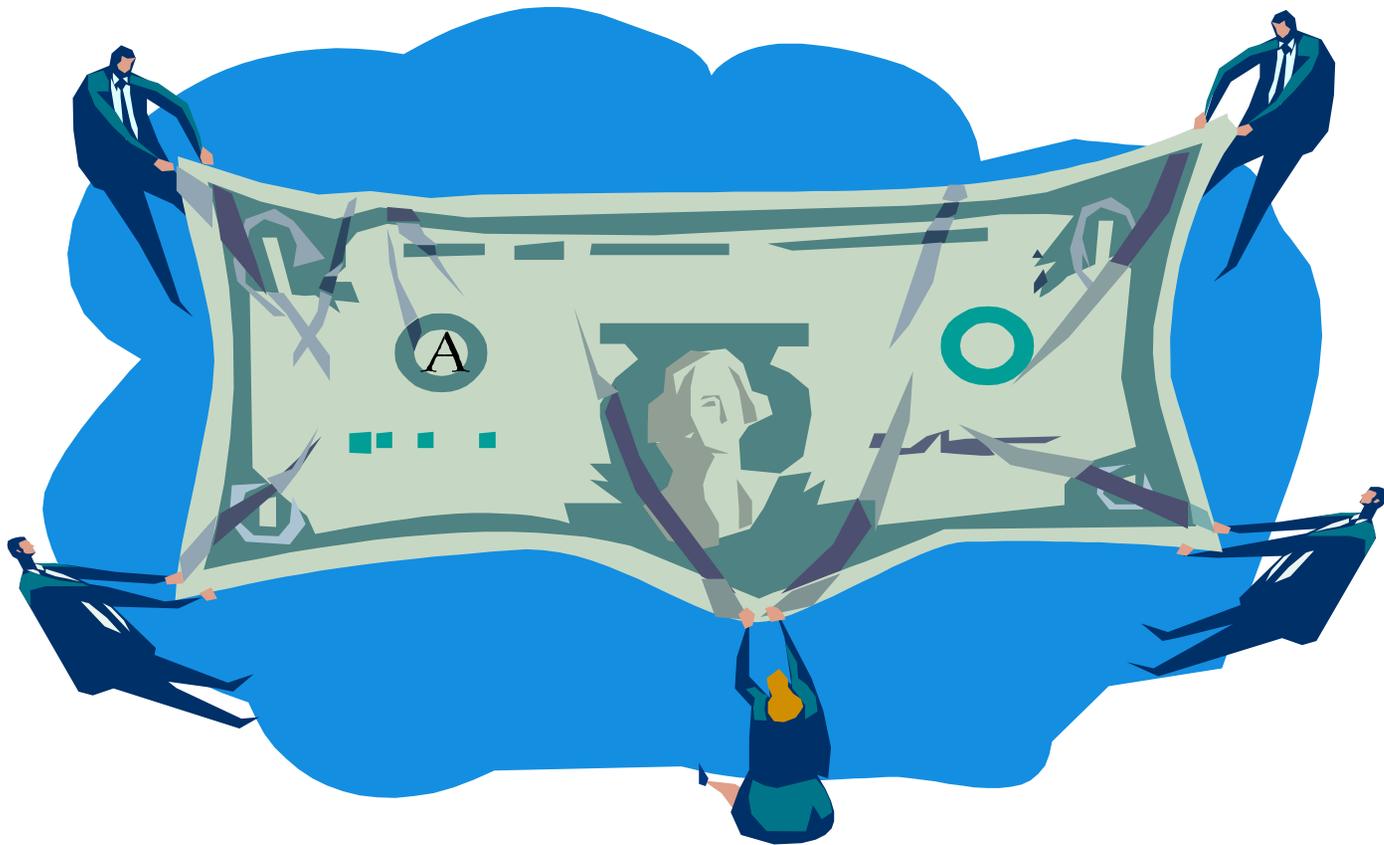


**SANTA FE COUNTY  
BOARD OF COUNTY COMMISSIONERS  
Budget Retreat Workshop  
March 31 – April 1, 2010**



# Highlights of the Presentation

<u>Topic</u>	<u>Slide Number</u>	<u>Topic</u>	<u>Slide Number</u>
☞ Revenues 101	3-4	☞ "Troubled" funds (continued)	
☞ Expenses 101	5-6	☞ Fire	40-43
☞ Current Outlook	7-13	☞ RECC	44-45
☞ Revenue Generation Measures	14-17	☞ Projects – the Elephant in the Room	46
☞ Where do My Property Taxes Go?	18	☞ General Fund Drains	47
☞ Growth Management Plan	19-20	☞ What Other Entities Have Done	48
☞ Cost Saving Measures	21	☞ Frozen Vacancies	49
☞ Legislative Actions	22-23	☞ Furlough and Layoff Plans	50
☞ Core Government	24	☞ Detailed Budget Information	51
☞ Employee Survey	25-27	☞ Defining Budget Priorities	52
☞ Key GRTs and What They Fund	28	☞ How do we balance the budget?	53
☞ "Troubled" funds		☞ SCP Transition	54-55
☞ Corrections	29-36	☞ The Cash Debate	56-58
☞ Health	37-39	☞ Implementation	59
		☞ Recommendations	60-64
		☞ A Look into the Future	65-66



# Revenue 101



## Recurring Revenue

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

Examples:

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

## Non-Recurring Revenue

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

Examples:

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



# Revenue 101 (continued)



## Unrestricted

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

### Examples:

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



## Restricted or Dedicated

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

### Examples:

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



# Expenses 101

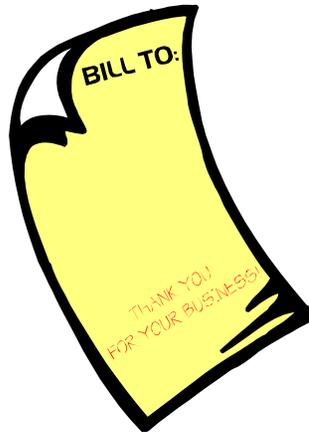


## Recurring

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

### Examples:

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



## Non-Recurring

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

### Examples:

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



## Expenses 101 (continued)

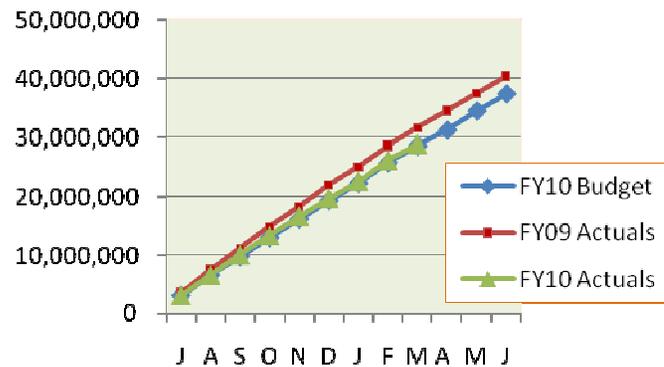
- In March, 2008 the BCC adopted Resolution 2008-47, a formal Budget and Financial Policy that follows the Government Finance Officers Association (GFOA) recommended policies.
  - The policy dictates that **recurring** expenses be funded with **recurring** revenue.
  - The intent and effect of the policy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



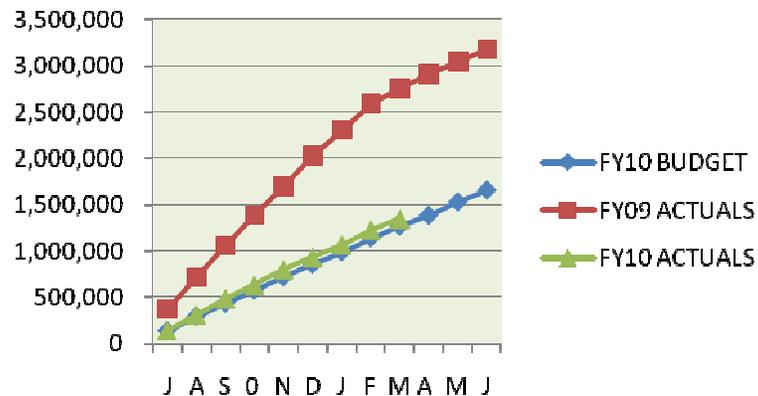
# Current Year Outlook



**SANTA FE COUNTY  
COUNTYWIDE GRT COLLECTIONS**



**SANTA FE COUNTY  
UNINCORORATED GRT COLLECTIONS**



## Gross Receipts Taxes

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



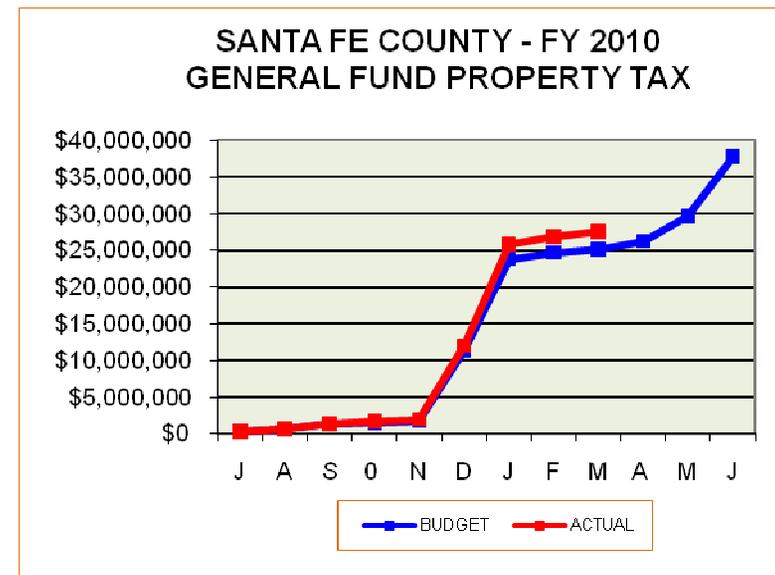
# Current Year Outlook

## Property Taxes

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

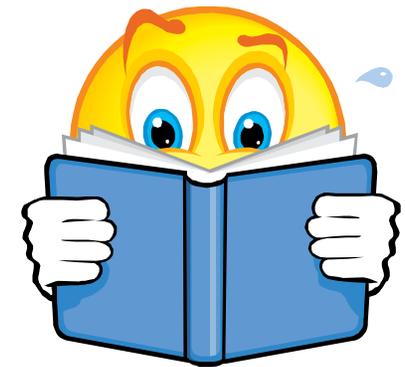
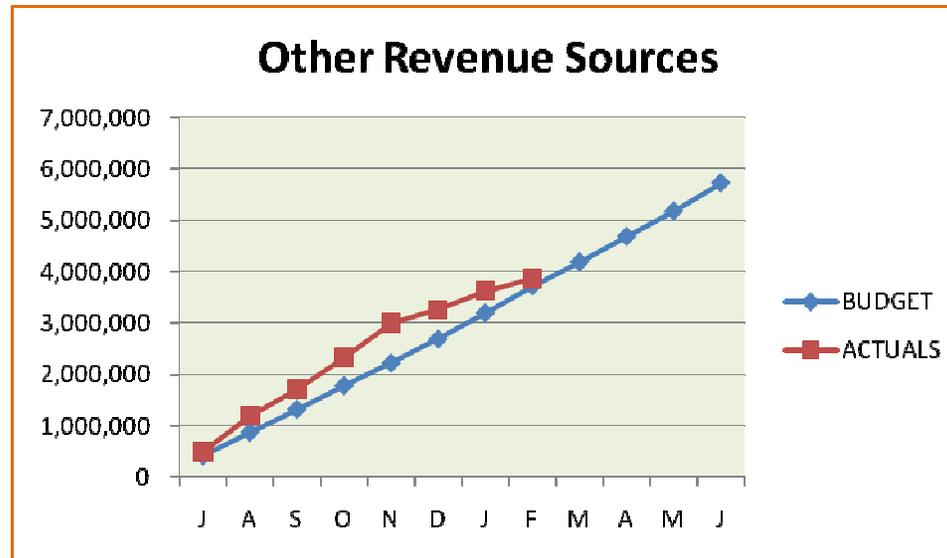
BUT...

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



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

# Current Year Outlook



## OTHER REVENUE SOURCES

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



# Current Year Outlook

SANTA FE COUNTY - FISCAL YEAR 2010  
EXPENSE - SALARIES AND BENEFITS



## SALARIES & BENEFITS

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

# Current Year Outlook



SANTA FE COUNTY - FISCAL YEAR 2010  
EXPENSE - OVERTIME

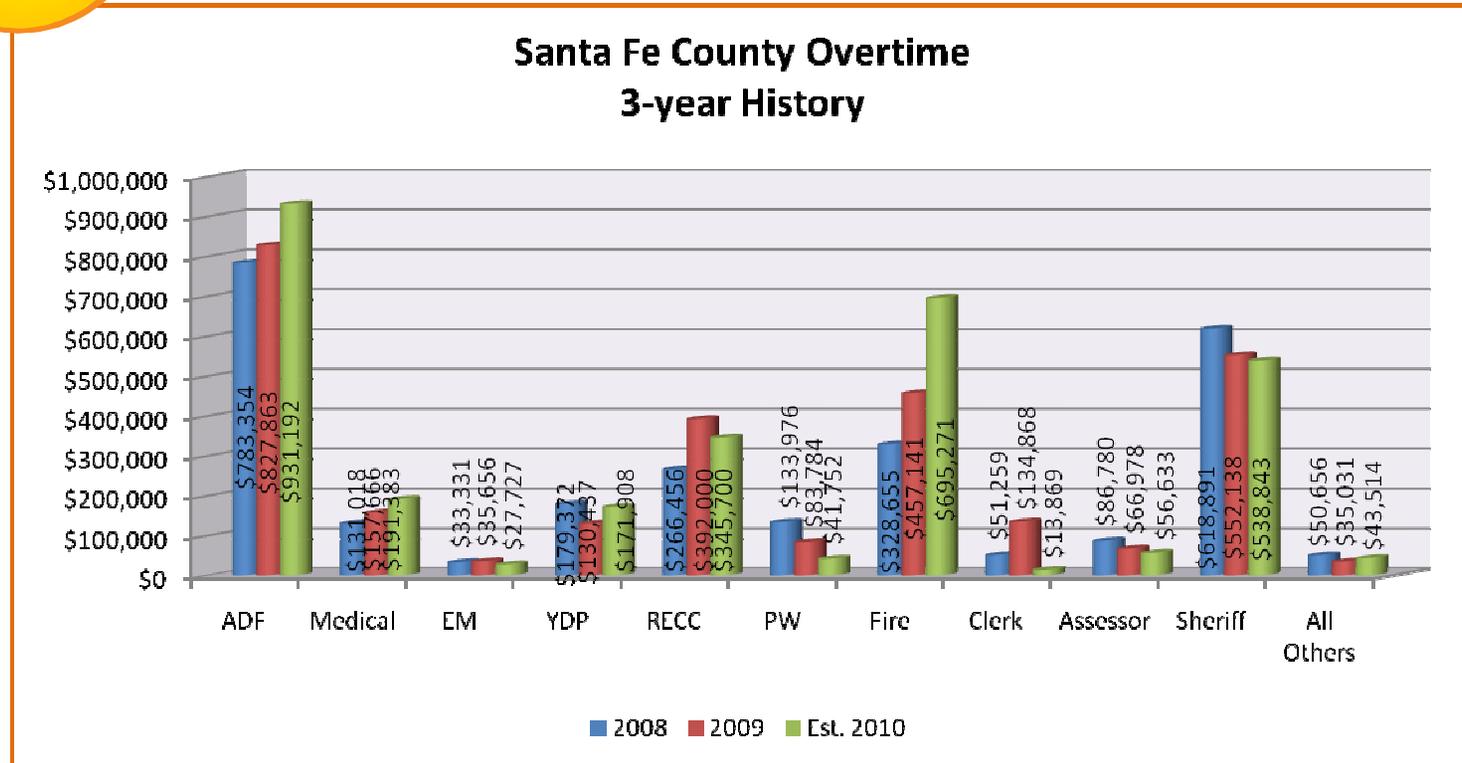


## OVERTIME

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



# Current Year Outlook



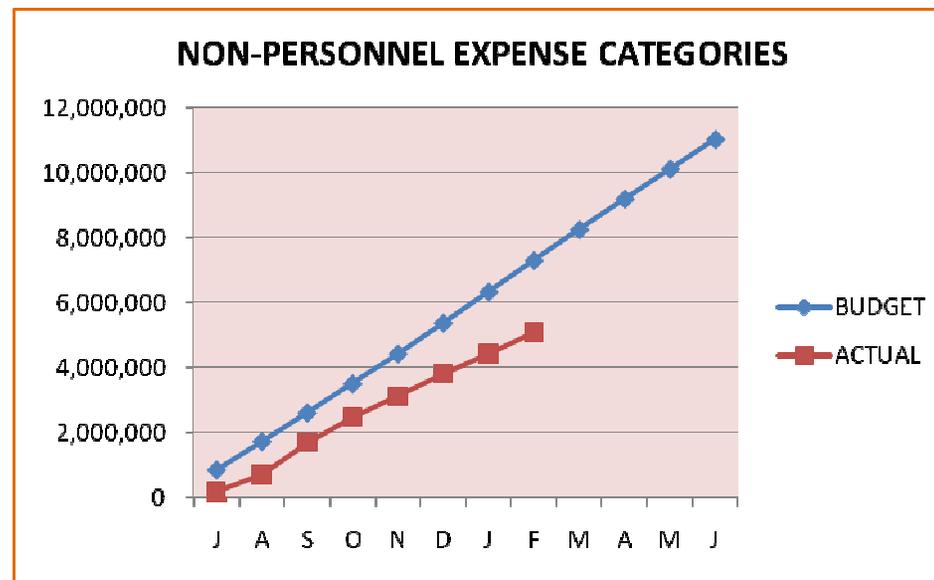
**Countywide, overtime expense is increasing at an unreasonable rate.**

# Current Year Outlook



## NON-PERSONNEL EXPENSE CATEGORIES

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





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

## FY 2009/2010 Progress Made:

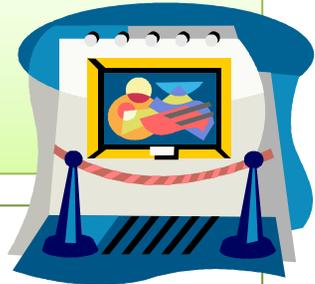
- **ARRA Federal Grants Secured**
  - \$264,000 Renewable Energy Program
  - \$402,300 Housing Energy Efficiency Initiatives
  - \$115,445 Law Enforcement
  - \$100,000 Santa Fe Rail Trail
- **Enterprise Fund Charges for Services / Grants**
  - Conducted Enterprise Fund analyses and determined that some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

## FY 2010/2011 Initiatives & Potentials

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



# Other Revenue Generation Quality of Life GRT



## HIGHLIGHTS OF THE TAX

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

## ANALYSIS

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

## RECOMMENDATION

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



# Property Tax Forecast FY 2011



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

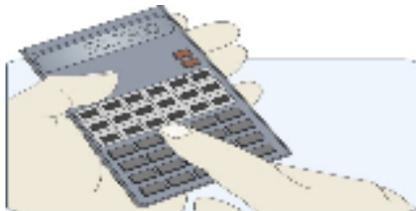




## Mil Levy

- In New Mexico, a property's tax value is one-third (1/3) of its assessed value.
- The mil rate is applied to the taxable value.
- 1 mil equals \$1.00 for each \$1,000 of taxable property value.

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

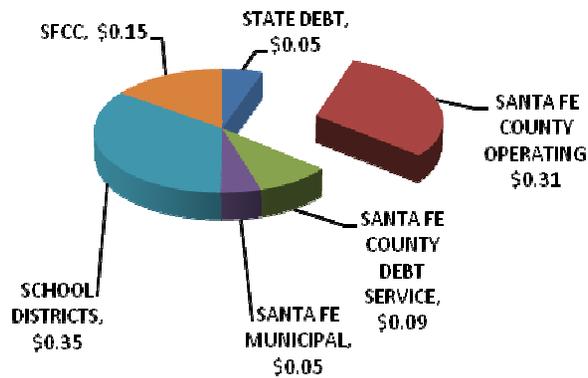


## Indigent Mil Levy

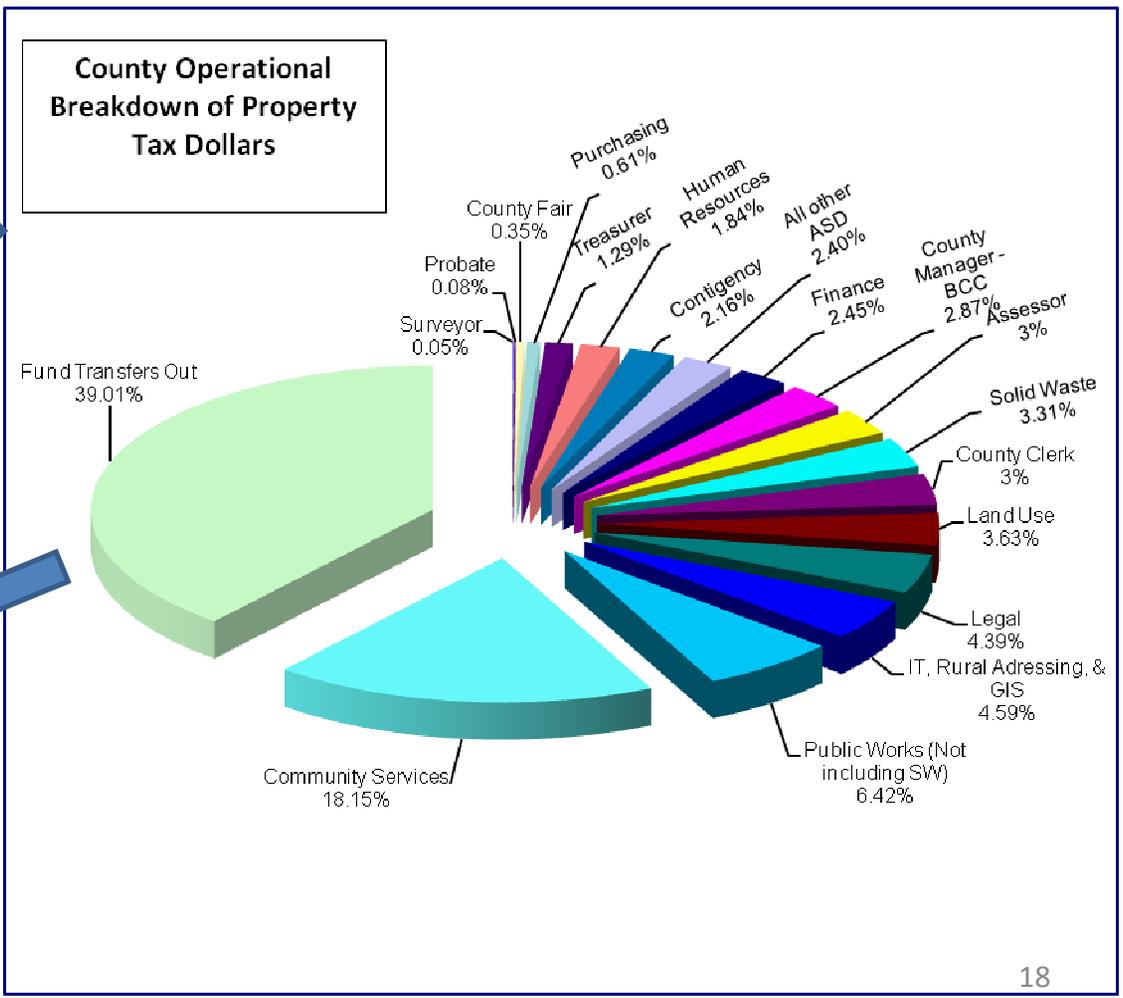
- The BCC could impose a levy against the net taxable value of the property in the county. The amount imposed is certified annually by the Healthcare Assistance Program Board (Indigent Board) based upon its determination of funds needed to support indigent claims.
- The mil levy would require one-time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

# Where Do My Property Taxes Go?

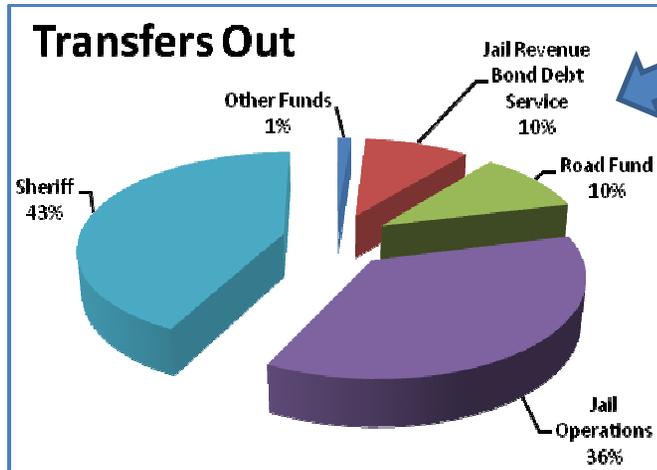
BREAKDOWN OF \$1.00 IN SFC PROPERTY TAX BY CATEGORY



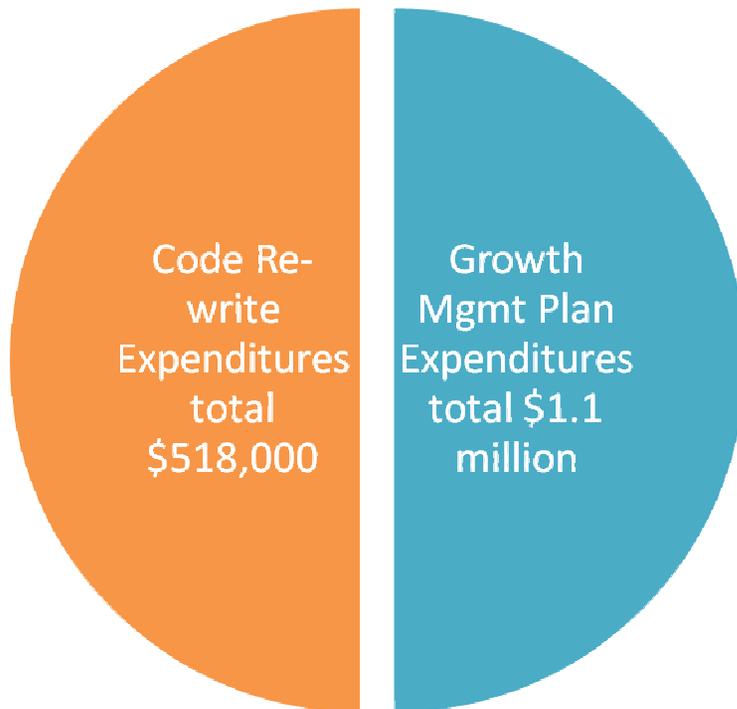
County Operational Breakdown of Property Tax Dollars



Transfers Out



# Growth Management Plan/Code Re-write



## Project Status

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

# Growth Management Plan/ Code Re-write

## How do we finish this project?

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



# Cost Savings Measures

FY 2009	FY 2010
<ul style="list-style-type: none"><li>• Reduced take-home vehicles</li><li>• Reduced cell phones</li><li>• Implemented energy savings initiatives</li><li>• Implemented “soft” hiring freeze</li><li>• Closed the ARC program</li><li>• Restricted travel by County personnel</li><li>• Restricted contractual services</li><li>• Eliminated merit pool</li></ul>	<ul style="list-style-type: none"><li>• Implemented “smart buying” of supplies</li><li>• Further restricted travel by County personnel</li><li>• Restructured model of providing County Health services</li><li>• Maintained “soft” hiring freeze</li><li>• Phased out numerous temporary positions</li><li>• Attempted voluntary furloughs</li><li>• Did not give COLA to employees</li></ul>
<p style="text-align: center;"><b>Reductions totaled \$1.5 million</b></p>	<p style="text-align: center;"><b>Reductions totaled \$4.6 million</b></p>

# Legislative Actions

## From the Regular Session:

- SB207 – Re-hired Retired Employees “Double Dipper” Bill

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

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

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

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

- SB182 – Capital Outlay Reversions for Solvency

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



# Legislative Actions

## From the Special Session:

### HB114 – Postpone Fire Protection Fund Increase

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

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

### HB 144 – Unemployment Contribution Schedule

New schedule approved

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

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

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

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

# Core vs. Non-Core Functions

## What is required of us?

### Statutorily Required Functions

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

### Extended Core Functions

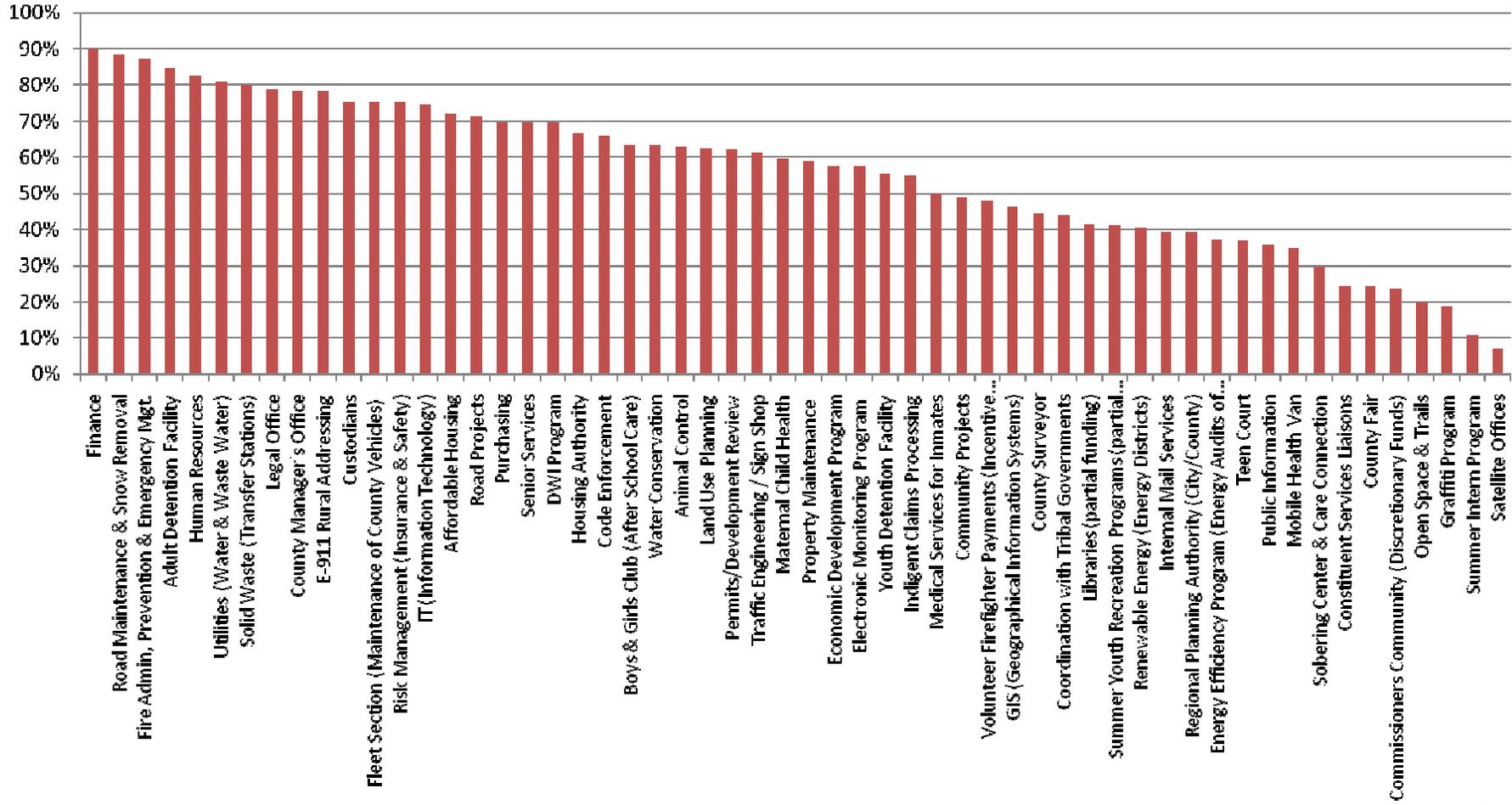
- ❖ Public Works
- ❖ Adult Jail
- ❖ Finance
- ❖ Purchasing
- ❖ Human Resources
- ❖ Legal
- ❖ Fire (can be volunteers)
- ❖ Information Technology
- ❖ SCP Payment

#### Cost (based on adjusted FY10 budget, and assuming no additional cuts to those budgets)

Statutorily Required	\$15.4 million
Extended Core	\$43.4 million
Debt Service	<u>\$17.0 million</u>
<b>Total</b>	<b>\$75.8 million</b>

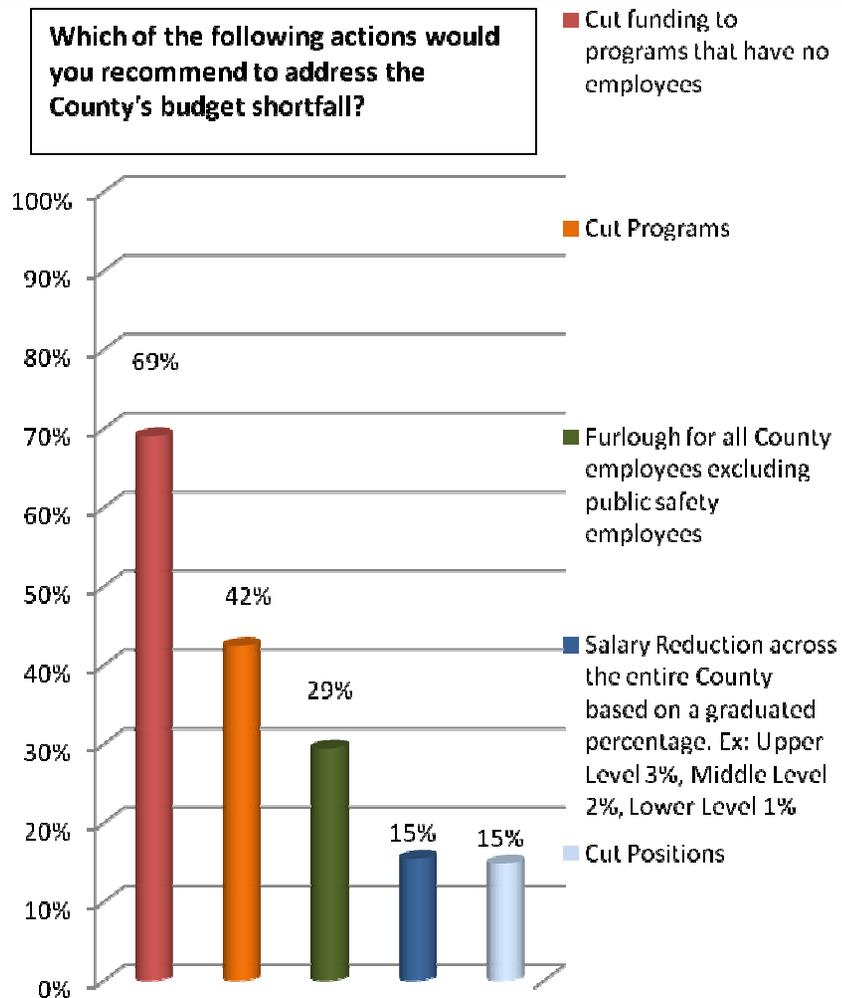
# Employee Survey

## OPINIONS OF CRITICAL FUNCTIONS

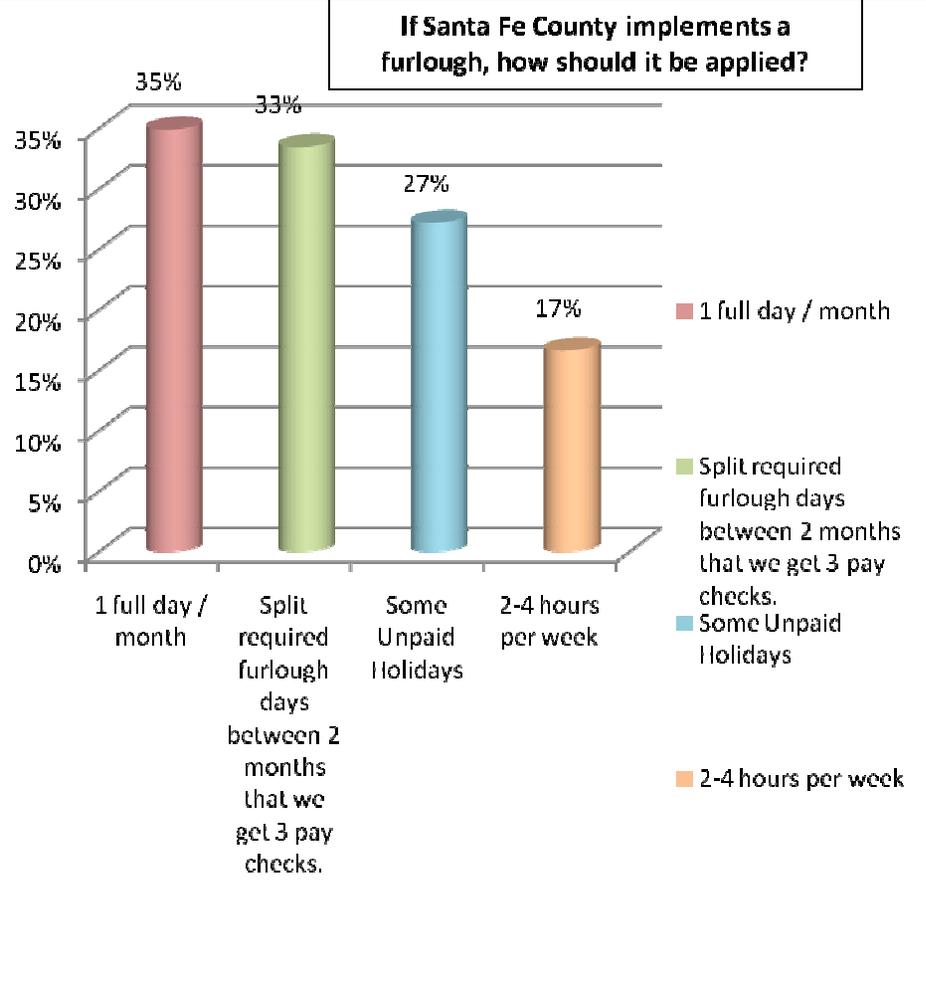


# Employee Survey Continued . . .

Which of the following actions would you recommend to address the County's budget shortfall?



If Santa Fe County implements a furlough, how should it be applied?



# Employee Survey Continued . . .

## Layoff Order:

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

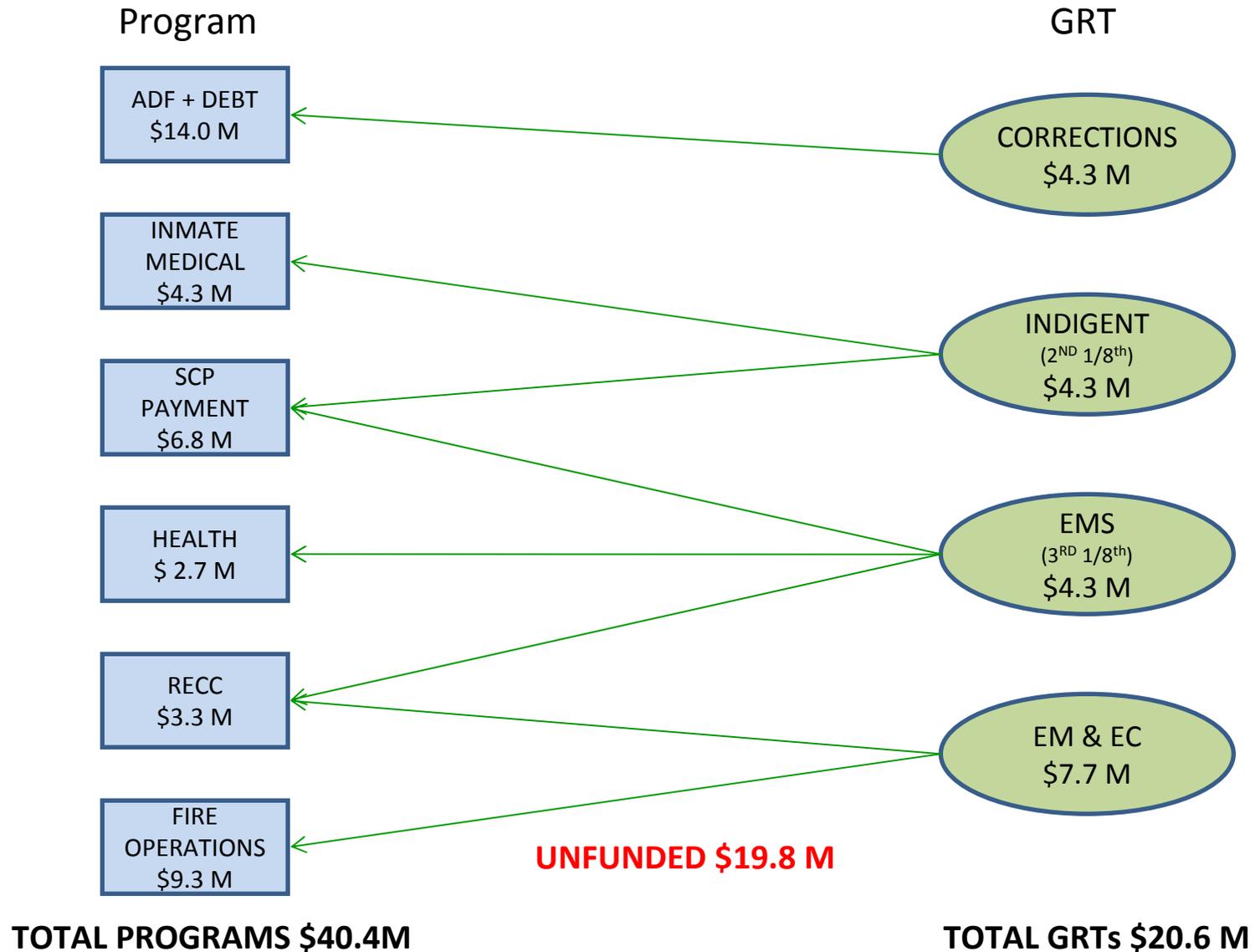
## Employee Comments (most common issues)

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



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

# Which GRT Can Fund What Program?



# TROUBLED FUNDS - Corrections

## \$ Operational Variances by organization are:

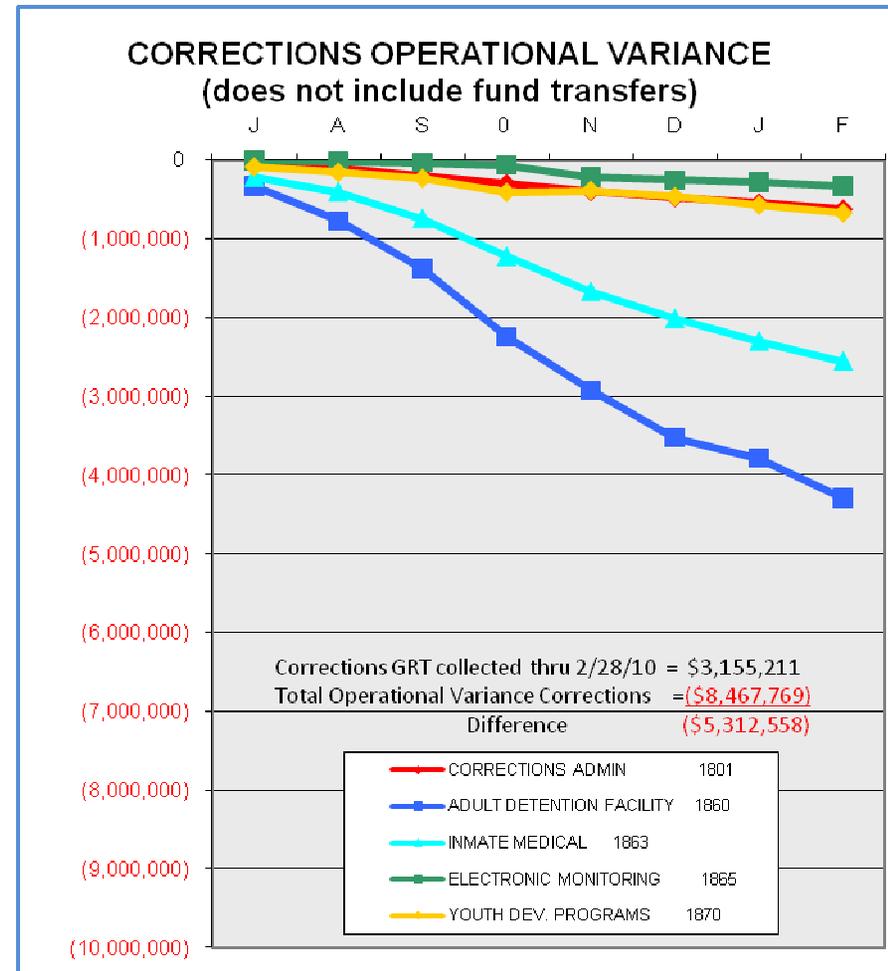
\$ Administration	(\$622,188)
\$ Adult Detention Facility	(\$4,289,070)
\$ Inmate Medical Div.	(\$2,555,358)
\$ Electronic Monitoring	(\$328,531)
\$ Youth Development Prog.	(\$672,622)
<b>TOTAL</b>	<b>\$(8,467,769)</b>

\$ Through February, 2010 the Corrections Department is "in the hole" **\$8,467,769** (not including debt service).

\$ Offsetting GRTs are only **\$3,155,211**

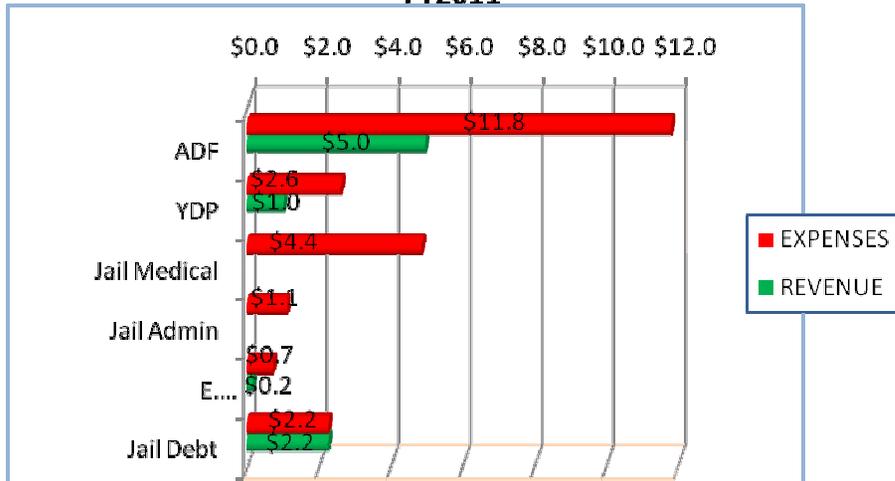
\$ Care of Prisoners revenue is down at the Adult and Youth facilities by \$107K and \$244K respectively.

\$ Grant funding awarded to the facility was not billed timely and thus the Youth Facility lost \$53K in potential funding.



# TROUBLED FUNDS - Corrections

SANTA FE COUNTY CORRECTIONS DEPARTMENT  
PROJECTED EXPENSE VS. REVENUE  
FY2011



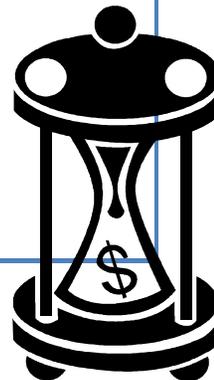
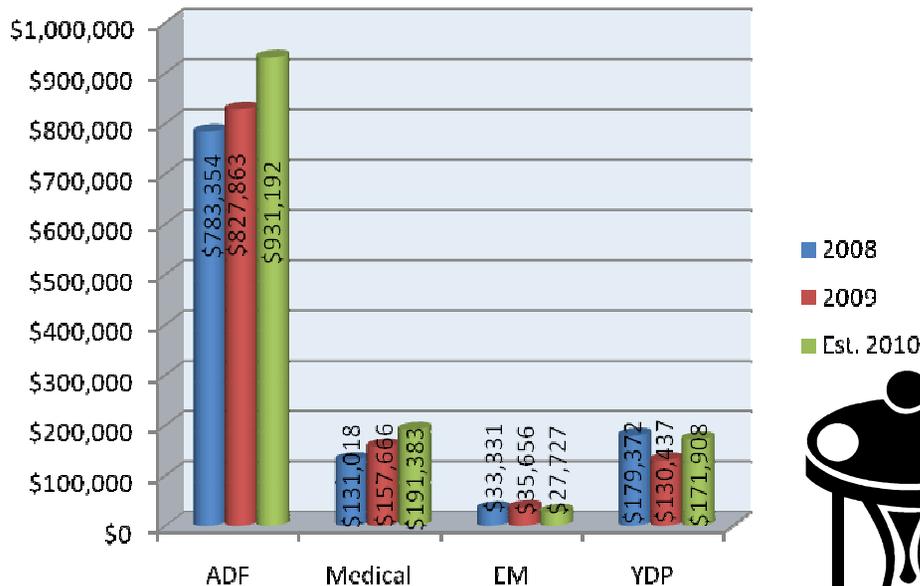
In FY2011 Santa Fe County will have to plug a \$14.45 m total budget shortfall in the Corrections Department. This support will need to come from the General Fund. ***This equates to about 22% of the total General Fund budget.***

CORRECTIONS DEPARTMENT FY 2011 PROJECTIONS (IN MILLIONS)				
PROGRAM	REVENUE	EXPENSES	DEFICIT	ASSUMPTIONS
ADF	\$ 4.95	\$ 11.80	\$ 6.85	Based on FY10 revenue, GRT (after debt payment) down 5%, flat expense budget
YDP	\$ 1.00	\$ 2.60	\$ 1.60	Based on FY10 revenue, flat expense budget
Jail Medical		\$ 4.35	\$ 4.35	Based on FY10 revenue, flat expense budget
Jail Admin		\$ 1.10	\$ 1.10	Based on FY10 revenue, flat expense budget
E. Monitoring	\$ 0.15	\$ 0.70	\$ 0.55	Based on FY10 revenue, flat expense budget
Jail Debt	\$ 2.24	\$ 2.24	\$ -	GRT (down 5%) pays debt service
<b>TOTAL</b>	<b>\$ 8.34</b>	<b>\$ 22.79</b>	<b>\$ 14.45</b>	<b>DEFICIT TO BE FUNDED THROUGH GENERAL FUND SUPPORT</b>
<i>FY 2010 GF Support</i>	<i>\$ 10.70</i>			<i>Amount increased from \$8.6 to \$10.7</i>
<i>add'l GF Support</i>	<i>\$ 3.75</i>			

# TROUBLED FUNDS- Corrections



**Corrections Department  
Overtime - 3 Year History**



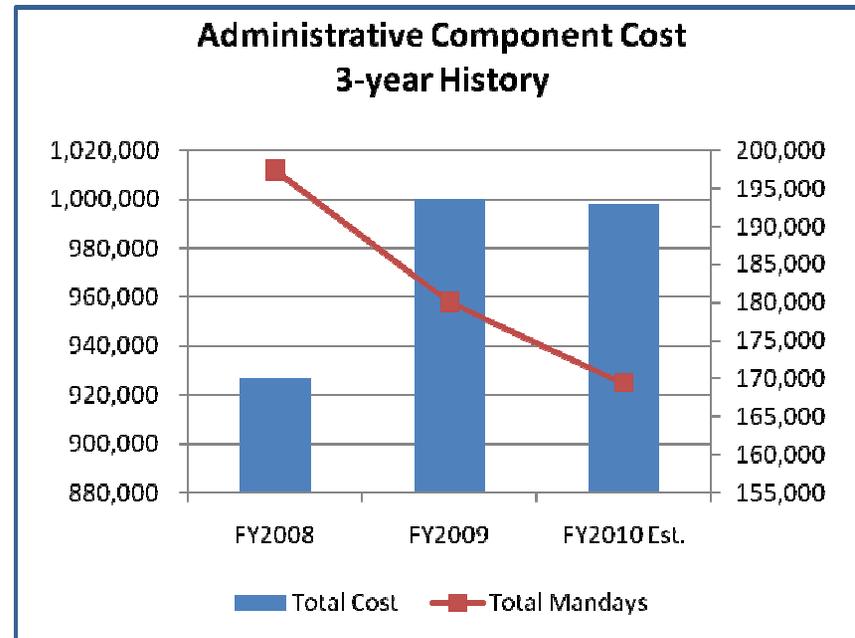
- Changing staff from 4-10s to 12-hour shift scheduling has produced 8 hours of overtime per pay period per shift employee in Electronic Monitoring and YDP.

**Cost = \$95K per year**

# TROUBLED FUNDS - Corrections

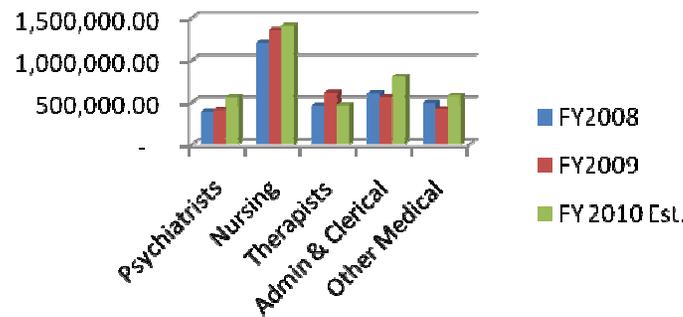
## Administrative Component

- Administrative Component costs have **increased** substantially while the number of mandays (number of occupied beds) has **decreased** steadily.
- Administrative Component cost per manday has increased from \$4.69 in 2008 to an estimated \$5.89 in 2010. ***This is a 26% increase in 2 years.***
- The number of mandays has decreased from 197,452 in 2008 to an estimated 169,394 in 2010. ***This is a 14% decrease in 2 years.***



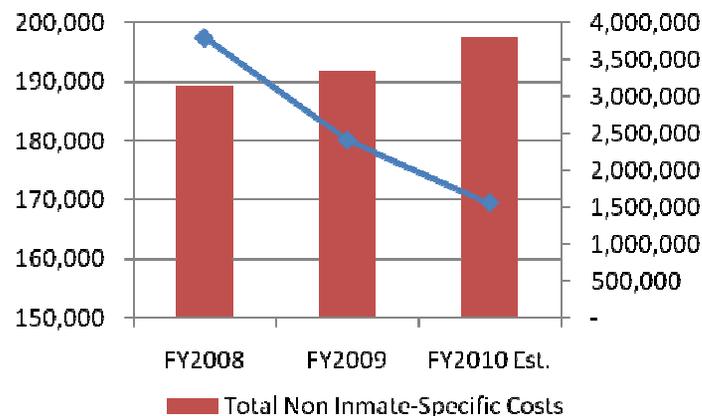
# TROUBLED FUNDS - Corrections

**Corrections Medical Component Cost  
3-year History**



Does not include inmate-specific expenses.

**Medical Cost per Manday**



Does not include inmate-specific expenses.

## MEDICAL COMPONENT

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

# TROUBLED FUNDS - Corrections

## ADF Fees are TOO LOW



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



## PUT INTO PERSPECTIVE

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

**or, put another way....**

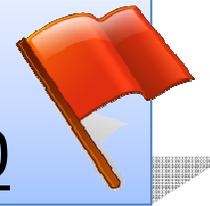
- We are providing an 18% subsidy to other jurisdictions for their inmates.

***CAN SANTA FE COUNTY AFFORD TO CONTINUE TO DO THAT?***





# TROUBLED FUNDS - Corrections



## YDP Analysis July 1, 2010 – February 28, 2010

- 41% occupancy on average
  - 25% Billable (15 Beds)    
 [Beds per Month](#)
  - 16% SFC (9 Beds)
- ✓ We charge \$170 on avg. per manday at the Youth Facility.
- ✓ We spend \$254 per manday to operate the Youth Facility.
- ✓ We lose **\$84 per manday per non-SFC inmate.**

July – February FY 2010			
Revenues	\$572,985		
Expenditures *	<u>\$1,594,110</u>	*Includes Medical & Administrative Components	
Operating Loss	<b>-\$1,021,125</b> <a href="#">YDP Detail</a>		
<b><u>BREAK EVEN CALCULATION:</u></b>			
Operating Loss	<b>-\$1,021,125</b>	Daily Revenue Needed	\$4,202.16
Days in Period (July-Feb)	/ <u>243</u>	Avg. Billable Rate	/ <u>\$170.41</u>
Daily Revenue Needed to Break Even	= \$4,202.16	Paying Beds Necessary to Break Even	= <b>24.66</b>

# CORRECTIONS - Recommendation

## REVENUE

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

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

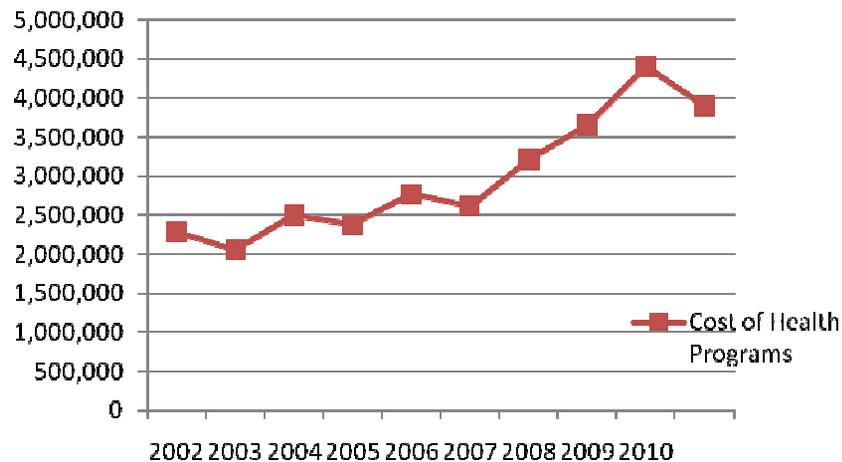


## EXPENSES

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

# TROUBLED FUNDS - Health

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



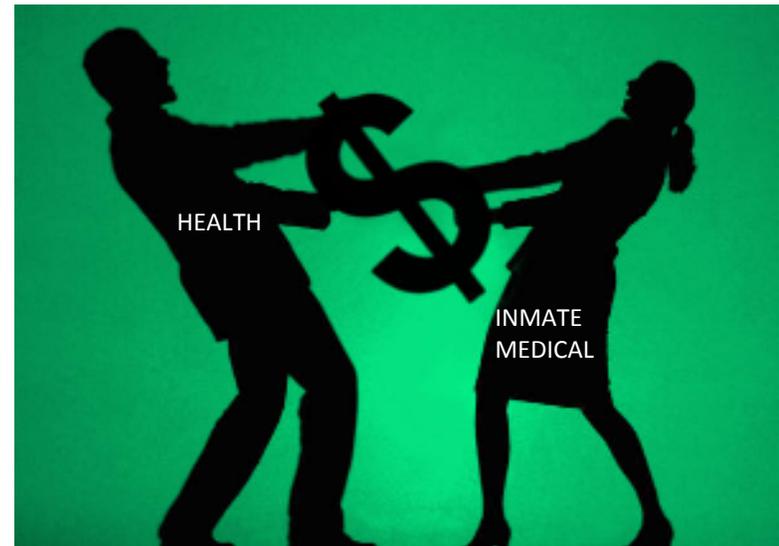
***AS ALWAYS...  
Live by the Grant, die by the Grant***

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

# TROUBLED FUNDS - Health

## Health Programs

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

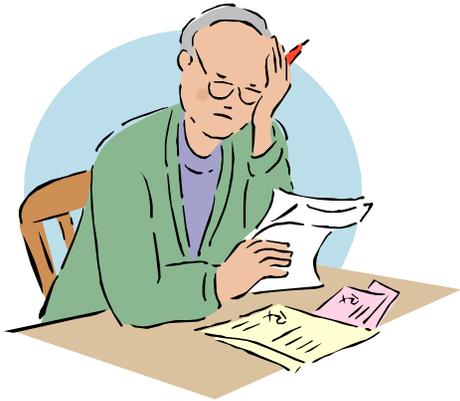


### **Current Sources of Funding Are Not Sufficient to Meet Obligations**

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

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

# HEALTH - Recommendation



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

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

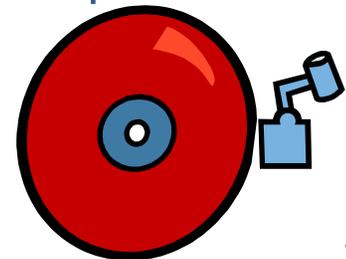


# TROUBLED FUNDS - Fire

**Danger!**

## SFC IS FACING MULTIPLE FIRE “ALARMS”

- Failure of the Fire Protection Excise Tax has severely impacted the Fire Departments 5-year plan and capital expansion projects.
- In FY 2011 projections show that Fire operating expenditures will outpace revenue by \$700K (more if any EM & EC GRT is used for RECC operations).
- Fire Operations Fund cash reserves will be depleted within 2 years.
- EM & EC GRT (the primary funding source for the Fire Operations fund) must be shared with RECC for its operations.





# TROUBLED FUNDS - Fire

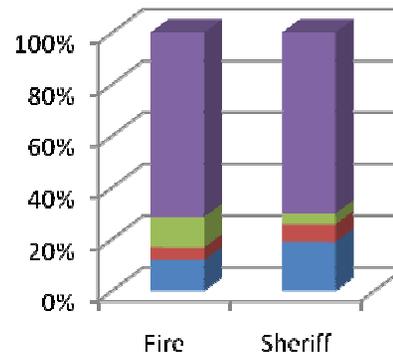


## OTHER CONSIDERATIONS

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

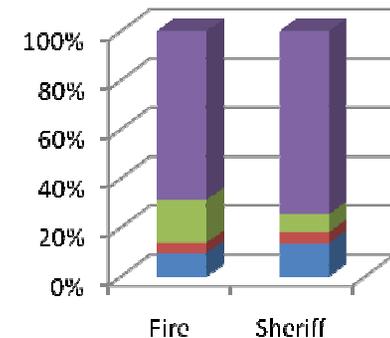
Compare these statistics to the Sheriff's Office which is similar in that they are a 24/7 operation, emergency response, and comparable in size.

% FTEs by Type



■ Admin, Clerical  
■ Other Field Personnel  
■ "White Shirts"  
■ Field Personnel

% Cost by Type



■ Admin, Clerical  
■ Other Field Personnel  
■ "White Shirts"  
■ Field Personnel

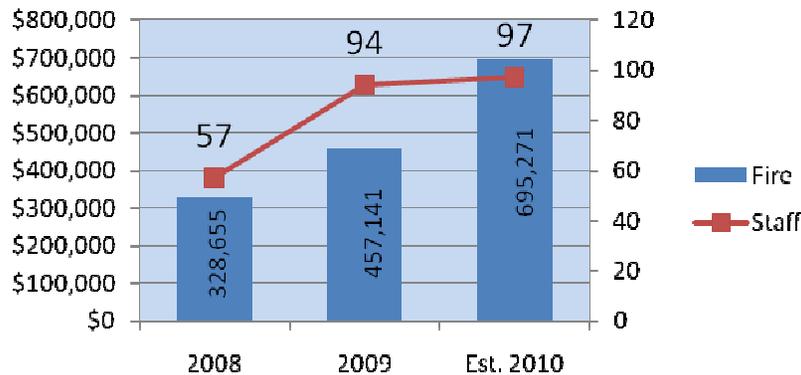
If further reductions become necessary it will be a choice between admin staff or field personnel.



# TROUBLED FUNDS - Fire



## Fire Overtime 3-year History



***This is an unexpected trend.***

One would expect overtime to decrease with the addition of more staff.

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

# FIRE - Recommendations



## EXPENSES

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



## OTHER ACTION

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

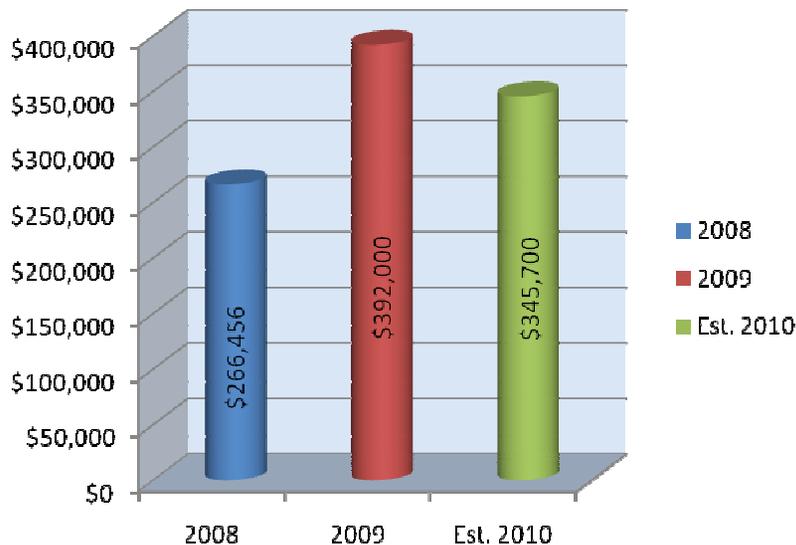


This recommendation would reduce the Fire budget by \$1.26M. This frees up funding for RECC, which in turn means General Fund will need to support RECC to a lesser degree.

# TROUBLED FUNDS - RECC



**RECC Overtime  
3-year History**



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



# RECC - Recommendations

## EXPENSES

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

## REVENUE

- ✓ Renegotiate JPA with Town of Edgewood.



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

# Reverted Project Funding

## THE PROBLEM

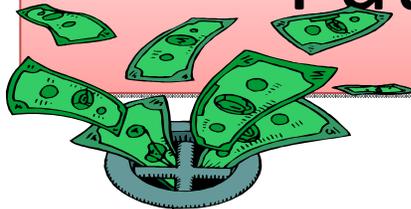
- ❖ The State of NM reverted \$4.4 in special appropriations for capital projects. [Reversion Detail](#)
- ❖ This resulted in the loss of funding for roads, community projects and utilities.
- ❖ Hardest hit were the community projects.

## THE REALITY

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

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

# Future General Fund Drains



Potential General Fund Drains	
<u>Recurring Costs</u>	
Buckman Direct Diversion Operational Budget	\$ 1,300,000
Santa Fe Canyon Ranch Maintenance	\$ 8,400
Increase to Retiree Health Care	\$ 170,000
Potential Increase to Health Insurance Costs (20%)	\$ 809,000
Transparency Initiatives	\$ 160,000
TOTAL	\$ 2,447,400
<u>Forecasted Decrease to GRT Revenues (5%)</u>	
Decreased General Fund	\$ 378,900
Decreased Countywide	\$ 1,683,900
TOTAL	\$ 2,062,800
	\$ 4,510,200



# What have other Governments done?

## In New Mexico

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

## Around the Nation

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

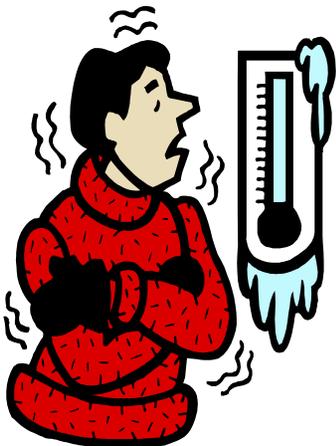
# Frozen Vacancies

## TROUBLED FUNDS RECOMMENDED FREEZE

<u>Program</u>	<u>FTEs</u>	<u>Savings</u>
Fire	8	\$440K
RECC	<u>3</u>	<u>\$155K</u>
<b>SUBTOTAL</b>	<b>11</b>	<b>\$595K</b>

## OTHER RECOMMENDED FREEZE

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



**TOTAL SAVINGS FROM  
RECOMMENDED FREEZE**

**34 FTEs Frozen**  
**\$1,814,000 in Savings**

# Furlough and Layoff Plans

## FURLOUGH

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

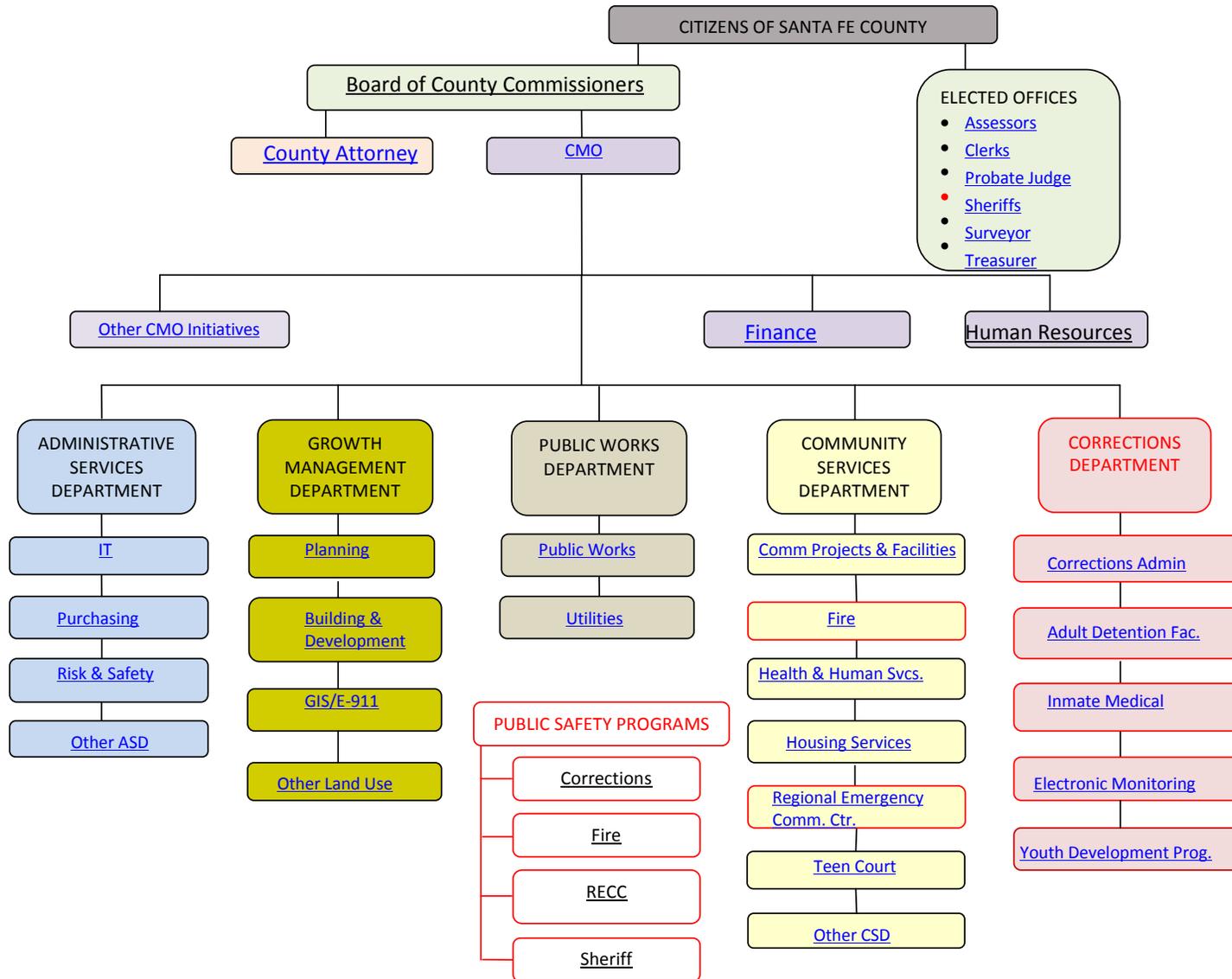
## LAYOFF

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



# Details by Function

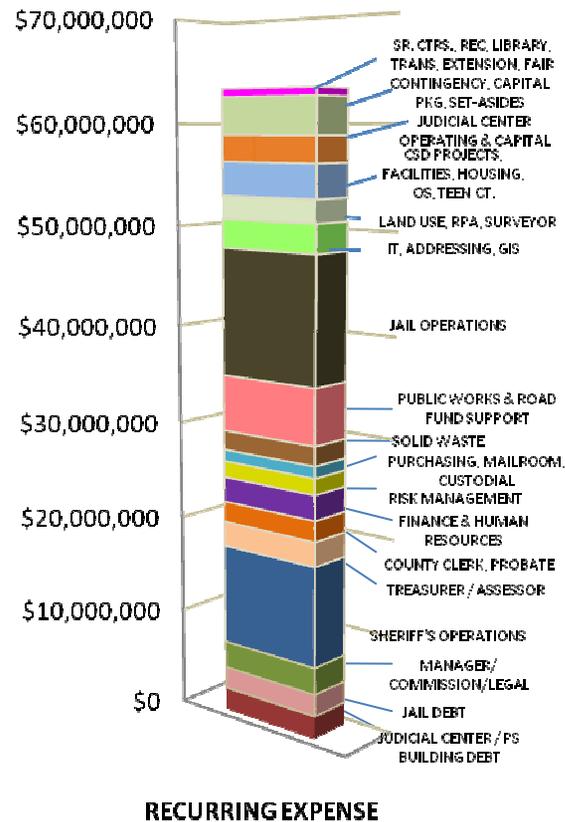
(Info based on FY2010 budget)



# DEFINING BUDGET PRIORITIES

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

## FY2011 General Fund



CAN BE ELIMINATED

CAN BE REDUCED

METHODS OF REDUCING AND STREAMLINING ACTIVITIES SHOULD BE ACTIVELY PURSUED

CAN'T BE ELIMINATED OR REDUCED



# How do we BALANCE the budget????

**Increases to the Base Budget:  
Proposed New FTE's**



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

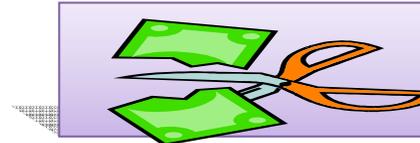
<b>COUNTY STAFF – Requested Position</b>		
Organization	FTE	Annual Sal & Benefits
Public Works - Utilities		
Maint. Tech Lead	1	71,400
	<b>TOTAL COUNTY STAFF</b>	<b>\$ 71,400</b>

**TOTAL** **\$ 366,350**



FY 2008	
SCP Commitment	\$9,285,000
3 <sup>rd</sup> Party Funding:	
RECC	\$ 2,297,937
Health Adm	\$ 236,500
MCH	\$ 180,000
Espanola	\$ 69,000
ParaTransit	\$ 90,500
Care Connection	\$ 547,000
Jail Medical	\$ 3,200,000
Indigent	\$ 2,050,000
Senior Programs	\$ 651,000
Total	\$ 9,321,937

FY 2009	
Available Revenue	\$9,684,900
Actual SCP Payment	\$9,684,900
3 <sup>rd</sup> Party Funding:	
RECC	\$2,450,650
Health Adm	\$ 239,870
MCH	\$ 180,000
Espanola	\$ 69,000
ParaTransit	\$ 90,500
Care Connection	\$ 547,000
Jail Medical	\$3,620,520
Indigent	\$1,974,450
Senior Programs	\$ 493,450
Total	\$ 9,665,404



## SCP Transition FY 2008 – FY 2010

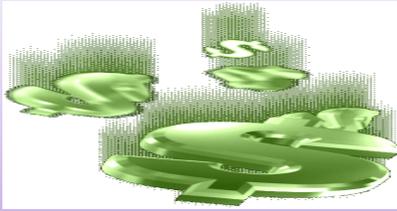
FY 2010	
Available Revenue	\$9,635,900
<b>Total Health/RECC/Medical Ops</b>	<b>\$9,527,450</b>
<i>(not including SCP)</i>	

Actual SCP Payment:	
SFC Commitment	\$5,163,000
Federal Credit	\$1,710,000
Total SCP Commitment	\$6,873,000

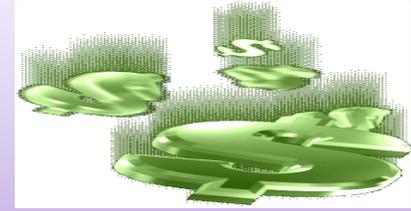
**Total Shortfall** **\$5,054,550**

3 <sup>rd</sup> Party Funding	\$ 0
Budget Cuts (Soft or 1 time) Total	\$3,372,439
Health	\$ 247,261
RECC	\$ 348,628
Jail/Medical	\$ 491,050
Fire	\$ 105,000
Gen. Fund	\$2,180,500
Use of Cash ( 1 time) Total	\$1,664,423
EMS Fund	\$ 465,679
Indigent Fund	\$ 698,744
Fire Fund	\$ 500,000

**BALANCED BY USE OF CASH & BUDGET  
CUTS COUNTY WIDE (CUTS WERE NOT  
PERMANENT AND INCLUDED SOME  
SOFT FREEZES)**



# SCP Transition FY 2011



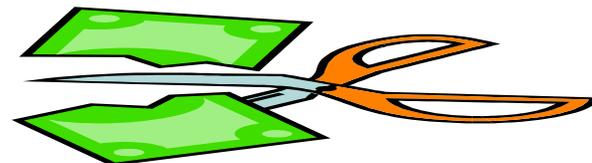
## FY 2011

Available Revenue	\$ 8,550,000
Total Health/RECC/Medical Ops	\$ 9,982,679
SCP Commitment	\$ 6,776,252
<b>Total Shortfall</b>	<b>\$ 8,208,931</b>

How do we manage the deficit??

- Maintain a flat budget from 2<sup>nd</sup> round of cuts in FY 2010
- Additional use of cash
- Request additional budget cuts from RECC, Health and Jail Medical

- Amounts reflected for operations are based on initial budget submissions for FY 2011 (may still be reduced at budget hearings).
- Shortfall reflected is less than \$9.0 M given that Senior Services will be supported by the General Fund in FY2011 for a total requested amount of \$871,000.
- Evaluate reductions to Health programs based on non-core definition of government services defined by Legal.



# Use of Cash Reserves

- **Using Cash Reserves for Ongoing Operations:**

- ✓ Makes the assumption that the economy will quickly recover. (After the depression, the economic recovery occurred over a 10 year period).
- ✓ Will potentially bankrupt Santa Fe County in 1.5 years.
- ✓ Moves the County dangerously close to thresholds at which bond rating agencies begin downgrading debt, jeopardizing the County's bond rating.
- ✓ Possibly causes a "Going Concern" audit finding (worst audit finding possible)!
- ✓ Santa Fe County would need to cut down to operate only those programs that are statutorily required once reserves are exhausted!
  - ✓ All Debt Service
  - ✓ Elected Officials
  - ✓ Indigent – as long as second 1/8<sup>th</sup> increment is in place

- **Alternatives to Using Cash:**

- ✓ Review revenues, improve collections and reduce inefficiencies in government.
- ✓ Make programmatic cuts necessary to balance the budget.
- ✓ Furloughs countywide.

# Preserving Cash Reserves

## Examples where “Use of cash went very bad!”:

### Vallejo, California

1. Simple arithmetic – cash flow was insufficient to cover contractual obligations.
2. Shrinking revenue and escalating labor costs for police & firefighters led to crisis.
3. City was forced to reduce staff and cut services. “In a first, bankruptcy judge rules California City can void union contracts.”

### Jefferson County, Alabama

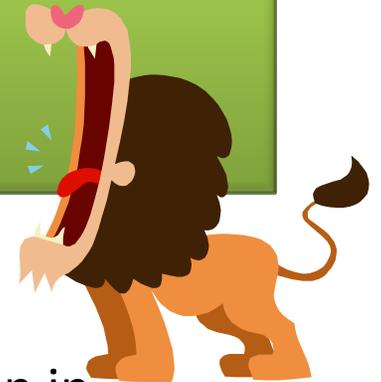
1. Record municipal bankruptcy of \$3.2 billion was almost twice the \$1.7 billion Orange County, California record!
2. Top expert advised the county to use the threat of filing for bankruptcy protection to force the county’s creditors into serious negotiations to resolve a sewer debt crisis.
3. Jefferson County unable to make \$636 million sewer debt payment.
4. Threat of \$4.6 billion bankruptcy on sewer bonds – 44% increase over the original issue price.

# In a nutshell: CASH: To Use or Not to Use? That is the question...



## To Use

- 💰 Will allow for status quo operations.
- 💰 Will postpone making choices while awaiting a miracle.
- 💰 Cash will run out within 1-3 years.
- 💰 Bond rating would drop leading to increased cost to borrow for capital.
- 💰 Risk State take-over.
- 💰 Long-term financial health of the County would be jeopardized.

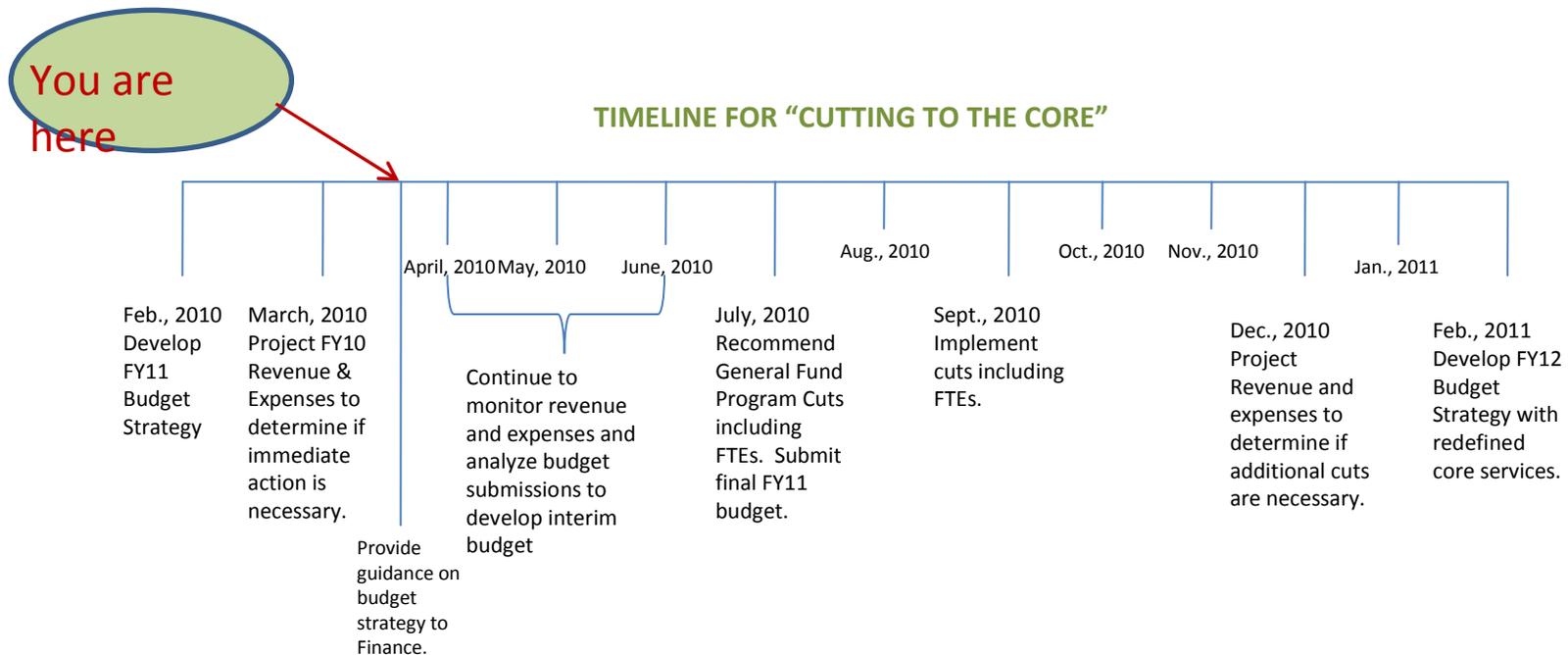


## Not to Use

- 💰 Will force a reduction in County government.
- 💰 Will create difficult priority setting challenges.
- 💰 County can retain its high bond rating which allows for affordable borrowing.
- 💰 Protects the long-term financial health of the County.
- 💰 Leaves cash reserves intact for investing or necessary one-time purchases.

# Implementation

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



# Troubled Funds Recommendations

## Corrections Department

- ✓ Increase fees at ADF to \$105/day.
- ✓ Increase EM fees and implement better oversight of equipment to prevent losses.
- ✓ Decrease Expenses by:
  - ✓ Transitioning Administrative Component to vacant budgeted positions and move personnel to vacant space.
  - ✓ Return shifts to 4-10s at YDP and EM.
  - ✓ Eliminate staff meals at both facilities.

**Total deficit reduction - \$1.93 million**

## Health Programs

- ✓ Eliminate General Fund Support of Maternal & Child Health Program.
- ✓ Reduce Funding to the Indigent Primary Care program by 25%.
- ✓ Eliminate the Mobile Health Fair Van.

**Total Savings –  
\$.86 million**



# Troubled Funds Recommendations

## Fire Department

- ✓ Reduce overtime.
- ✓ Eliminate payments to volunteers.
- ✓ Reduce non-personnel operating costs by 10%.
- ✓ Freeze 2 administrative staff vacancies for all of 2011.
- ✓ No summer academy and put other academies on hold.

**Total Savings – \$1.26 million**



## RECC

- ✓ Renegotiate JPA with Town of Edgewood to increase revenue.
- ✓ Revise shifts to 4-10s schedule to reduce overtime.
- ✓ Freeze ITT Manager and 2 Trainee positions for all of 2011.
- ✓ Cut non-personnel operating expenses by 10%.

**Total Savings – \$.34 million**

# Other Options

<b>Decreases to the Base Budget</b>		
•Transition of services to St. Vincents	\$ 1,379,000	
Medical contracts (\$500,000)		
Sobering/Care Connection (\$879,000)		
•Decrease to discretionary funds	\$ 92,500	
•Reduced capital package	\$ 950,000	
•Reduced Contingency Set-Asides	\$ 750,000	
SUBTOTAL		\$ 3,171,500
<b>Non-Core Programs</b>		
<b>Proposed Cut</b>		
Graffiti Program	\$ 46,500	
Transparency	\$ 160,000	
Energy Efficiency	\$ 60,000	
Boys and Girls Club	\$ 75,000	
Inter-governmental Summit	\$ 7,700	
Libraries	\$ 80,666	
Satellite Offices	\$ 66,578	
Transportation (transition to the Reg. Transit District)	\$ 120,000	
SUBTOTAL		\$ 616,444
<b>Proposed Reduction</b>		
RPA	\$ 40,000	
Summer Youth Recreation Programs	\$ 20,000	
SUBTOTAL		\$ 60,000
<b>Operational Budget Expenditures Proposed Cuts</b>		
<b>Operational Budget Expenditures Proposed Reductions</b>		
Departments		
Administrative Services	\$ 60,000	
Community Services	\$ 600,000	
Public Works	\$ 400,000	
Growth Management	\$ 150,000	
SUBTOTAL		\$ 1,210,000
GRAND TOTAL		\$ 5,057,944

Furlough Plan (8 hours a month)

\$ 1,200,000

Additional cuts to take-home vehicles, cell phones, trainings, travel and supplies may be considered.





# Recommendations

## Cuts & Reductions

### Troubled Funds

- Corrections                    \$1.93m
  - Health                            \$ .86m
  - Fire                                \$1.26m
  - RECC                              \$ .34m
- \$4.39m**

**Freeze 23 Positions      \$1.22**

**Reduced Budget  
Submissions                \$1.2m**

## Other Action

- Use some cash in amount to be determined.
- Review programs to determine core and non core and analyze need for existing services.
- Promote efficient operations to reduce excessive overtime and other operating costs.
- Take a business approach, live within our means as driven by the economic downturn.



# Final Recommendation

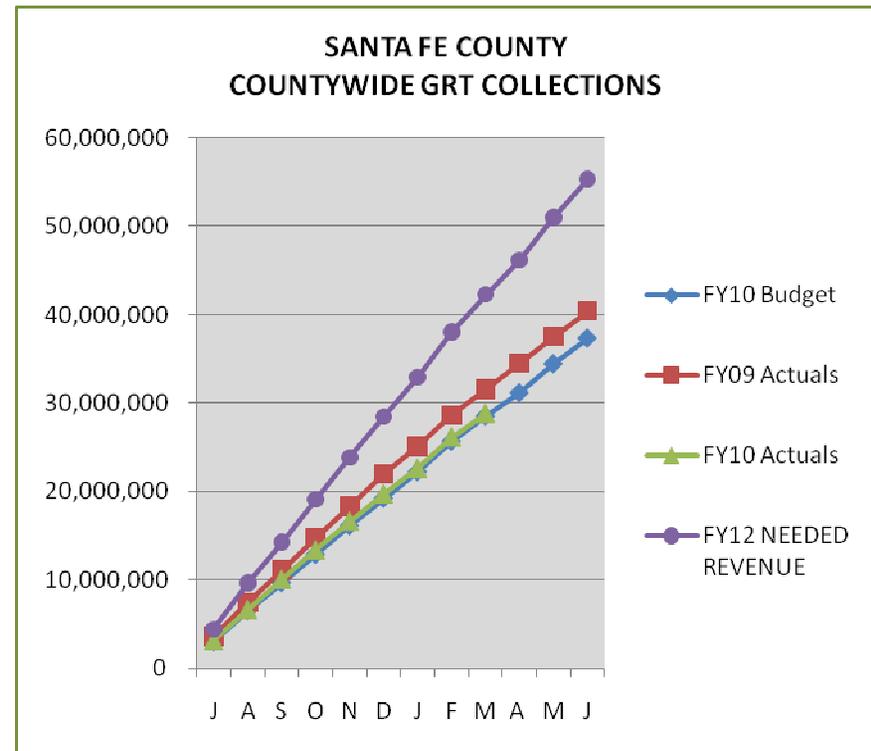
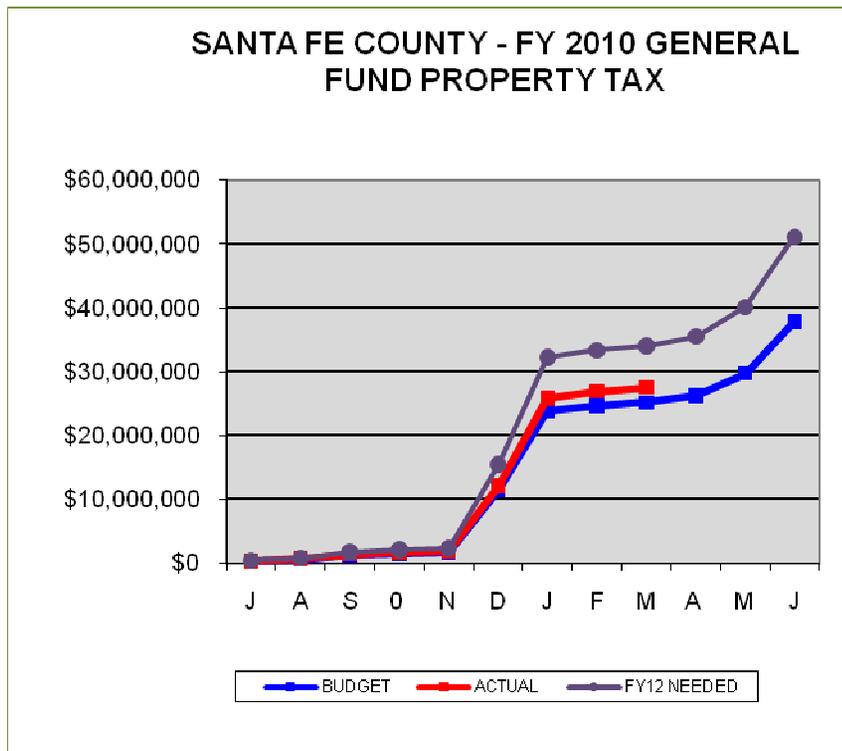


<b>Forecasted Total Deficit</b>	
<b>Resulting from Operations:</b>	
SCP/Health/RECC/Medical	\$ 8,200,000
<b>New Costs in FY2011:</b>	
BDD Operational	\$1,300,000
SFC Ranch	\$ 8,400
Retiree Health Care	\$ 170,000
Health Insurance	\$ 800,000
Transparency Initiative	\$ 160,000
Corrections Retirement	\$ 400,000
Add'l Transfer – Jail	\$3,750,000
New Staff Requests	<u>\$ 367,000</u>
Total New Costs	<u>\$ 6,955,400</u>
<b>TOTAL FORECASTED DEFICIT</b>	<b><u>\$15,155,400</u></b>
<b>Forecasted Additional Revenue</b>	
Property Tax Increase	\$ 750,000
Investment Income	\$ 2,000,000
GRT's	<u>\$(2,100,000)</u>
Total Add'l Revenue	<u>\$ 650,000</u>
<b>Net Deficit</b>	<b>\$14,505,400</b>

<b>Net Deficit</b>	<b>\$14,505,400</b>
<b>Cuts:</b>	
Services to St. Vincent	\$ 1,300,000
Transportation	\$ 120,000
<u>Subtotal</u>	<u>\$ 1,420,000</u>
<b>Reductions:</b>	
Discretionary Funds	\$ 92,500
Capital Package	\$ 950,000
Contingency Set-Aside	\$ 750,000
Hard Freeze on Vacancies	\$ 1,814,000
Satellite Office Staff	\$ 16,000
Youth Recreation	\$ 20,000
Operational Reductions	\$
1,210,000	
RPA	\$ 40,000
<u>Subtotal</u>	<u>\$ 4,217,500</u>
<b>Use of Cash:</b>	
Indigent	\$ 2,500,000
EMS	\$ 1,800,000
General Fund	\$ 3,012,500
<u>Subtotal</u>	<u>\$ 7,312,500</u>
<b>Deficit</b>	<b>\$ 0 64</b>

# Looking Beyond FY2011

If no action is taken in FY2011 to reduce staff and programs, Indigent and EMS Cash will be depleted.  
 FY2012 Property Taxes and GRTs would need to look like this to maintain staffing and program levels.



- ✓ 35% increase in property tax collections would be needed, or
- ✓ 48% increase in gross receipts tax collections would be needed.

**HOW LIKELY IS THAT?**



This time next year...



**Will the news be good:**

*“Through sound financial management Santa Fe County will be able to maintain a healthy and lean government that provides core services to its citizens.”*

**or will the news be bad:**

*“Santa Fe County forced to cut 25% of its workforce as cash reserves run dry and revenues can’t keep pace with spending. Officials say this drastic measure is needed to keep the County out of bankruptcy.”*