

Daniel "Danny" Mayfield
Commissioner, District 1

Virginia Vigil
Commissioner, District 2

Robert Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

Honorable Members of the Board of County Commissioners and Citizens of Santa Fe County:

The budget for Santa Fe County for the fiscal year beginning July 1, 2012 and ending on June 30, 2013 (fiscal year 2013) is presented within this document in its entirety. Also presented in this document is historical, informational, comparative and statistical information to assist the reader in understanding the contents of this document, the context of the budget and the overall financial health of Santa Fe County.

Fiscal year 2013 marks the first year where the budget was developed using a results-accountable, priority-driven budget methodology (referred to generically as performance-based budgeting). During the first phase of the transition to this new methodology, staff was trained in the concepts of performance management and an "end-result" way of planning. All Departments were required to begin the transition while Elected Offices were given the option of transitioning to the performance-based budget methodology or continuing with the baseline approach which has historically been used. One Elected Office, the Sheriff's Office, chose to participate in the performance-based budget process.

With the transition to results-accountable, priority-driven budgeting, staff was asked to identify the four primary functions for which each organizational unit is responsible and what the desired outcome of that function is. Once functions and desired outcomes were determined, performance measures were established by asking three questions: how much did we do (outputs), how well did we do it (efficiency) and is anyone better off? In addition to performance measures, major accomplishments of fiscal year 2012 and goals for fiscal years 2013 and 2014 were also provided. The functions, accomplishments and goals all tie, directly or indirectly, to one (or more) of the County's seven key areas of focus as well as one (or more) citizen priority and/or one (or more) Commission priority.

In stark contrast to the past three fiscal years, budget cuts were not required. In fact, staff was instructed to build their budget requests in such a manner as to fund each function adequately to achieve the function's desired outcome even if it resulted in an increase to their budget. Also, for the first time in three fiscal years, requests for new positions were approved as needed to accomplish functional goals.

While the new method of budgeting saw some resistance and initially created some angst for the staff involved, the five-month budget process culminated with a prudent financial plan for accomplishing organizational outcomes for fiscal year 2013. This plan contemplates modest increases to some revenue sources, some revenue dependent increases to staffing, significant one-time expenditures for large maintenance and repair items and significant asset renewal and replacement expenditures and provides Departments with the resources that they need to achieve the desired outcomes of their functions.

The final fiscal year 2013 budget totaled \$239.9 million of which \$54.0 million comes from interfund transfers which are considered to be "double counted." Excluding these transfers the

total FY 2013 budget is \$185.9 million. This represents a \$7.1 million increase from the FY 2012 budget attributable to the changes described in general above and described in more detail in the following Executive Summary.

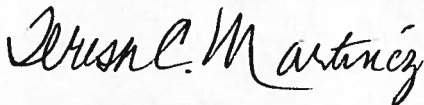
Countywide, the budgeted cash totaled \$58.5 million for fiscal year 2013. In fiscal year 2013 cash will be called upon for a number of one-time expenditures and asset renewal and replacement items which had previously been delayed due to the budgetary restrictions of the past three years. Across all funds these one-time expenditures (excluding capital projects) total \$15.2 million. Accumulated cash and bond proceeds budgeted for capital projects totaled \$36.1 million. In addition, a recessionary contingency which has been budgeted since August of fiscal year 2010, remains in the budget in the event of a catastrophic loss of income due to the recession. This \$5.0 million contingency is budgeted from cash reserves and fortunately has not been used for any purpose in the entire time it has been budgeted. Finally, \$1.3 million in cash in the Utilities Enterprise Fund was budgeted to support the utilities operational expenses as an investment in the expansion of the Utility which will lead to increased revenue in future years.

During fiscal year 2013 phase two of the transition to performance-based budgeting will be developed and implemented for the fiscal year 2014 planning process. In phase two we will hone the functional outcome statements for each organizational unit, refine the funding prioritization process, utilize the data established through benchmarks to gauge organizational success and foster innovative solutions and ideas for creating a more efficient, effective and productive government.

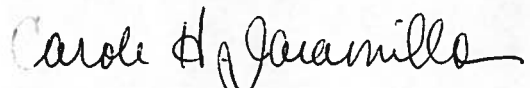
The following Executive Summary provides a high level view of Santa Fe County's budget, its successes, its challenges and its goals and priorities. The primary issues facing Santa Fe County are discussed and a summary of the fiscal year 2013 budget is provided along with the County's structure and staffing.

The management and staff of Santa Fe County are dedicated to providing needed services which will improve and maintain the quality of life in our communities. The financial challenges of the past several years have necessitated sacrifice but have also promoted new ways of thinking about the business of government. As Santa Fe County continues to seek innovative ways to improve its efficiency and effectiveness, it will continue to collaborate with community partners and seek input from the citizens to provide the services most needed and ensure the most responsive government possible.

Respectfully submitted,



Teresa C. Martinez
Finance Director



Carole H. Jaramillo
Budget Administrator

SANTA FE COUNTY FISCAL YEAR 2013 FINAL BUDGET

EXECUTIVE SUMMARY

The following Executive Summary provides a high level overview of the Santa Fe County, New Mexico FY 2013 Final budget as approved by the Santa Fe County Board of County Commissioners on June 26, 2012 and certified by the State of New Mexico Department of Finance and Administration on August 14, 2012. Sections II through VII of this document provide a comprehensive view of Santa Fe County's demographics and economy, budget process and policies, fund level budgets and historical revenue and expense information, debt capacity and debt service, capital projects, and organizational accomplishments and budgets.

PRINCIPAL ISSUES CONFRONTING SANTA FE COUNTY

Sustainable Water Delivery

Situated in the high desert, Santa Fe County must keep in the forefront of its strategic planning, the sustainability of its water resources for future generations. Part of this long-range water resource plan was the development of the Buckman Direct Diversion (BDD), a river diversion and treatment facility. This \$216 million project was undertaken by Santa Fe County, the City of Santa Fe and the Las Campanas subdivision and was completed in early 2011. BDD began delivering water to Santa Fe County and City of Santa Fe residents in May of that year.

The BDD was a major collaborative effort to address a regional issue, to ensure sustainable water delivery to residents in the area. There are many smaller projects that must be undertaken to meet the needs of the County's rural residents most of whom are on private wells or are part of a Mutual Domestic Community Water Association (MDCWA) which operate small community systems pulling their water from community wells. Many of these MDCWAs are experiencing system failures, well failures or otherwise have concerns about the sustainability of their water supply or delivery system. Those MDCWAs that do have adequate system infrastructure and a healthy well are reluctant to deviate from their own water resource plans. These varied issues create challenges for Santa Fe County in its efforts to ensure sustainability for the entire County.

Additionally, the Aamodt Settlement of water rights issues in the Pojoaque Valley was approved by Congress in the spring of 2011. This settlement requires that a regional water system be designed and constructed in the Northern part of Santa Fe County. The cost of building this regional system will be borne by the Federal government, the State of New Mexico and Santa Fe County. Although the financial details are not yet known, the current understanding is that Santa Fe County will be responsible for approximately \$5.0 - \$7.0 million in 2008 dollars (\$12-\$13 million). Santa Fe County will complete its funding plan for the project during FY 2013 and include it in its long-range Capital Improvement Program. Although the water system will take several years to construct the result will be a large increase to the customer base of the water utility and its revenue and expense.

Growth Management and Implementation of the Sustainable Growth Management Plan

As communities throughout Santa Fe County grow, demands for services and infrastructure have growth with them. Some types of growth are more costly than others from both an environmental standpoint as well as a monetary standpoint. After a lengthy development and public input process, in FY 2011 Santa Fe County adopted its Sustainable Growth Management Plan (SGMP) to guide development and address issues surrounding growth in Santa Fe County for the next 20 years. The plan is a policy document which addresses environmental impacts, roads, water resources, open space, emergency response services and financial strategies necessary to provide infrastructure and services to our growing communities. The underlying premise for the SGMP is to make development pay for itself.

Now that the growth and development policies have been established by the SGMP, Santa Fe County must codify the objectives of the SGMP through the development of a corresponding Sustainable Land Development Code (SLDC). The primary goals of these two efforts are to manage growth in such a way as to maintain the quality of life for Santa Fe County's residents while providing services and developing infrastructure in the most cost effective and efficient manner, again making development pay for itself. The SLDC will provide building and zoning standards and will provide regulations for the provision of "Adequate Public Facilities" meaning that developments must demonstrate that there will be adequate roads, water/wastewater systems, open space and emergency services in their developments. The County anticipates completion of the SLDC in FY 2013. With the SGMP and SLDC in place, Santa Fe County will be equipped to address the needs of the community when heavy development returns to our area.

Economic Development

Santa Fe County relies heavily on Government (Federal, State, local) and tourism for its employment and economic base. During the construction "boom" years in the mid-2000s construction and related industries also contributed heavily to the local economy. However, both tourism and construction related industries have suffered tremendously from the "great recession" and will remain driven by the ebbs and flows of the economic tides.

Developing new industry that is symbiotic with the unique environment and culture of Santa Fe County is a priority for the long-term sustainability of the region. From the Northern-most to the Southern-most parts of the County the differences are vast both environmentally and culturally thus each area and each initiative must be carefully considered on an individual basis to ensure that current residents are not adversely impacted. There is no "one size fits all" solution to economic development in Santa Fe County.

Santa Fe County is currently working with Bicycle Technologies International (BTI) through a grant from the State of New Mexico Economic Development Department to expand and relocate the BTI's facilities. BTI provides parts and services to the domestic and international bicycle industry and has outgrown its current facility. With its expansion BTI will be able to meet its current needs and will accommodate future growth. An additional 40 jobs will be added to the economy through this effort.

Santa Fe County is also exploring plans for developing a large parcel of land that it purchased in the La Cienega area into an economic growth opportunity. Various ideas have been brought forward for economic uses of the property, such as commercial greenhouses, artist studios and galleries, renewable energy projects or a demonstration farm/ranch among others. A citizen survey regarding the property

has been conducted and additional public input is being solicited before reaching a decision on the direction of the property.

Roads Maintenance

When surveyed, a random sample of Santa Fe County residents listed roads as their highest priority. Santa Fe County maintains approximately 580 miles of road. Snow and mud removal along with grading and other repairs is of tremendous importance to County residents in addition to upgrading and improving the road system. Santa Fe County has been challenged by a decline in the taxes that support the road maintenance program over the past several years. Further, the State of New Mexico has reduced its special appropriations to Santa Fe County for its road construction as it struggles with its own budget issues. Finding ways to address this challenge has been an ongoing struggle for the County historically.

In Fiscal Year 2012 Santa Fe County diverted personnel from new construction to road maintenance to better serve residents from that stand point. This transition was made possible by declining capital funding for roads which resulted from reduced State appropriations and served to prevent road development staff layoffs which may have been necessary due to lack of funding. However, the Road Fund does call upon the general fund for support to a greater degree as a result of this transition.

Santa Fe County also reconstituted its Road Advisory Committee to include representation from each Commission district. The Road Advisory Committee along with staff will assist in the development of the next 5-year road plan to address construction and improvements of the road system.

Community Health Services

Although Santa Fe County collects two 1/8th percent increments of gross receipts tax to support community health needs, we remain challenged with a shortage of adequate resources needed to attend to the health care needs of our community. The two tax increments combined are expected to bring in \$8.6 million in FY 2013. One half of that amount is dedicated strictly to healthcare for the County's indigent population. The other half is dedicated for emergency medical services and primarily supports the Fire Services Division which responds to thousands of medical calls per year.

Although gross receipts taxes have stabilized, the County experienced a 16.4% decline in gross receipts taxes since the onset of the "great recession" in the summer of 2008 through fiscal year 2011. Although these gross receipts taxes rebounded slightly in fiscal year 2012, Santa Fe County has been forced reduce support to local health care providers for indigent claims. Support to the sole community provider program which leverages local dollars (Santa Fe County contribution) to obtain Federal matching dollars for local hospitals that participate in the program has also significantly decreased due to loss of revenue. This has created a hardship for the local hospital which historically has relied heavily on these funds.

Santa Fe County has been working with community leaders, hospital executives and the City of Santa Fe to seek solutions to these complex funding challenges.

FISCAL YEAR 2012 ACCOMPLISHMENTS

Despite the protracted recession Santa Fe County has been able to manage its resources in such a manner as to maintain services at the pre-recession levels, and through conservative financial

management, maintain a healthy General Fund reserve as well. Below are examples of some of Santa Fe County's fiscal year 2012 accomplishments:

Long-Range Capital Improvement Program

During fiscal year 2012 Santa Fe County's reorganized Public Works Department developed a lengthy *Capital Needs List (CNL)* intended to be maintained as a "rolling list" of all short-term and long-term needs to be addressed by the County. A scoring algorithm was applied to this list and each project was prioritized based on eight individually weighted factors: project status (e.g shovel ready, pre-design, etc.); availability of outside funding; sustainable development area location per the *Sustainable Growth Management Plan*; project lifecycle; economic development capacity; requirement by agreement or public safety standard; requirement or recommendation by a County policy or plan; and multi-district (Commission district) benefit.

Once prioritized the County created a four-year financing plan which considers the County's bonding schedule and projected capital outlay gross receipts tax collections as well as estimated availability of grant funding. The total Capital Needs List contains 316 projects with a total estimated cost of \$293 million. The top 84 projects fell under the \$68 million financing plan and became known as the Capital Improvement Program (CIP).

Although Santa Fe County has had a bonding schedule and a capital improvement program for many years, this comprehensive approach is the culmination of a great deal of effort and months of strategy and policy decisions concerning capital and ensures a financially sound, fair and ethical approach to the capital planning process.

Economic Development

In FY 2012 Santa Fe County completed an economic development initiative in partnership with a private company. This initiative, development of Santa Fe Studios, promises to bring well-paying film industry jobs to the area. It is expected that the film industry will not harm the environment, and will not adversely impact the "Santa Fe" way of life. The film industry has become an important economic driver in other parts of New Mexico and for the State as a whole. The goal of Santa Fe County's partnership with Santa Fe Studios is to bring film jobs which will help to diversify the economy of the area with economic growth not tied to tourism, construction or Government. Through a loan guarantee, providing improvements to infrastructure around the studio site, and tying repayment of a land loan to job creation and labor hours Santa Fe County is helping to build a foundation for new industry that meets the goals noted above.

Senior Services

In FY 2012 Santa Fe County transitioned its Senior Services Program from a contracted operation to an in-house operation. This change took place on July 1, 2011 and successfully provided for a seamless transition with no interruption or degradation of the services provided to its clients. During fiscal year 2012 the Program also began the process of expanding the operations beyond what had previously been provided by the contractor. This includes providing services to geographical areas not previously served and obtaining funding from the New Mexico Area Agency on Aging for transportation services.

Results-Accountable/Performance-Based Budget

Phase I of Santa Fe County's transition to a results-accountable/performance-based budget was accomplished in fiscal year 2012 for the fiscal year 2013 budget. All departments were required to attend performance management training provided by Finance staff and to develop the fiscal year 2013

budget by determining the outcomes for which each function is responsible, developing benchmarks for measuring performance and progress towards the stated outcomes. Budget requests were then based upon the estimated cost of accomplishing the outcomes or progress towards outcomes stated by the departments. While required by departments, Elected Offices were given the option to transition or develop their budgets using base-line approach as has historically been done. One Elected Office, the Sheriff's Office, chose to make the transition to a results-accountable/performance-based budget. Phase II of this transition will be utilized for development of the fiscal year 2014 budget which may include use of a funding evaluation team and and/or a funding and prioritization algorithm which will assist in directing resources based upon service priority and ability to meet performance goals.

Decennial Redistricting

Every 10 years, once the decennial census has been conducted and completed, local governments must undertake the process of redistricting. This process was undertaken in-house by the County's Geographic Information Systems (GIS) staff. The redistricting plan, which was approved in Ordinance 2011-8, considered a variety of conditions which are necessary for fair and equitable districts. These are: equal population, geographically contiguous, compact in area, and where possible does not divide communities of common interest. Given the 1911 square miles of Santa Fe County, with extremely diverse populations as well as rural versus urban populations and interests this process has become more and more challenging with each redistricting. Santa Fe County accomplished a redistricting plan which was completed timely and not subject to legal challenge, allowing for fair and equitable representation of Santa Fe County.

Finance Division Awards

During fiscal year 2012 Santa Fe County's Finance Division received two prestigious awards. First, the Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to Santa Fe County for its annual budget for the fiscal year beginning July 1, 2011 (FY 2012). In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements. Santa Fe County has received this award twice in the past, however, has not applied for this award since fiscal year 2008.

Second, Santa Fe County's comprehensive annual financial report for the year ended June 30, 2011 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This is the first year for which Santa Fe County submitted for this prestigious award, and the Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to conform to program requirements.

Transparency Initiatives

In FY 2011 Santa Fe County developed and implemented its "sunshine portal." The portal, is an on-line resource for information on aspects of the County including information on positions, salaries, vendor payments and contracts, budget and financial statements, meeting minutes, agendas and packet materials, video and audio of meetings "on demand," current bid solicitations, ordinances and

resolutions. In its first year, Santa Fe County's Sunshine Portal improved from an initial D- grade to an A- grade from Sunshine Review, a non-profit dedicated to state and local government transparency (nationally). In fiscal year 2012, the Sunshine Portal secured an A+ grade and won a Sunshine Award which honors the most transparent government websites nationwide. Of more than 6,000 websites analyzed, just 214 were given the Sunshine Award. Transparency is an important aspect of Santa Fe County government's culture and the County strives to maintain its A+ grade and continuously seeks ways to enhance its transparency through the Sunshine Portal.

Examples of other accomplishments are highlighted in press release excerpts found in **Section VIII – Supplemental Information** of this document.

FISCAL YEAR 2013 BUDGET PRIORITIES

The first phase in the transition to a results-accountable/performance-based budget process was undertaken for the fiscal year 2013 budget cycle. Relying on citizen input from the citizen surveys conducted in fiscal year 2011, citizen advisory boards and committees, and Commissioners' priorities developed through constituent meetings and input, a funding strategy was developed to ensure that resources were allocated to priority areas. Each Department submitted an overview of individual functions for which it is responsible. From there the functions were tied to one or more of the seven stated key areas of focus for Santa Fe County: infrastructure, going green, community enhancement (including public safety), growth management, savings and efficiency, employee development and transparency. It was then determined if the function(s) corresponded to a citizen priority from the citizen survey, a Commission priority or both. Funding recommendations were made giving greater consideration to those functions that were named as citizen and/or commission priorities and that corresponded to one or more key area of focus. During FY 2013 Santa Fe County will conduct a new citizen survey and will solicit direct public input into the budgeting process through a series of workshops for the public designed to educate the citizens on the County's budget development process and solicit input simultaneously. The results of this input will assist in the development of the FY 2014 budget.

As is the case each year, the budget cycle began in February. Six performance management trainings were conducted with a total of approximately 100 attendees. These trainings were intended to provide the basis for a results-accountable/performance-based budget process. Revenue projections supported a very modest increase in property tax revenue while a slight decrease in gross receipts taxes supporting solid waste and wastewater operations was predicted. Public safety and the roads maintenance program were increased significantly in response to citizen priorities. Also in response to citizen priorities, economic development funding and funding for energy efficiency and renewable energy programs was expanded. Under the new process programs typically funded solely by special revenues were "on the table" to receive support from the General Fund if they were considered a top citizen priority. For example: the Fire Services Division, whose funding is normally limited to gross receipts taxes and ambulance fees, received general fund support for operations in fiscal year 2013 due to its high priority. For the first time since the onset of the "great recession" Santa Fe County was able to increase funding to important programs as well as devote cash to asset replacement and other capital expenditures.

Road Maintenance, Improvement and Construction

One of the top priorities for the citizens of Santa Fe County noted in the citizen survey conducted in FY 2011 as well as repeated consistently to the members of the Commission is the quality of roads and the

roads system. The County Road Fund receives revenue from vehicle excise taxes and gasoline taxes, however these two sources are not sufficient to provide for an adequate road maintenance program and continue to decline. The fiscal year 2013 budget increased funding for road maintenance and road maintenance equipment by increasing support from the General Fund from \$3.3 million in FY 2012 to the FY 2013 level of \$4.5 million.

Road improvement and construction was also a major focus of the long-range capital improvement program which was developed during fiscal year 2012. Included in the capital improvement program's four-year financing strategy is the issuance of \$19 million in general obligation bonds specifically for road improvement and construction purposes. This road funding is one of three bond questions to be taken before the voters in the General Election to be held on November 6, 2012. There is also \$4.4 million budgeted for road improvements from past bond issues and \$1.8 million in capital outlay GRT in the FY 2013 budget for road improvements and construction.

Public Safety

Public safety concerns are also very high priority for Santa Fe County's residents. In fiscal year 2012 Santa Fe County consolidated its correctional services, fire services and emergency communications services into one Public Safety Department. Although the Sheriff's Office is key to public safety it is not included in the Public Safety Department, per se because the Sheriff is an elected official. However, the Sheriff's Office and the Public Safety Department work closely together in a well coordinated public safety effort. Since public safety is a very high priority for Santa Fe County's citizens, including the Sheriff's Office, they are typically viewed together and reported together throughout this document.

Correctional Services

Santa Fe County continues to seek a delicate balance between operating safe, secure and effective detention facilities and other correctional programs and controlling the costs of doing so. The fiscal year 2013 budget contemplates a significant increase in the amount of earned revenue that the adult and juvenile facilities receive for the care of non-County offenders. This additional earned revenue will be used to offset a significant increase in the number of authorized positions. The Adult Detention Facility projects operating at near maximum capacity due to improvements to processes and the physical plant and successful negotiations with outside entities to house their inmates. Again, due to public safety's high priority level, the General Fund was called upon to increase its support of correctional services (\$9.8 million for operations and \$2.1 million for capital expenditures) as the County identifies needed improvements to programs and facilities.

Fire and Emergency Medical Services

Also a public safety consideration is the County's fire service. At the onset of the great recession the County was forced to limit its planned expansion of fire and emergency medical services which was slated to include both staff and capital. Since FY 2010 the Fire Services Division has been forced to compete with health programs and the Regional Emergency Communications Center for gross receipts tax revenues which have remained flat. Further limiting the Fire Services Division resources was the "sunsetting" in FY 2009 of the Fire Excise Tax which funded apparatus and fire facilities. The County plans to take the Fire Excise Tax to the voters in the General Election to be held on November 6, 2012. The hope is that the tax can be reimposed so that collections can ease the burden on the other functions that compete with the Fire Services Division for support and allow for the expansion of the Fire Services Division to continue. As noted above, the Fire Services Division Operating Fund, which is normally limited to gross receipts taxes and earned revenue from ambulance fees, was given support from the General Fund of \$1.0 million.

Regional Emergency Communications Center (RECC)

The Regional Emergency Communications Center provides emergency dispatch services to all fire, medical and law enforcement agencies that operate within Santa Fe County including those in the incorporated areas including the City of Santa Fe and the Town of Edgewood. While the Town of Edgewood pays the County for operational costs of the RECC under a joint powers agreement, the City of Santa Fe does not. Despite the fact that the majority of calls for services answered by the RECC are dispatched within the City limits (approximately two thirds of all calls), the City does not pay Santa Fe County for operational expenses but does contribute to capital costs. This agreement has been the topic of much discussion and negotiation with the City of Santa Fe, however, modification of the agreement to a more equitable division of costs has not materialized. Thus the RECC continues to compete for funding with the other functions placing increasing demands on limited resources.

Solid Waste

Another high priority service area for County residents is solid waste collection/disposal. Developing a Solid Waste program that is both convenient and affordable for residents and sustainable budgetarily has been a challenge for Santa Fe County for many years. Under the current system the County operates seven transfer stations and one recycling center which serve County residents living outside the City of Santa Fe. There is no curbside pick-up of refuse or recyclables provided by Santa Fe County although many residents pay a private hauler for curbside pick-up. Users of the transfer stations must purchase a permit which allows for a certain number of uses per permit, however, recycling is free. Under the current system, the Solid Waste program permit sales support just 20% of the solid waste operating budget and dedicated gross receipts taxes support 41%. The remaining 39% of solid waste operations is subsidized by general fund revenue, primarily property taxes.

While many residents agree that improving the Solid Waste program for Santa Fe County is a high priority, there is much disagreement as to how the program should function. There is also just as much disagreement regarding how to fund the operation in a fair and equitable manner while providing the services that the residents desire. A priority for many citizens is to have the County implement a curbside pick-up program while other citizens prefer the transfer station system but believe it should be free. Various options to solve the solid waste conundrum will be analyzed throughout fiscal year 2013.

Expansion of the Water and Wastewater Utility

Santa Fe County's water and wastewater utility continues to implement a planned expansion. Currently the utility has a relatively small customer base which causes the per customer fixed costs to be relatively high as there are fewer customers between which to spread those costs. The expansion of the utility will add to the customer base and, since the utility is operated as an enterprise fund, will make it more self-sustaining and viable. As part of the annexation agreement with the City of Santa Fe, the utility will gain customers as well as the supporting infrastructure. The budget reflects the additional operating costs to support the larger customer base. Funding from both bond proceeds and accumulated gross receipts taxes will be used to construct water/wastewater infrastructure in Northern Santa Fe County in the Chimayo area, and in central Santa Fe County in the Eldorado, Glorieta and State Road 14 areas in anticipation of additional phases of expansion.

Economic Development

Economic Development in Santa Fe County is also an important concern for the citizens of Santa Fe County. The County has collaborated with private partners and other governmental entities to bring clean industries and well paying jobs to the County. Such partnerships as REDI Net and Santa Fe Studios are and will continue to bring opportunities to the area. In fiscal year 2013 Santa Fe County devoted

\$0.5 million for economic development to leverage in partnerships for economic development projects. This is a new approach for Santa Fe County as previous economic development projects have been funded “catch as catch can.” This readily available and dedicated funding will allow for a more deliberate approach to economic development at Santa Fe County and creation of an economic development program which can be grown over the next several years.

Investment in Employees

While not a direct citizen priority, making an investment in the County’s employees in fiscal year 2013 was a high priority for the Board of County Commissioners in support of County operations and thus, indirectly serving all priority areas. Since the beginning of the economic downturn, County employees have had their salaries frozen with no cost of living increases (COLAs) provided since January of 2009. In addition, countywide budgets were reduced to levels that did not support such investments as tuition assistance and needed training. Many positions have been frozen and staffing reduced through attrition. This has created additional workloads for remaining staff. While Santa Fe County fared better than many jurisdictions which needed layoffs and furloughs to balance their budgets, staff morale has suffered mightily.

The fiscal year 2013 budget included funding for training and tuition assistance, unfroze 24 positions, increased its contribution to the health insurance of employees making less than \$30,000, provided for a \$500 per employee retention incentive and a small COLA to be effective mid-year. This does not bring the investment in employees back to its pre-recession level, but it is the beginning of economic recovery for the County’s employees.

PRIORITY CHANGES FROM FISCAL YEAR 2012

A shift in some priorities took place in fiscal year 2013, however, many of the County’s budget priorities remain the same as they were in Fiscal Year 2012. Public safety in general is, as it has been, a high priority and a budget challenge for Santa Fe County. With increasing pressure on the General Fund from correctional services and, for the first time since 2002, “new” pressure from the fire service, the County continues to seek additional ways of funding these services. Further, competing demands on gross receipts tax revenues continue to be a challenge for the County in order to meet the the needs and priorities of the County’s citizens.

Also a continuing funding priority is maintenance, improvement and construction of new road system infrastructure and expansion of the water and wastewater utility. Road maintenance received a significant increase in general fund support in FY 2013, greater than in fiscal year 2012 which was also an increase over past years. Expansion of the utility also remains a priority. General obligation bond questions to be taken before the voters, if approved will provide \$19.0 million for road improvements and construction and \$10.0 million for water/wastewater infrastructure over then next four years.

Retooling the Solid Waste program for Santa Fe County is a new priority for fiscal year 2013. While solid waste issues have always been important to the County, finding solutions to the difficult challenges associated with solid waste which satisfy residents across such a geographically large, socially and culturally diverse county has become an immediate priority.

Economic development rose to a higher priority in the fiscal year 2013 budget with the commitment of funding from the General Fund. Named as a citizen priority, economic development has not, in past years received significant general fund support. Although the General Fund has been committed for a

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

loan guarantee for the Santa Fe Studios, most economic development funding has come in the form of grants. Thus, the contribution from the General Fund to support new economic development initiatives represents a shift in the economic development strategy.

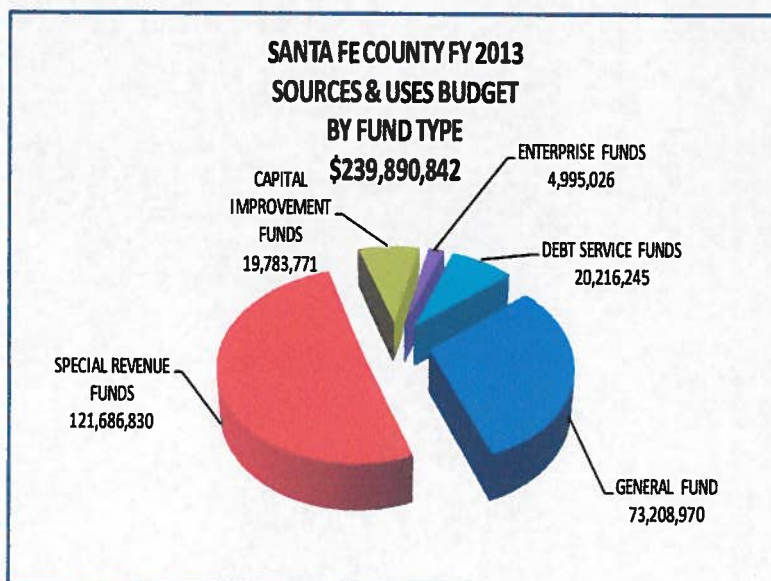
Investment in Santa Fe County’s employees was an important priority for the Board of County Commissioners in fiscal year 2013. For the past several fiscal years, such an investment could not become a reality because of the economic conditions that prevailed. Santa Fe County took the step of adding \$1.1 million across all funds for its investment in its employees in addition to unfreezing 24 frozen positions.

FISCAL YEAR 2013 BUDGET HIGHLIGHTS AND SUMMARY BUDGET INFORMATION

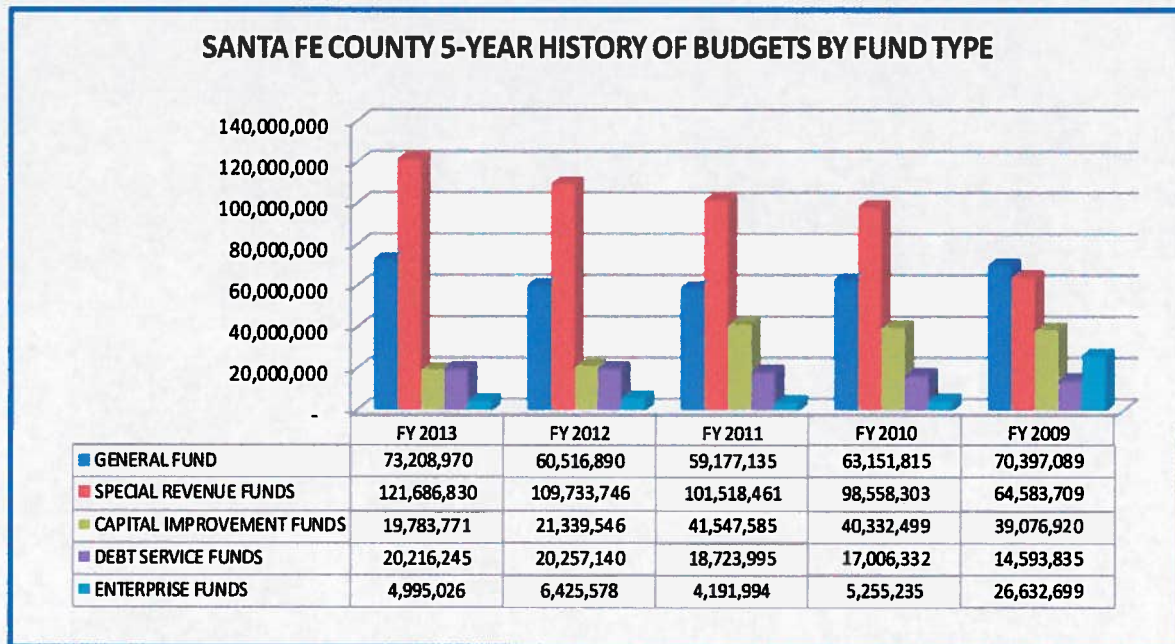
FISCAL YEAR 2013 SOURCES	ALL FUNDS	FISCAL YEAR 2013 USES	ALL FUNDS
PROPERTY TAXES	56,944,667	SALARY & WAGES	44,589,909
GROSS RECEIPTS TAXES	40,419,480	EMPLOYEE BENEFITS	18,490,091
OTHER TAXES	2,066,700	TRAVEL	329,490
LICENSES, PERMITS, FEES	536,927	VEHICLE EXPENSES	2,736,702
GRANTS	12,175,406	MAINTENANCE	4,101,438
FINES & FOREFEITURES	315,000	PROFESSIONAL SERVICES	17,699,067
MISCELLANEOUS	1,645,000	SUPPLIES	2,145,311
CHARGES FOR SERVICE	13,265,023	OTHER OPERATING COSTS	19,798,727
LOAN PROCEEDS	73,900	SUBSIDIES & PASS THRU	410,000
BUDGETED CASH	58,471,639	INSURANCE & DEDUCTIBLES	2,968,132
FUND TRANSFERS	53,977,120	CAPITAL PURCHASES	52,428,610
		DEBT SERVICE	20,216,245
		FUND TRANSFERS	53,977,120
TOTAL	239,890,842	TOTAL	239,890,842

The fiscal year 2013 budget totals \$239,890,842 or \$185,913,722 excluding operating transfers between funds. This is compared to the FY 2012 budget of \$218,272,900 or \$173,825,048 excluding operating transfers. A consolidated budget for all Funds, both sources (revenue) and uses (expenses) appears below.

The vast majority of Santa Fe County’s budget is within its special revenue funds totaling \$121,686,830 budgeted within 32 separate funds. A distant “second” majority is the General Fund totaling \$73,208,970. Special revenue funds are, by definition, restricted by statute or legal agreement to a specific purpose or purposes, thus they are accounted for separately. The General Fund can be used for any legal purpose needed for the operation of the County’s government. The remainder of the budget is comprised of capital improvement funds (\$19,783,771), debt services (\$20,216,245) and enterprise funds (\$4,995,026).



Occasionally a department or departments may need to shift from one fund type to another. This typically happens because the source(s) of funding for the department may change significantly enough to warrant the change. This was the case in FY 2010 when the Sheriff’s Office was moved from the General Fund to its own special revenue fund because of the *number* of restricted grants that it received. In that same year correctional services moved from an enterprise fund to a special revenue fund. This change was made because the *amount* of revenue received from charges for service was not adequate to qualify it as an enterprise fund and the County’s independent auditors suggested that the fund would not realize a majority of funding from charges for service in the foreseeable future.

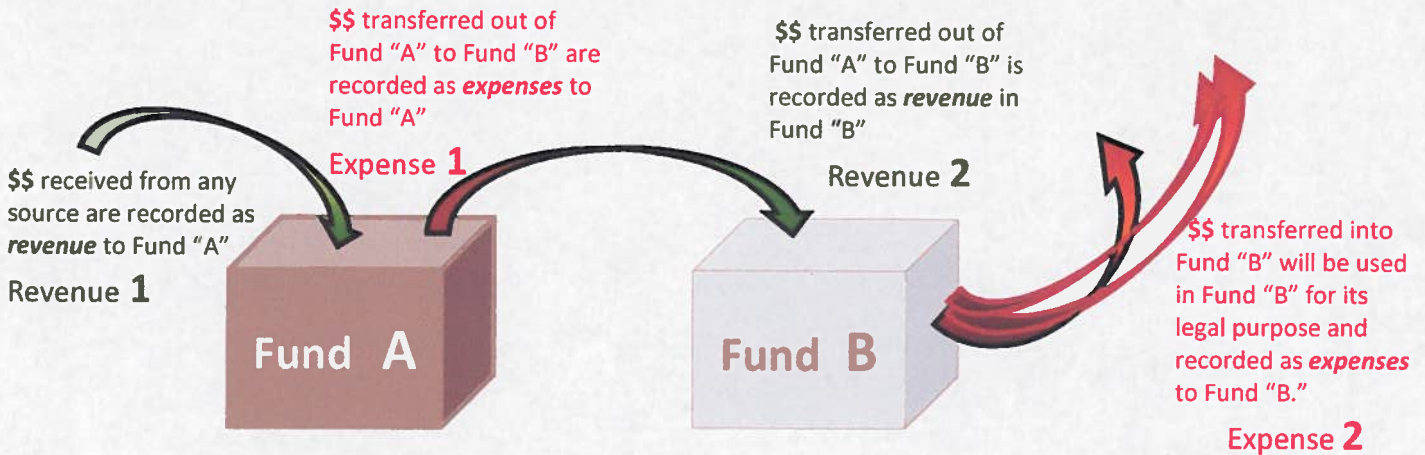


The “absolute total” (total excluding operating transfers) difference between the FY 2013 budget and FY 2012 budget is \$12,088,674. The change is due to the increases for programming changes (e.g. expanded road maintenance program, etc.) and a change in the method of budgeting which drives funding decisions based upon the question “how much will it cost to achieve desired outcomes” versus a baseline budget. Other changes were in debt service schedules and increases in the asset renewal and replacement allocation which increased significantly. Detailed information can be found in the narrative below as well as in the following sections of this document. A fund by fund summary appears in the following spreadsheet.

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

FUND NAME	FY 2013 FINAL BUDGET	FY 2012 ORIGINAL BUDGET	FY 2013 FINAL LESS FY 12 ORIG.	GENERAL EXPLANATION OF CHANGE
* GENERAL FUND	40,426,226	37,632,263	2,793,963	Increased Asset Replacement & Renewal Schedule, added and unfroze FTEs, added Energy Efficiency Revolving loan fund.
* REGIONAL TRANSIT FUND	3,845,000	3,845,000	0	
* PROPERTY VALUATION FUND	1,669,929	1,694,145	(24,216)	Decreased Asset Replacement & Renewal Schedule.
* ROAD FUND	5,175,021	3,862,866	1,312,155	Increased Asset Replacement & Renewal Schedule, unfroze FTEs, increased maintenance materials and service.
* EMERGENCY MED SVCS FUND	108,216	118,165	(9,949)	Decreased grant allocation.
* FARM & RANGE FUND	5,900	5,000	900	
* FIRE PROTECTION FUND	1,918,435	1,868,832	49,603	Increased grant allocation.
* LAW ENF. PROTECTION FUND	71,400	67,800	3,600	
* CAPITAL OUTLAY GRT	22,039,839	12,711,205	9,328,634	Expanded capital improvements program.
* LODGERS TAX FACILITY FUND	112,000	112,000	0	
* LODGERS TAX ADVERTISING	274,175	258,400	15,775	
* FIRE IMPACT FEES FUND	138,000	530,000	(392,000)	Reduced capital expenditures.
* CLERK RECORDING FEES FUND	208,100	230,000	(21,900)	Reduced operating expenditures.
* INDIGENT FUND	2,193,915	2,109,007	84,908	Increased commitment to Sole Community Provider program.
* FIRE TAX 1/4% FUND	1,922,402	1,419,951	502,451	Increased capital improvement expenditures.
* INDIGENT SERVICES FUND	2,081,085	2,165,993	(84,908)	Reduced operating expenditures.
* ECONOMIC DEVELOPMENT	2,801,344	7,572,862	(4,771,518)	Grant funded project was completed in FY 2012.
* FEDERAL FORFEITURE FUND	30,597	53,776	(23,179)	Reduced operating expenditures.
* LINKAGES	180,000	195,000	(15,000)	Grant funded budget reduced.
* SECTION 8 VOUCHER FUND	2,617,125	2,106,938	510,187	Grant funded budget increased.
* HOUSING ASST./HOME SALES	1,049,400	825,000	224,400	Reduction in available cash for the program.
* DEVELOPER FEES FUND	780,704	951,994	(171,290)	Reduction in available cash for the program.
* EMS-HEALTH CARE	620,931	454,951	165,980	Added FTEs, expanded Mobile Health Van programming.
* WILDLIFE/MOUNTAINS/TRAILS	0	202,966	(202,966)	Funding was exhausted with no additional revenue anticipated.
* VASH VOUCHER	0	216,000	(216,000)	Grant funding was consolidated with Section 8 Voucher Prog by funder.
* ALCOHOL PROGRAMS FUND	1,260,587	1,137,961	122,626	Grant funded budget increased.
* DETOX PROGRAMS FUND	300,000	300,000	0	
* FIRE OPERATIONS FUND	11,847,718	10,975,794	871,924	Added and unfroze FTEs, increased capital improvement expenditures.
* EMERGENCY COMM OPERATIONS	3,566,960	3,255,398	311,562	Unfroze FTEs, increased capital expenditures
* LAW ENFORCEMENT OPS FUND	11,275,647	10,578,277	697,370	Added FTEs, increased capital expenditures
* CORRECTIONS OPS FUND	22,398,024	18,345,240	4,052,784	Added and unfroze FTEs, increased Asset Renewal and Replacement Schedule, increased capital improvement expenditures.
* HOUSING CAPITAL IMPROV	529,533	285,604	243,929	Grant funded budget increased.
* CAPITAL PROJECTS-FEDERAL	375,750	382,000	(6,250)	
* ROAD PROJECTS FUND	634,151	60,294	573,857	Grant funded budget increased.
* STATE SPEC. APPROPRIATION	236,895	442,431	(205,536)	Grant funded budget decreased.
* GOB SERIES 2005	809,844	110,544	699,300	Bond proceeds to be used for a specific project.
* GOB SERIES 2007	221,986	200,000	21,986	Bond proceeds to be used for a specific project.
* GOB SERIES 2007B	0	46,370	(46,370)	Bond proceeds have been exhausted.
* GOB SERIES 2009	2,124,492	2,767,761	(643,269)	Less bond proceeds available for expenditure.
* GOB SERIES 2011 IMP/REFND	13,348,578	16,400,000	(3,051,422)	Less bond proceeds available for expenditure.
* EQUIPMENT LOAN PROCEEDS	739,000	0	739,000	Loan/Grants received for several projects.
* GOB SERIES 2001	119,000	0	119,000	Bond proceeds to be used for a specific project.
* FACILITY BOND 97 PROCEEDS	557,573	557,573	0	
* FIRE TAX REVENUE BOND PRO	86,969	86,969	0	
* GOB SERIES-OPEN SPACE		0	0	
* GEN OBLIG. BOND DEBT SVC	12,654,038	12,384,639	269,399	Change in debt service obligation.
* JAIL REV BOND DEBT SVC	2,252,865	2,252,005	860	Change in debt service obligation.
* GRT REVENUE BOND DEBT SVC	5,213,774	5,135,088	78,686	Change in debt service obligation.
* WTB LOAN/GRANT DEBT SVC	95,568	485,408	(389,840)	Change in debt service obligation.
* REGIONAL PLANNING AUTHRTHY	30,000	27,324	2,676	
* ENTERPRISE - WATER FUND	4,039,335	4,293,183	(253,848)	Reduced operating expenditures.
* ENTERPRISE - HOUSING ADMN	925,691	2,105,071	(1,179,380)	Reduced capital improvements expenditures.
"ABSOLUTE TOTAL" BUDGET	185,913,722	173,825,048	12,088,674	

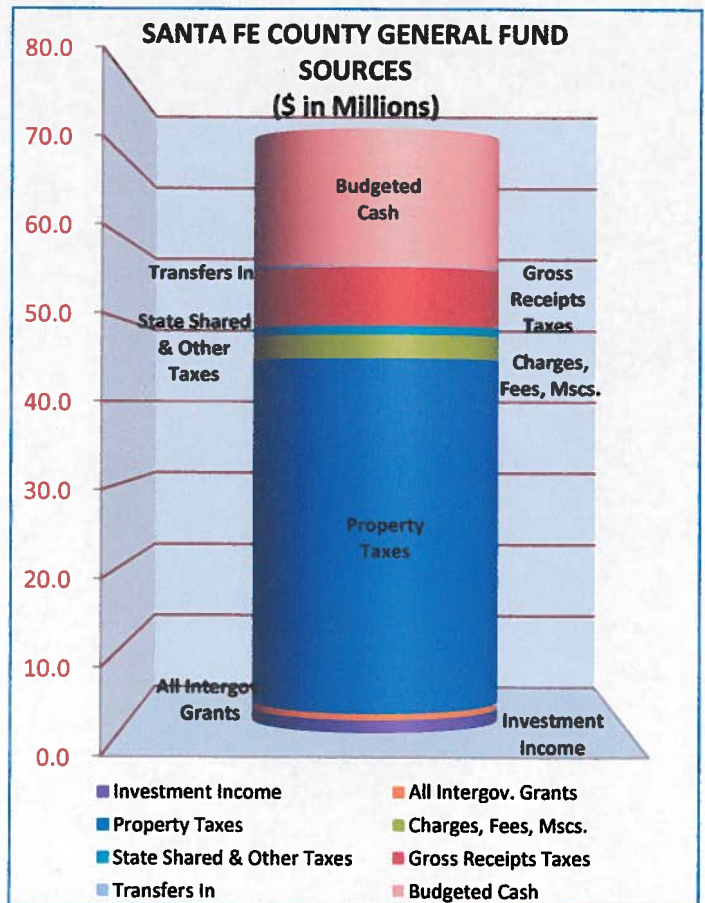
The “absolute total” is used because recognition of the fund transfers results in a “double counting,” of the transferred amount, first as an expense to the fund that makes the transfer out, then again when the fund receiving the transfer expends the transferred funds. An illustration of this double counting of transfers appears below.



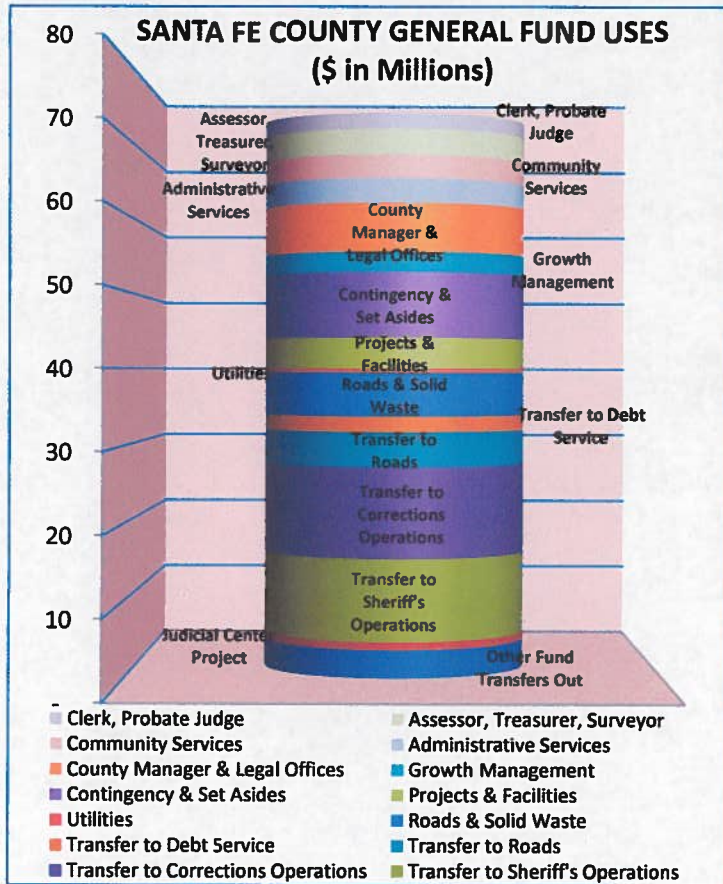
General Fund

The General Fund can be used to fund any legal government purpose and is the source of funding for the Elected Offices and many other County functions. Among those is land use, public works, senior services, operation and maintenance of County facilities such as open space and trails, community centers and office buildings. The General Fund also provides the funding for the County Manager’s and County Attorney’s offices as well as administrative support functions such as finance, human resources, information technology, purchasing and risk management. Further, through operating transfers the General Fund supports the functions of various special revenue funds (primarily in the area of public safety), debt service, and an enterprise fund.

In FY 2013 property taxes account for approximately 76.5% of the General Fund revenue or \$43.1 million (excluding transfers in from other funds and budgeted cash) this is 2.5% less than in FY 2012. Gross receipts taxes account for a much smaller percentage, about 12.5% or \$7.0 million (excluding transfers in from other funds and budgeted cash) this is down from 12.9% of the General Fund budget in FY 2012. Budgeted cash is \$16.5 million, or 22.5%. This is up from 9.4% in FY 2012, however, the General



Fund budgeted cash is strictly for one-time expenditures, set asides and contingencies which increased in FY 2012. These one-time expenditures include an expanded Asset Renewal and Replacement Schedule, one-time retention incentive payments to staff, “seed” funding for a revolving loan fund, and a \$5.0 million recessionary contingency. The total of all other sources shows a net decrease from FY 2012 of \$0.1 million. This decrease is primarily the net of decreased investment income and increased charges for services, fees and permits.



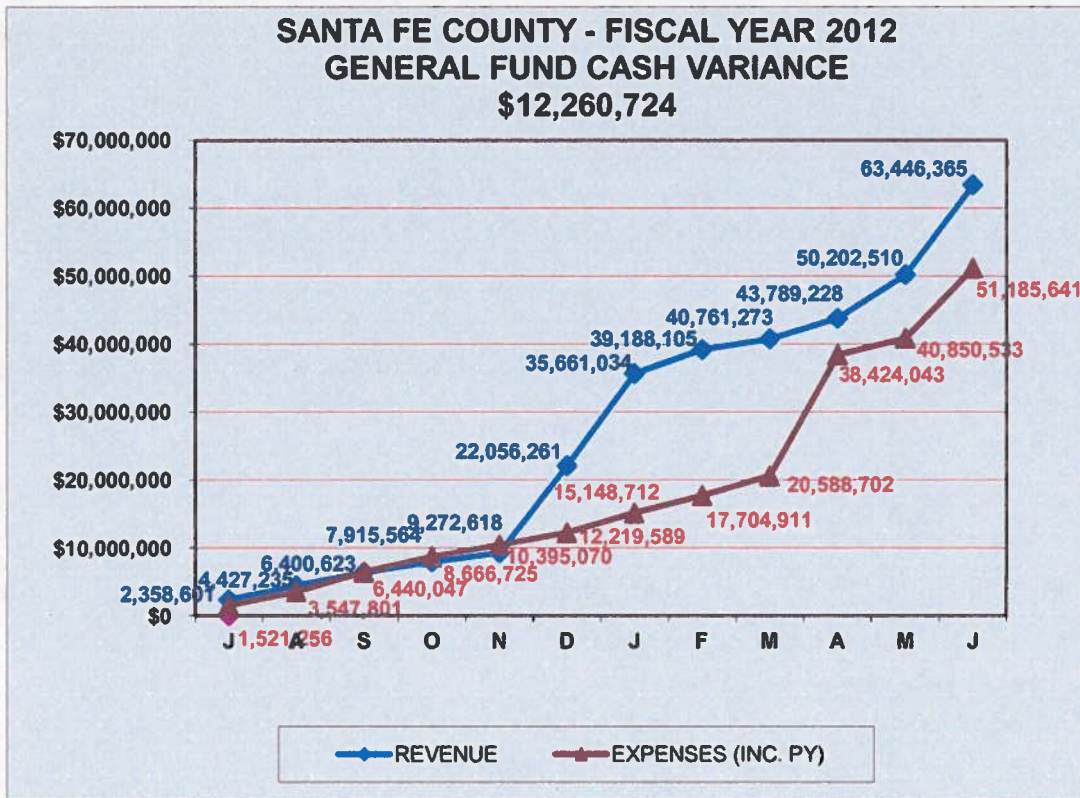
In Fiscal Year 2013 transfers out of the General Fund to other funds total \$32.8 million or 44.8% of the total uses. In FY 2012 the transfers out were 37.8% of the General Fund uses or \$22.8 million. During the budget process for FY 2013 Departments/Divisions and Elected Offices were instructed to submit budget requests that were sufficient to cover the cost of obtaining the desired outcomes of their functions. Thus there were some significant changes in the total operating budget for FY 2013.

Salaries and benefits continue to be a major portion of the General Fund budget totaling \$20.1 million in FY 2013. This is an increase of \$0.8 million from FY 2012. This increase is due to the unfreezing and addition of positions in Finance, Open Space, Facilities Maintenance and Senior Services and other investments in employees. The “absolute” total (excluding transfers out) of General Fund uses in FY 2013 was \$40.4 million, an increase of \$2.8 million

from FY 2012. This increase can be attributed to an expanded Asset Renewal and Replacement Schedule for the General Fund as well as increased operating costs such as utilities, fuel, solid waste tipping fees paid by the County, a low income property tax credit and additional funding for libraries and youth programs. The asset repair and replacement budget (formerly known as the capital package) was increased by \$0.3 million from FY 2012 to \$1.2 million

Fiscal Year 2012 ended with a positive cash variance in the General Fund of \$12.3 million. This is the second year in a row that Santa Fe County was budgeted to use cash reserves but instead added significant cash to its reserves. In FY 2010 ended with slight negative cash variance, meaning that actual revenues did not meet actual expenses. Although that variance was insignificant (under \$100,000) and it was anticipated and planned, a negative cash variance is never a desirable outcome. Then in FY 2011, the budget included the use of \$4.5 million from general fund cash reserves and in FY 2012 the budget included a use of \$5.2 million from general fund cash reserves. Not only was using cash reserves not necessary in either year, but Santa Fe County was able to add \$13.7 million and \$12.3 million in FY 2011 and FY 2012 respectively, to its cash reserves via this positive cash variance – a tremendous outcome

given the current economic climate. The State of New Mexico requires that the General Fund maintain a cash reserve of 3-months operating expenses or 25% of the General Fund budget. In FY 2013 that requirement is \$18.3 million. Santa Fe County has approximately \$46 million in excess reserves in its General Fund as of July 1, 2012. Of that, \$21 million is considered “committed” under Governmental Accounting Standards Board (GASB) requirements, meaning the balance is to be used for certain purposes (in this case a contingency reserve, a loan guarantee, and fixed asset replacement).



Special Revenue Funds

Special Revenue Funds are funds that are established to account for sources that are restricted in their use by law or agreement. This fund type may be used for gross receipts taxes that have a restricted purpose, grant funding, state allotments for fire protection, emergency medical services or law enforcement, the 1% property tax administration fee known as the Property Valuation Fund and the Road Fund among others. The total of all special revenue funds in the FY 2013 budget is \$121.7 million, up from \$109.7 in FY 2012. Although the total increased by \$12.0 million, the “absolute total” increased by slightly more, \$12.3 million, from \$88.2 million in FY 2012 to \$100.5 million in FY 2013.

A significant increase in the Capital Outlay GRT fund is responsible for \$9.3 million of the large increase in the special revenue funds. Other contributors were, again, an increase to the Asset Renewal and Replacement Schedule. The Road Fund, Sheriff’s Office and Corrections Operations Fund all received increase funding for asset renewal and replacement accounting for \$2.6 million. The balance of the increase is net of changes to the operating expenses in the various funds which include a decrease in the Economic Development Fund of \$4.8 million due to completing of a large grant funded project, an increase \$0.5 million to the Fire Excise Tax Fund for capital expenditures needed by the Fire Services

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

Division, and a large investment in employees which includes the unfreezing of 24 positions and the addition of 34 new positions in the Correctional Services Division, an additional 5 positions for the Sheriff's Office and an additional 3 positions for the Fire Services Division. This and the adjustment of various other operated expenses across the funds account for the additional \$3.9 million added to the budget. Net differences in the budgets from FY 2012 and FY 2013, by fund, are outlined in the table found on page 14.

General information on each of the special revenue funds can be found below:

FUND NAME	FY 2013 FINAL BUDGET	FY 2012 ORIGINAL BUDGET	SOURCES	USES
* REGIONAL TRANSIT FUND	3,845,000	3,845,000	Regional Transit Gross Receipts Taxes	Pass-through to the Regional Transit District
* PROPERTY VALUATION FUND	1,669,929	1,694,145	1% administrative fee from property taxes	Assessor's valuation plan and associated costs
* ROAD FUND	5,175,021	3,862,866	Vehicle & Gas state shared taxes, GF transfer	Road maintenance activities
* EMERGENCY MED SVCS FUND	108,216	118,165	State allotment	Emergency Medical expenses for fire districts
* FARM & RANGE FUND	5,900	5,000	State/Taylor grazing fees	Water and soil conservation
* FIRE PROTECTION FUND	1,918,435	1,868,832	State allotment	Fire protection expenses for fire districts
* LAW ENF. PROTECTION FUND	71,400	67,800	State allotment	Law enforcement training and materials costs
* CAPITAL OUTLAY GRT	22,039,839	12,711,205	1/4 cent gross receipts taxes	Capital projects
* LODGERS TAX FAC & ADV. FUND	386,175	370,400	4% Hotel/Motel/Lodging Facility room tax	Efforts to increase tourism
* FIRE IMPACT FEES FUND	138,000	530,000	Fees imposed on new developments	Capital expenditures of the fire districts
* CLERK RECORDING FEES FUND	208,100	230,000	Fee for recording documents	Clerk's office recording equipment
* INDIGENT FUND	2,193,915	2,109,007	2nd 1/8 cent increment gross receipts taxes	Sole Community Provider, Indigent Health Care
* FIRE TAX 1/4% FUND	1,922,402	1,419,951	1/4 cent gross receipts taxes (unincorporated)	Fire div. operating expenses (excl. personnel)
* INDIGENT SERVICES FUND	2,081,085	2,165,993	Transfer from indigent grt fund	Indigent primary care
* ECONOMIC DEVELOPMENT	2,801,344	7,572,862	Grants, GF transfer	Grant specific activities, econ. dev. initiatives
* FEDERAL FORFEITURE FUND	30,597	53,776	Court ordered fines and forfeitures	Region III Drug Enforcement Task Force
* LINKAGES	180,000	195,000	NMFA Affordable Housing Grant	Affordable housing
* SECTION 8 VOUCHER FUND	2,617,125	2,106,938	HUD subsidy	Low income rental assistance
* HOUSING ASST./HOME SALES	1,049,400	825,000	Affordable housing loan repayment	Foreclosure prevention program
* DEVELOPER FEES FUND	780,704	951,994	Fees imposed on new developments	Down payment assistance, developer subsidy
* EMS-HEALTH CARE	620,931	454,951	3rd 1/8 cent increment gross receipts taxes	Health programs, EMS expenses
* WILDLIFE/MOUNTAINS/TRAILS	0	202,966	Accumulated cash	Open space and trails operations
* VASH VOUCHER	0	216,000	HUD subsidy	Low income rental assistance for veterans
* ALCOHOL PROGRAMS FUND	1,260,587	1,137,961	State grants, liquor taxes, court fees, JPAs	DWI programs, Teen Court, DWI enforcement
* DETOX PROGRAMS FUND	300,000	300,000	State grant	Detox assessments
* FIRE OPERATIONS FUND	11,847,718	10,975,794	EC & EMS GRT, transfer from EMS GRT, grants	Fire Services Division, transfer to RECC
* EMERGENCY COMM OPERATIONS	3,566,960	3,255,398	Transfer from EC & EMS GRT, grants	RECC operations
* LAW ENFORCEMENT OPS FUND	11,275,647	10,578,277	GF transfer, state and federal grants	Sheriff's Office operations
* CORRECTIONS OPS FUND	22,398,024	18,345,240	Transfers from Correctional GRT & GF, grants, Care of Prisoners revenue	Correctional Services operations
"ABSOLUTE TOTAL" BUDGET	100,492,454	88,170,521		

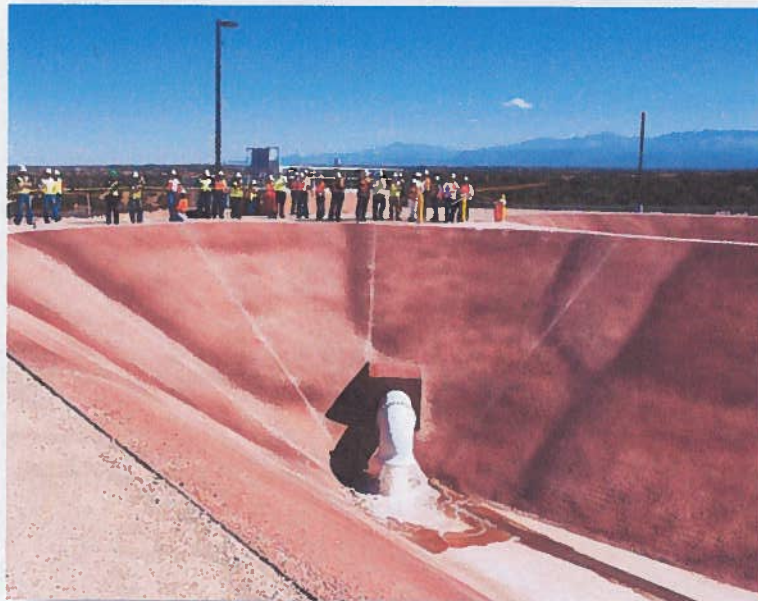
Capital Outlay GRT (213)

In Fiscal Year 2002 a gross receipts tax to support capital projects was passed by the voters of Santa Fe County. The Capital Outlay Gross Receipts Tax is a 1/4 cent tax imposed countywide. This tax was initially dedicated to be used 50% for county projects and 50% for regional projects, and 75% would be allocated to water/wastewater projects, 15% to open space projects, and 10% for roads and other projects as allowed by the authorizing statute NMSA 1978 Section 7-20E-21. This dedication was in place until December 2010 when it was changed to eliminate the percentages for county vs. regional projects as well as the water/wastewater, open space, roads and other restrictions. The dedication in Santa Fe County Ordinance 2010-15 passed on December 14, 2010 closely reflects the allowable uses outlined in the authorizing statute which, in addition to the above uses, includes public buildings or facilities, correctional facilities and airport facilities. This change allows Santa Fe County flexibility in its use of the funds in areas most in need of capital outlay.

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

Throughout its history the Capital Outlay GRT fund has accumulated a cash balance for use in constructing large projects. In FY 2012, the Capital Outlay Gross Receipts Tax Fund was budgeted to use \$7.1 million for open space and trails projects. Primary among these is the Santa Fe River Trail (\$2.2 million), the Rail Trail (\$0.9 million), Mt. Chalchihuitl Open Space (\$1.0 million), South Meadows Open Space (\$0.5 million) Edgewood Open Space (\$0.4 million), and the Santa Fe River Greenway (\$0.4 million). Other projects using significant accumulated Capital Outlay GRT cash were the Valle Vista Wastewater Treatment Plant (\$1.3 million) and various roads totaling \$0.4 million. Fiscal year 2013 is budgeted to \$16.8 million in accumulated cash. With the creation of the Capital Needs List (CNL) and the long-range Capital Improvement Program (CIP) a financing plan was developed to fund as many priority projects as possible considering currently available resources and the possible issuance of bonds should the voters approve the County's general obligation bond questions. Twenty CIP projects that are considered "shovel ready" comprise what is termed the "GRT Quick Start List." The GRT Quick Start List contains projects with a total budget of \$11.7 million. Also funded through accumulated cash are many projects that appeared in the FY 2012 budget. These include the Santa Fe River Trail (\$1.1 million), Mt. Chalchihuitl (\$1.0 million), Santa Fe Rail Trail (\$0.7 million), Edgewood Open Space (\$0.5 million), South Meadows Open Space (\$0.4 million), the Santa Fe River Greenway (\$0.4 million), Valle Vista Waste Water Treatment Plant (\$0.3 million) and several small water projects.

Of current year Capital Outlay GRT collections, \$3.3 million will be transferred to service debt on several New Mexico Finance Authority-Water Trust Board loan/grants for small water projects, a revenue bond that supported the purchase of water rights and revenue bonds and loan/grant sharing agreements that supported the BDD construction. The balance is not yet allocated to specific projects.



BDD First Water

The following spreadsheet illustrates the FY 2012 and FY 2013 Capital Outlay GRT Fund project budgets and the year to year variances.

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

CAPITAL OUTLAY GRT FUND PROJECT NAME	FY 2012	FY 2013	VARIANCE
OPERATING TRANSFERS OUT TO DEBT SERVICE	3,727,629	3,341,786	(385,843)
* CAPITAL OUTLAY OTHER	3,789,206	7,344,564	3,555,358
* SHERIFF'S FACILITY		200,000	200,000
* SOUTH MEADOWS ROAD	213,750		(213,750)
* AGUA FRIA PHASE III/DESGN	103,757		(103,757)
* ROAD CAPITAL OUTLAY		500,000	500,000
* AGUA FRIA PARK IMPROVEMNT		100,000	100,000
* POJ. LITTLE LEAGUE FIELDS		50,000	50,000
* ELDORADO LIBRARY		1,500,000	1,500,000
* GLORIETA/EL DORADO SR CTR		150,000	150,000
* NAMBE HEADSTART/COMM CTR		20,000	20,000
* STATE ARCHAEOLOGY CENTER		50,000	50,000
* LA BAJADA WATER SYS IMPRO		10,000	10,000
* LA CIENEGA WTR LINE EXT.		17,900	17,900
* LA CIENEGA/CIENEGILLA SPR		6,750	6,750
* VALLE VISTA WWTP	1,319,722	249,988	(1,069,734)
* RANCHO VIEJO WATR SVC IMP	25,515		(25,515)
* RIO QUEMADO WATERSHED		2,300	2,300
* ADULT FACILITY		1,473,000	1,473,000
* YOUTH DEVELOPMENT FAC.		527,000	527,000
* COUNTY ROAD 98	39,001	1,703,817	1,664,816
* VERANO ROAD	82,863		(82,863)
* CR 52 LAS ESTRELLAS RD		5,597	5,597
* CR 67 CAMP STONY		1,544	1,544
* AGUA FRIA PARK ROAD		5,506	5,506
* SANTA FE CANYON RANCH		325,000	325,000
* SF RIVER SCENIC BYWAY	35,000	35,000	0
* HWY 14 AREA SENIOR CENTER		350,000	350,000
* DISTRICT ATTY COMPLEX		850,000	850,000
* ADMIN BUILDING UPGRADES		325,000	325,000
* NO. SF COUNTY REC. FIELDS		180,000	180,000
* ARROYO HONDO OS	190,095	25,945	(164,150)
* ARROYO HONDO TRAIL PROJ	254,000	254,000	0
* CERRILLOS HILLS ST PARK	5,436		(5,436)
* LITTLE TESUQUE CREEK OS	10,000	1,890	(8,110)
* LOS POTREROS OS	7,926	261,026	253,100
* CHALCHIHUITL-C GRAVEL ACQ	988,499	988,499	0
* SANTA FE RAIL TRAIL	925,177	726,381	(198,796)
* SANTA FE RIVER GREENWAY	378,116	357,012	(21,104)
* TALAYA HILL OS	22,000		(22,000)
* THORNTON RANCH OS	60,874		(60,874)
* BENNIE J CHAVEZ PARK	15,000		(15,000)
* OPEN SPACE STRATEGIC PLAN	20,000		(20,000)
* EDGEWOOD OPEN SPACE	356,326	494,696	138,370
* SOUTH MEADOWS OPEN SPACE	462,132	400,361	(61,771)
* MADRID OPEN SPACE	481		(481)
* BURRO LANE PARK	217,406	2,379	(215,027)
* NM CENTRAL TRAIL	68,187	25,000	(43,187)
* NAMBE PARK		2,288	2,288
* RIO EN MEDIO PARK	20,000		(20,000)
* SAN PEDRO OPEN SPACE	5,410		(5,410)
* DIST. 1 GATEWAY PROJECT	200,000	190,741	(9,259)
* ARROYO DE LA PIEDRA OS	1,366		(1,366)
* SANTA FE RIVER TRAIL	2,235,854	1,076,655	(1,159,199)
* RAIL TRAIL	513,106		(513,106)
* DALE BALL TRAIL EXTENSION	125,000		(125,000)
* REGIONAL TRAIL INVENTORY	20,000		(20,000)
* TRAINING CENTER		1,250,000	1,250,000
TOTAL CATEGORY EXPENSES	12,711,205	22,039,839	9,328,634

Fire Operations Fund (244)

The total Fire Operations Fund budget for Fiscal Year 2013 is \$15.3 million: an increase from FY 2012 of \$1.1 million. Of that increase \$0.2 million can be attributed to a transfer out to the RECC to fund investments in RECC employees. The remaining \$0.9 million increase in the “absolute total” of the Fire Operations Fund is due to the funding of new EMS reporting software which will aid in tracking EMS cases as well as billings for ambulance services (\$0.1 million) investments in fire and emergency medical staff (\$0.3 million), and the purchase of fire apparatus (\$0.6). Capital projects were very comparable between FY 2012 and FY 2013.

FIRE OPERATIONS FUND 244	FY 2012	FY 2013	VARIANCE
TRANSFER OUT TO FUND 245	3,180,398	3,425,660	245,262
Non-Departmental & Finance	257,911	71,947	(185,964)
Fire Services			
Fire Administration	3,375,839	4,372,470	996,631
HAZMAT Grant	15,000	10,000	(5,000)
Emergency Preparedness Grant	76,323	0	(76,323)
Forest Restoration Grant	350,613	391,674	41,061
Fire Regions	5,743,518	5,892,535	149,017
FEMA Grant	506,590	465,919	(40,671)
Volunteer Stipends	225,000	225,000	0
Fire Service Capital Projects	425,000	418,173	(6,827)
COST CATEGORY EXPENSES	10,975,794	11,847,718	871,924
TOTAL FIRE OPERATIONS FUND	14,156,192	15,273,378	1,117,186

Health Programs and Sole Community Provider Commitment

Santa Fe County receives two 1/8 cent increments and one 1/4 cent increment in gross receipts taxes that are, or can be, used for medical services as currently dedicated by County Ordinance. The Indigent Gross Receipts Tax and the Emergency Medical Services Gross Receipts Tax (EMS GRT) had been used to fund the health programs and the Regional Emergency Communications Center (RECC), and the Emergency Communications and Emergency Medical Services Gross Receipts Tax (EC & EMS GRT) was used exclusively to fund the Fire Services Division operations until the FY 2012 budget. In FY 2012 the EC & EMS GRT was called upon to fund the RECC. To make up that lost revenue, the EMS GRT was utilized to help fund the Fire operations.

In addition to those changes the County’s commitment to the Sole Community Provider (SCP) payment was reduced to \$2.1 million in FY 2012 and again in FY 2013 from its previous levels which reached as high as \$9.7 million in FY 2009. This reduction in the SCP commitment stabilized the funding for the County’s health programs. It has, however, created funding challenges for the regional hospital which was the primary recipient of funding from the County’s Sole Community Provider funding with its corresponding Federal match. However, the County’s funding priorities were established and during FY 2011 the County utilized cash reserves to fund Health Programs knowing that changes would take place for FY 2012. The planned transition was successfully implemented and Santa Fe County has created a more sustainable structure for its health programs.

Corrections Operations Fund

The Corrections Operations Fund continues to see some changes as the County struggles to strike a balance between funding, earned revenue and operating expenses. In FY 2012 a decision was made to

reduce the General Fund transfer to the Correctional Services Division to \$6.0 million from \$9.1 million in FY 2011. This was done in an effort to contain the ever increasing pressure on the General Fund that Correctional Services was causing. In order to maintain corrections operations and with reduced support from the General Fund, Correctional Services was directed to make a \$2.0 million change in its budget either by cutting expenses, increasing revenue or a combination of both. A combination of revenue enhancement and expense reductions was proposed and approved for the FY 2012 budget. While the Division was able to manage the cuts to expenses, the increased revenue didn't materialize. In late fiscal year 2012 a significant increase in the number of "paying inmates," inmates being held by Santa Fe County under contract from another jurisdiction, generated a significant increase in earned revenue. However, the Corrections Operating Fund used \$2.6 million from its own cash reserves in fiscal year 2012.

In fiscal year 2013 the General Fund increased its operating transfer to the Corrections Operating Fund to \$9.6 million. An additional \$2.1M will be transferred to address much needed asset renewal and replacement as well as large one-time maintenance expenditures which have been deferred due to the economic conditions the County has been facing.

Care of prisoners revenue (earned revenue) was budgeted at \$5.1 million but reached just \$3.9 million in fiscal year 2012 total from both facilities as well as the Electronic Monitoring program (EM). In fiscal year 2013 revenue from care of prisoners is budgeted at \$7.8 million, again the total of both facilities as well as EM. Corrections staff is aggressively pursuing payment on past due invoices from various jurisdictions and has been able to maintain the facility very close to capacity. With the increase in paying inmates the increased revenue budget for fiscal year 2013 is an attainable goal.

To support the increased inmate population at the Adult Detention Facility, Correctional Services requested, and was granted, positions to be unfrozen (14.0) as well as additional positions (29). The positions were budgeted, and will be filled in a phased in approach as the inmate population increases. This plan was established so that the County would not fill the positions before it starts realizing additional revenue from "paying inmates" to support the positions. Correctional Services also requested and was granted, positions to be unfrozen (6.0) and additional positions at the Youth Development Program (5.0). This was also done in anticipation of a significant increase in the paying populations at that facility. Again, a phased approach was taken to the budget, and to filling the positions so that the salary and benefits expenses do not outpace the additional revenue to be received.



FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

CORRECTIONS OPERATIONS FUND 247 SOURCES	FY 2012	FY 2013	VARIANCE
Corrections - Finance & Capital Package	141,600		(141,600)
Corrections - Administration			0
Corrections - Adult Detention Facility	4,048,100	5,557,000	1,508,900
Corrections - Inmate Welfare	36,000	33,000	(3,000)
Corrections - Maintenance Division			0
Corrections - Inmate Medical Services	10,125		(10,125)
Corrections - Electronic Monitoring	100,000	200,000	100,000
Corrections - Youth Development Program	1,034,680	2,109,557	1,074,877
TOTAL CHARGES FOR SERVICES, GRANTS & MISC. REV.	5,370,505	7,899,557	2,529,052
Transfer from General Fund (101)	6,000,000	11,926,332	5,926,332
Transfer from Corrections Fines & Forfeitures Fund (201)	515,000	250,000	(265,000)
Transfer from Correctional GRT Fund (219)	4,575,000	4,575,000	0
TOTAL OPERATING TRANSFERS IN	11,090,000	16,751,332	5,661,332
BUDGETED CASH	4,136,740		(4,136,740)
TOTAL SOURCES	20,597,245	24,650,889	4,053,644
CORRECTIONS OPERATIONS FUND 247 USES	FY 2012	FY 2013	VARIANCE
OPERATING TRANSFER OUT TO DEBT SERVICE FUND (405)	2,252,005	2,252,865	860
Corrections - Finance & Capital Package	670,710	2,043,596	1,372,886
Corrections - Administration	794,734	1,168,156	373,422
Corrections - Adult Detention Facility	10,266,863	11,339,354	1,072,491
Corrections - Inmate Welfare	36,000	33,000	(3,000)
Corrections - Maintenance Division		544,227	544,227
Corrections - Inmate Medical Services	3,625,847	3,877,379	251,532
Corrections - Electronic Monitoring	681,870	934,910	253,040
Corrections - Youth Development Program	2,269,216	2,457,402	188,186
COST CATEGORY EXPENSES	18,345,240	22,398,024	4,052,784
TOTAL USES	20,597,245	24,650,889	4,053,644

Capital Improvements Funds

Capital Improvement Funds are used to account for sources and uses associated with capital projects funded by grants, special appropriations or bonds. Special appropriations for roads and other infrastructure projects are segregated into two funds, one for roads and one for infrastructure. Federal grants for improvements to our public housing inventory and other Federal grants are also segregated into two different funds, one for housing and one for other federal grant funded projects. Each bond issuance is accounted for in a Fund designated for that specific bond series and includes any investment income derived from investing bond proceeds until needed to pay for a project.

In total, Capital Improvement Funds budgets decreased by \$1.6 million. This overall decrease is net of increases in some and decreases in other bond issuance funds. The largest change is in the 2011 general obligation bond which was issued for public works and fire services division projects and the refunding of the 2001A general obligation bond. This bond saw a budget decrease of \$3.1 million. The New Mexico Finance Authority Loan Fund was increased from \$0 in FY 2012 to \$0.7 in FY 2013. This fund is used to hold proceeds from loans received from the NMFA-Water Trust Board for various small water projects. Another large increase was for the 2005 general obligation bond which went from \$0.1 million in FY 2012 to \$0.8 million in FY 2013, a \$0.7 million increase. This increase was to assist in the funding of

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

the Town of Edgewood Fire Station and will exhaust the proceeds and investment income derived from the bond.

Other areas of increase include Road Projects budgets which were \$0.1 million in FY 2012 but increased to \$0.6 in FY 2013, a \$0.5 million difference, and a \$0.2 million increase in Housing Improvement Funds from the \$0.3 million FY 2012 budget to \$0.5 million in the FY 2013 budget.

Fiscal year 2013 to fiscal year 2012 budget comparisons on a fund by fund basis appear in the table below.

Fund Name	FY 2012	FY 2013	Variance
301 - HOUSING CAPITAL IMPROVEMENT (Capital Improvements to Public Hsg.)	285,604	529,533	243,929
305 - FEDERAL PROJECTS FUND (Projects funded by Federal Grants)	382,000	375,750	(6,250)
311 - ROAD PROJECTS FUND (Spec. Appropriations for Road Projects)	60,294	634,151	573,857
318 - STATE SPEC. APPROPRIATIONS (Infrastructure Projects)	442,431	236,895	(205,536)
330 - GOB SERIES 2005 (Refunding of 1997 Series GOB)	110,544	809,844	699,300
331 - GOB SERIES 2007 (Judicial Court Complex)	200,000	221,986	21,986
332 - GOB SERIES 2007B (Public Works and Water Projects)	46,370		(46,370)
335 - GOB SERIES 2009 (Public Works, Fire, Utilities, Open Space)	2,767,761	2,124,492	(643,269)
339 - GOB 2011 SERIES (Public Works, Fire, Utilities, Open Space, Refunding)	16,400,000	13,348,578	(3,051,422)
340 - NMFA LOAN PROCEEDS	0	739,000	739,000
353 - GOB SERIES 2001 (Public Safety and Public Works)	0	119,000	119,000
370 - FACILITIES REVENUE BOND (Public Safety Complex)	557,573	557,573	0
380 - FIRE TAX REVENUE BOND (Fire Facilities)	86,969	86,969	0
TOTAL CAPITAL IMPROVEMENTS FUND	21,339,546	19,783,771	(1,555,775)

Debt Service Funds

Debt Service Funds are established to separately account for payments made for bond issues and other debt. The County has debt service funds for general obligation debt, the jail revenue bond debt, other revenue bond debt and New Mexico Finance Authority loans. In FY 2012 another debt service fund was established to account for the payments made on New Mexico Finance Authority-Water Trust Board (NMFA-WTB) loan/grants which finance small water projects. The new debt service fund is also used for the payment of NMFA-WTB loan/grant sharing agreements entered into with the City of Santa Fe as part of the financing package for the Buckman Direct Diversion project. The loan/grants were awarded by NMFA-WTB to the City of Santa Fe who then offered to share them in a 50%/50% split with Santa Fe County. Since these agreements are debt that does not fall into any of the existing debt service fund categories, a new fund was established to account for the payments.

In any given year, debt service payments will vary from the previous year, even if new debt isn't issued. This is due to the structure of the debt service payments established at the beginning of the bond issue as a part of an overall plan for issuing debt to finance a long-term capital improvement plan. In particular Santa Fe County tries to keep its total general obligation debt service payments fairly flat from year to year. In this way, the property tax mill rate for debt service remains stable from year to year, thus property owners in Santa Fe County do not see large fluctuations in their property tax rates due to debt service.

Below is a summary comparison of Fiscal Year 2013 and FY 2012 debt service payments.

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DEBT SERVICE PAYMENTS (expressed in \$ million)				
GENERAL OBLIGATION BONDS	Maturity	FY 2012	FY 2013	Variance
2011 GOB Series (Public Works, Fire, Utilities, Open Space, Refunding)	2028	\$ 0.3	\$ 3.4	\$ 3.1
2010 Refunding Series (Refund 2001 & 1999 Series)	2020	\$ 2.1	\$ 2.1	\$ -
2009 GOB Series (Public Works, Fire, Utilities, Open Space)	2024	\$ 3.5	\$ 1.0	\$ (2.5)
2008 GOB Series (Buckman Direct Diversion)	2024	\$ 2.1	\$ 2.1	\$ -
2007B GOB Series (Roads, Water)	2028	\$ 1.2	\$ 1.2	\$ -
2007A GOB Series (Judicial Court Complex)	2027	\$ 1.2	\$ 1.1	\$ (0.1)
2005 Refunding Series (Refund GOB 1997 Series)	2026	\$ 1.1	\$ 1.1	\$ -
2005A GOB Series (Public Works, Water)	2026	\$ 0.7	\$ 0.7	\$ -
SUBTOTAL GENERAL OBLIGATION BOND PAYMENTS		\$ 12.2	\$ 12.7	\$ 0.5
REVENUE BONDS				
CAPITAL OUTLAY GRT 2010B Series (Buckman Direct Diversion)	2031	\$ 0.7	\$ 0.7	\$ -
CAPITAL OUTLAY GRT 2010A Series (Buckman Direct Diversion)	2031	\$ 1.6	\$ 1.6	\$ -
CAPITAL OUTLAY GRT 2009 Series (Water)	2030	\$ 0.9	\$ 0.9	\$ -
GRT 2008 Series (Judicial Court Complex)	2033	\$ 1.5	\$ 1.5	\$ -
GRT 1997A Subordinat Series (Public Safety Complex)	2027	\$ 0.4	\$ 0.4	\$ -
GRT 1997 Series (Adult Detention Facility)	2027	\$ 2.3	\$ 2.3	\$ -
SUBTOTAL REVENUE BOND PAYMENTS		\$ 7.4	\$ 7.4	\$ -
LOAN/GRANT SHARING AGREEMENTS				
Agreements 1 and 2 (Buckman Direct Diversion)	2029	\$ 0.1	\$ 0.03	\$ (0.1)
Agreement 3 (Buckman Direct Diversion)	2012	\$ 0.4	\$ -	\$ (0.4)
Water Trust Board Agreements (Various water projects)	2013	\$ -	\$ 0.1	\$ 0.1
SUBTOTAL LOAN/GRANT SHARING AGREEMENT PAYMENTS		\$ 0.5	\$ 0.1	\$ (0.4)
TOTAL DEBT SERVICE PAYMENTS		\$ 20.1	\$ 20.2	\$ 0.1

Enterprise Funds

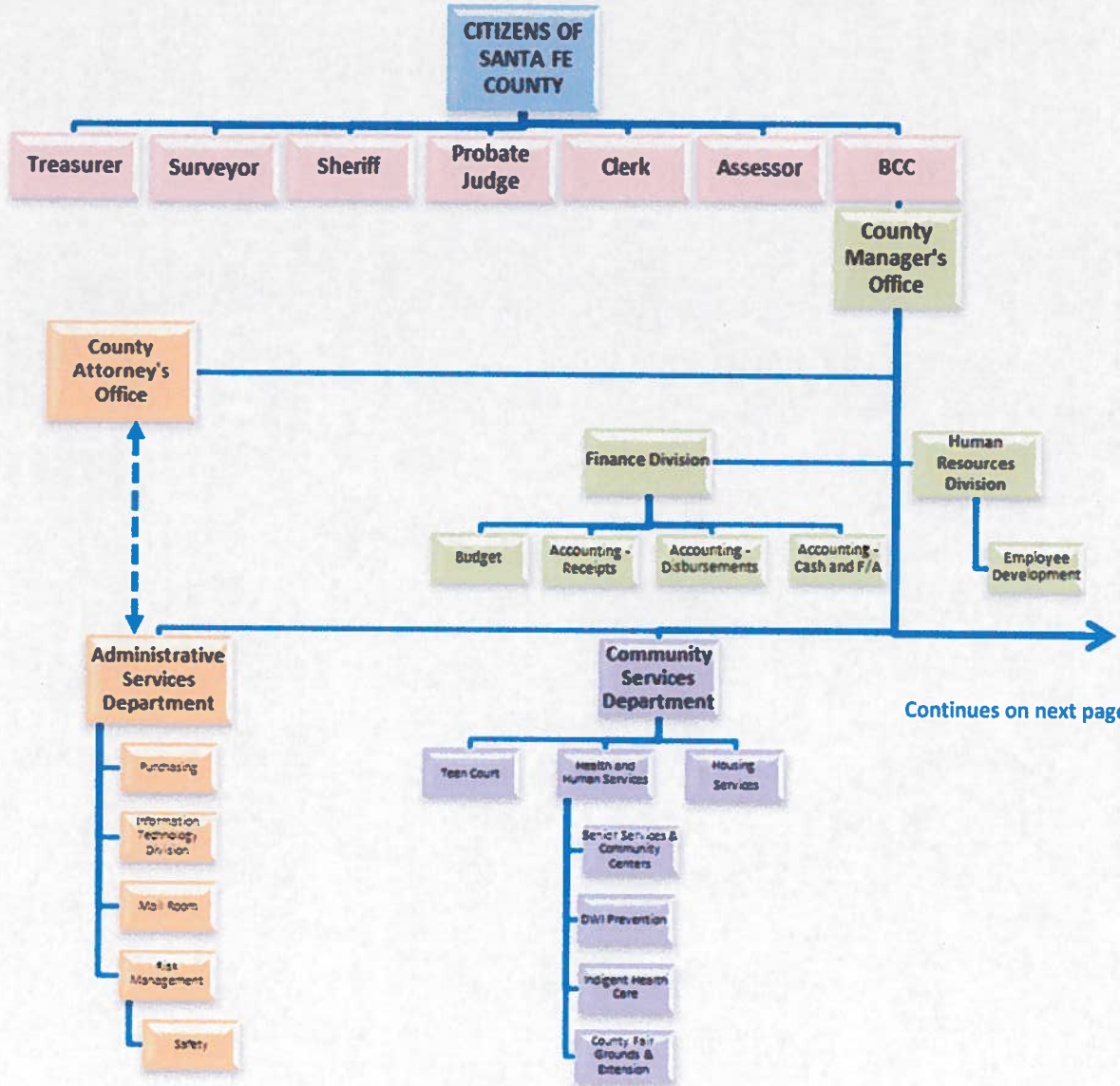
Enterprise Funds are established to account for those operations that derive significant revenue from charges for service. Santa Fe County currently has three enterprise funds. The Regional Planning Authority (RPA) which is a joint effort with the City of Santa Fe to develop projects and provide other planning activities with a regional scope. The RPA is supported by a joint powers agreement between the City of Santa Fe and Santa Fe County who share equally in providing funding. The second enterprise fund is the Water/Wastewater Enterprise Fund. This enterprise fund is where the Water/Wastewater Utility is accounted for and is supported by the fees charged for providing water and wastewater services to customers in the unincorporated areas of Santa Fe County. With the planned expansion of the Utility's service area it is expected that this fund will be completely self-supporting within the next three years. The final enterprise fund is the Public Housing Authority which receives a significant amount of its revenue from rent charged for its public housing units. Additional funding is provided by a Federal subsidy from the United States Department of Housing and Urban Development.

These three funds are shown with comparative FY 2013 and FY 2012 information below.

ENTERPRISE FUNDS				
Fund Name	FY 2012	FY 2013	Variance	Explanation of significant changes
501 - REGIONAL PLANNING AUTHORITY	27,324	30,000	2,676	
505 - WATER/WASTEWATER ENTERPRISE FUND	4,293,183	4,039,335	(253,848)	Anticipated expansion of Utility at a slower rate
517 - HOUSING ENTERPRISE FUND	2,105,071	925,691	(1,179,380)	FY 2012 had road improvements within housing neighborhoods budgeted
TOTAL ENTERPRISE FUNDS	6,425,578	4,995,026	(1,430,552)	

SANTA FE COUNTY FISCAL YEAR 2013 ORGANIZATIONAL STRUCTURE AND AUTHORIZED POSITIONS

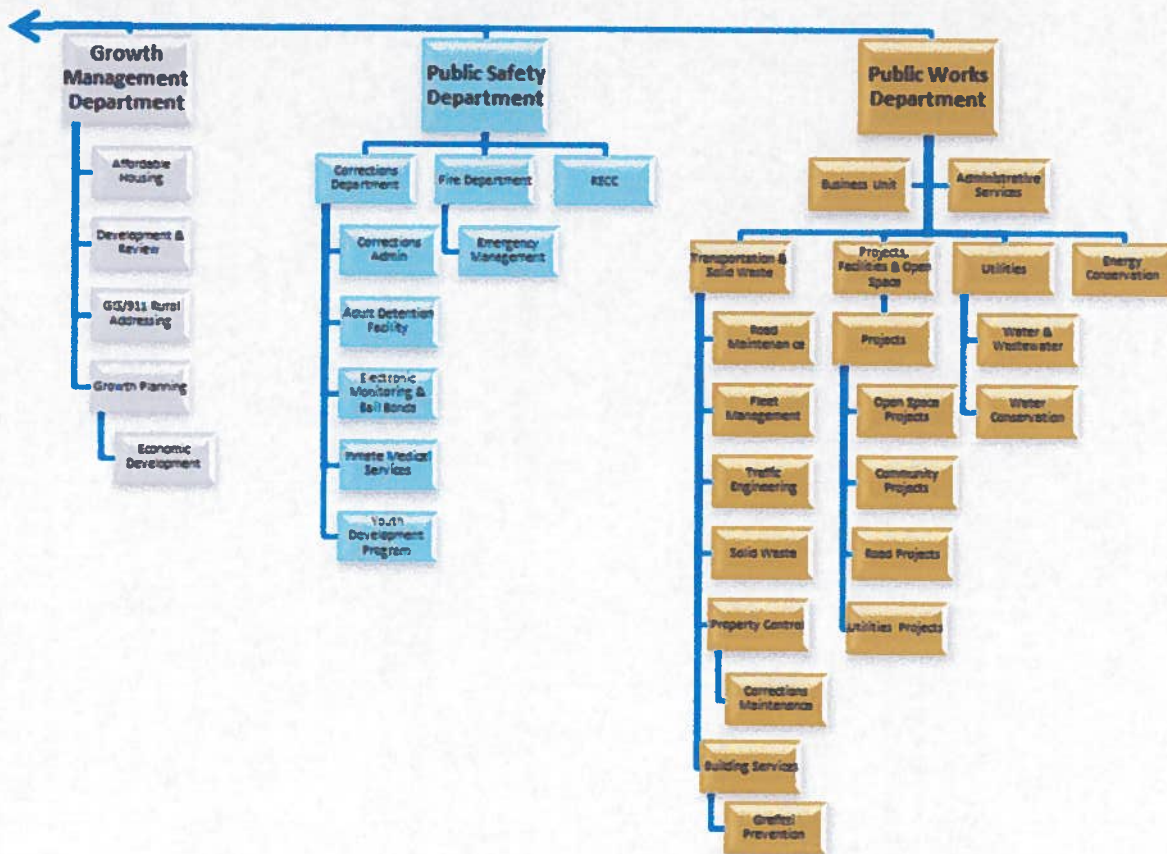
The detailed structure of each department is highlighted in *Section VII – Organization Budgets* of this document.



SANTA FE COUNTY FISCAL YEAR 2013 ORGANIZATIONAL STRUCTURE AND AUTHORIZED POSITIONS

The organizational structure depicted below was used as the basis for the FY 2013 budget. Major changes involve returning the Finance Division and Human Resources Division to the direct supervision of the County Manager’s Office, and adding a link between the County Attorney’s Office and the Administrative Services Department wherein the County Attorney’s legal staff remains under the Supervision of the County Attorney, but the non-legal staff is under the supervision of the Administrative Services Director. Other shifts include a reorganization within the Public Works Department.

Continued from previous page.



FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

The Fiscal Year 2013 Budget includes 1048.45 authorized positions in Santa Fe County. Of those 79.8 were frozen as of July 1, 2012. The number of authorized positions increased from 994.4 in FY 2012. This increase can be attributed to planned increases in the inmate population at the Adult Detention Facility and the Youth Development Program. Additional Sheriff's Deputies for patrol and Fire personnel were added due to the high priority placed on Public Safety. Also, the anticipated completion of the Steve Herrera First Judicial Court Complex necessitates the addition of additional Sheriff's Deputies for court security as well as maintenance and custodial personnel for the new facility. Additional positions were also authorized for the Senior Services Program and the Indigent Program, Road Maintenance and the Mobile Health Van to facilitate accomplishment of program objectives. Detailed information on organizations and positions appears in Section VII of this document.

The following changes comprise the net change in authorized positions from FY 2012 to FY 2013:

General Fund

Community Services	0.75	Senior Services Cook to provide service to expanded area.
	1.0	Senior Services Driver/Cook's Assistants to provide services to expanded area (2 at .5 FTEs).
	0.5	Senior Services Activities coordinator to provide services to expanded area.
Public Works	1.0	Open Space Volunteer Coordinator/Supervisor
	1.0	Building Services custodian for new Courthouse.
	<u>1.0</u>	Property Control HVAC Technician
Subtotal	5.25	

Special Revenue Funds

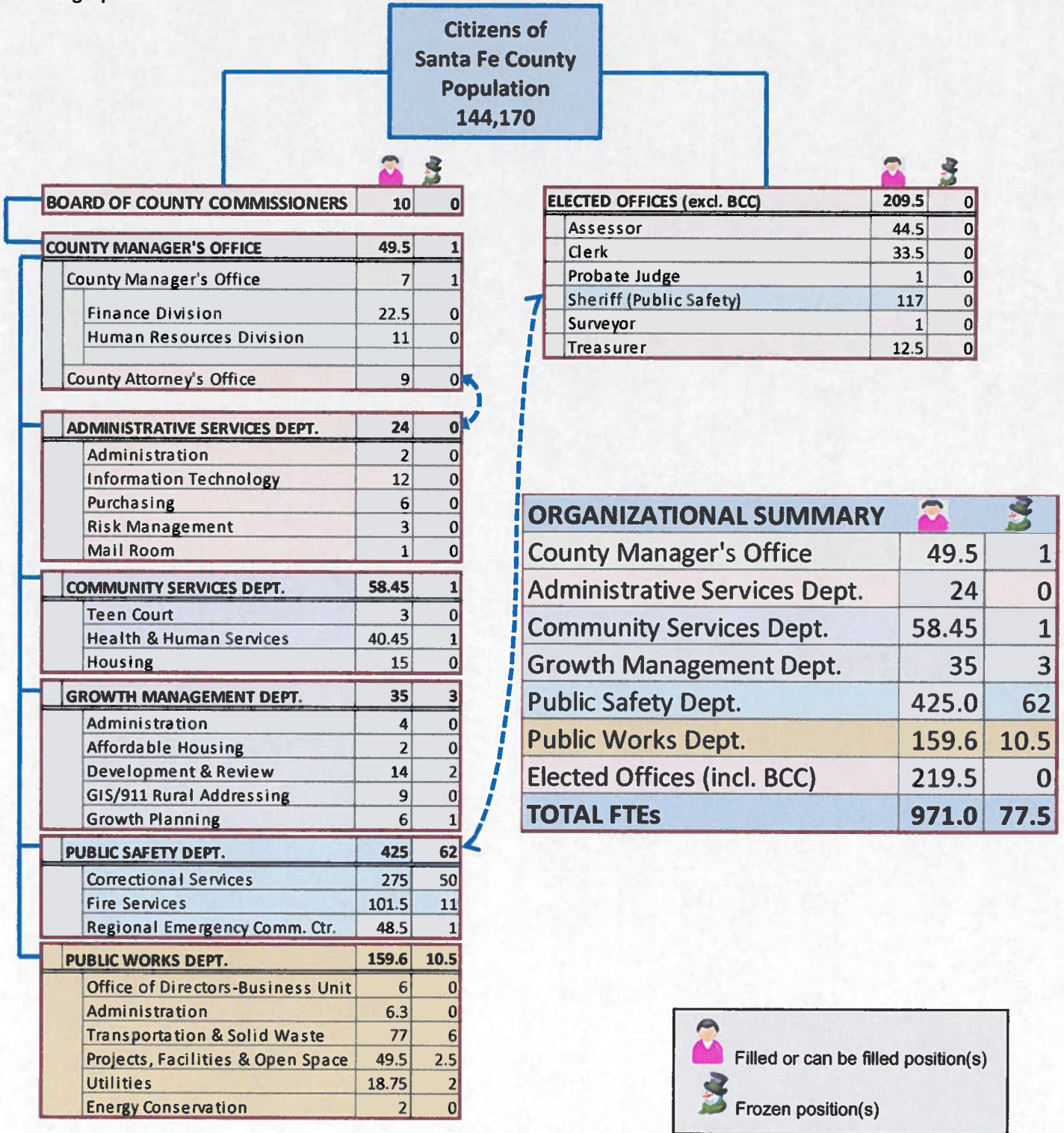
Sheriff's Office	5.0	Deputy positions for increased patrol to rural areas of the County.
	2.0	Deputies for Court security at the Steve Herrera First Judicial Court Complex.
	1.0	Animal Control officer for increased patrols.
Public Safety	29.0	Corrections Adult Detention Facility Detention Officers to serve increased inmate population.
	1.0	Corrections Youth Development Program Shift Supervisor to serve increased juvenile population.
	4.0	Corrections Youth Development Program Life Skills Workers I to serve increased juvenile population.
	1.0	Fire Emergency Vehicle Technician to maintain a better vehicle to mechanic ratio for Fire apparatus.
	1.0	Fire Clerk Specialist to improve ambulance billing and collection turn around.
	1.0	Fire Cadet to expand the Fire Service.
Community Services	0.4	Mobile Health Van Nurse to provide weekend service previously not offered.
	0.4	Mobile Health Van Driver to provide weekend service previously not offered.
	<u>1.0</u>	Indigent Program Claims Investigator to improve timeliness of indigent claims payments.
Subtotal	46.8	

Enterprise Funds

Housing	1.0	Clerk Specialist reclassified to Term from Temp.
Utilities	<u>1.0</u>	Utility Worker to serve expanded Utility areas.
Subtotal	2.0	

Total New 54.05 Full-Time Equivalents

The structure and number of authorized FTEs as of July 1, 2012 are represented by the following graphics.



CHALLENGES AHEAD

Santa Fe County faces a variety of challenges in future years. The struggle to achieve a balance between needs and resources in the Public Safety Department continues to confound management. In addition, the challenge of drawing business and development to Santa Fe County while protecting the varied interests of the current citizens will continue for the foreseeable future. As the County leadership grapples with these issues, the roads and water/wastewater systems continue aging further challenging the County's limited resources. Long- and short-term the challenges are many. Below are examples of the many challenges.

- ◆ Santa Fe County must develop a sustainable funding structure for the Public Safety Department generally and the Correctional Services Division specifically. In order for the Correctional Services Division to be sustainable the funding must balance charges for service with the need to provide services that maintain security and the safety of staff and inmates and other clients while minimizing the support it needs from the General Fund and other funds. This must be done while funding needed equipment replacement and upgrades and "large ticket" repairs of the facility and infrastructure. Further, the County must obtain a sustainable means of funding the Regional Emergency Communications Center (RECC). Currently it is competing for gross receipts taxes with the fire service and receives no operational funding from its joint powers agreement with the City of Santa Fe despite the majority of calls for service are from within the City limits. Securing operational funding from the City of Santa Fe will be a key to sustainability for the RECC.
- ◆ Maintaining the road system in Santa Fe County is a high priority for residents. Santa Fe County has a special revenue fund for road maintenance. The Road Fund, as it is called, is funded by state shared taxes, the Motor Vehicle Tax and the Gasoline Tax. These taxes cannot sustain the road maintenance operations which has historically been supported by the General Fund. Over the past five years state shared taxes have declined by 13%. With the decline in those taxes the General Fund must support the Road Fund to a greater degree, putting additional pressure on the General Fund.
- ◆ Another public safety challenge lies with recruiting and retaining qualified public safety staff. Staff in the Correctional Services Division and RECC have a very high turnover rate, in large part because of the stressful environment in which they work coupled with wages and benefits that may not be at the level other, close-by jurisdictions enjoy. The true cost of this employee turnover is not easily quantified, however we know that it has a detrimental impact on the budget, the morale of remaining staff and at some point may impact public safety. The Correctional Services Division generally "lives" with a vacancy rate which ranges from 18% to 30% which creates staff burn out and skyrocketing overtime expenses. This challenge is intensified by the funding issues that are being experienced in both of these public safety divisions.
- ◆ The need to provide an adequate and sustainable water supply for Santa Fe County residents and businesses in this drought-prone area is at the forefront of long-range challenges. Completing the Buckman Direct Diversion last fiscal year was a major step, but there are still large areas in the County that rely on community wells for their water supply. The drain on the aquifer of those wells and the potential for well failure places expanding water service to those areas at a very high priority and an equally high challenge.

FISCAL YEAR 2013 – BUDGET MESSAGE - EXECUTIVE SUMMARY

- ◆ A related challenge is addressing pleas for assistance from Mutual Domestic Community Water Associations (MDCWA) received by Santa Fe County in recent months. Many of needs are system failures, well failures or other issues which create water delivery issues for rural communities served by the MDCWA. The County has assisted several of the MDCWAs and negotiations to take over others are underway. Taking over a troubled MDCWA will have an initial capital expense and on-going operating expenses, however, the County will also take over the customer base of the MDCWA which will bring in offsetting revenue for the County. Still there are funding challenges as well as legal challenges associated with such projects.
- ◆ Also related to the above challenge is the collaborative construction of another large river diversion project which resulted from legislation that ratified a decades old federal lawsuit. The legislation addresses water rights with the Pueblos in the Pojoaque Valley. This settlement requires the construction of a regional water system in the Pojoaque Valley. The new system will cost in the hundreds of millions of dollars to construct which will be shared between the Federal government, the State of New Mexico and Santa Fe County. The County will significantly increase the customer base of water utility as hundreds of non-Pueblo residents are expected to hook up to the system. Once constructed the additional water system and customer base will impact the water utility's budget in ways that have yet to be determined.
- ◆ Developing a cost effective means of collecting and disposing of solid waste has become a hotly debated issue in Santa Fe County. Within the City of Santa Fe boundaries, residents receive curbside pick up of trash and recyclables by paying a fee included in the household's water bill. However, for residents outside the city limits the County is struggling to develop a system that provides for safe and efficient collection and disposal of solid waste and how to pay for it equitably. A solid waste task force was convened to study the issue and make recommendations to the Board of County Commissioners. The Task Force will make its recommendations during fiscal year 2013 and depending upon the results of this effort, the financial impact may be significant for the County government and/or the residents of the County.
- ◆ Implementation of the newly created Capital Improvement Program brings with it its own challenges. Before this program was developed capital projects were undertaken as needed and may not have had a full funding plan established when initiated. Under the new program, a coordinated effort brings forward priority projects that can be financed. This new strategy enables projects to move forward quickly and concentrates capital financing, specifically bond funding to be spent within a shorter period of time. Managing many and varied projects can create internal issues for the County that cannot be foreseen and may have a financial impact.

Santa Fe County continuously strives to provide a professional, responsible and transparent government to the citizens of the County. In this effort, the County seeks to understand the citizen priorities and develop programs that meet those priorities while maintaining sound financial practices and conservative fiscal balance. During the "great recession" the County has successfully managed its challenges and has enjoyed many accomplishments despite the economic climate. As the economy begins to recover the County can now begin to shift its focus back to a more long-term vision of fiscal, environmental and economic sustainability for its citizens.