

# SANTA FE COUNTY FISCAL YEAR 2013 BUDGET CAPITAL BUDGETS



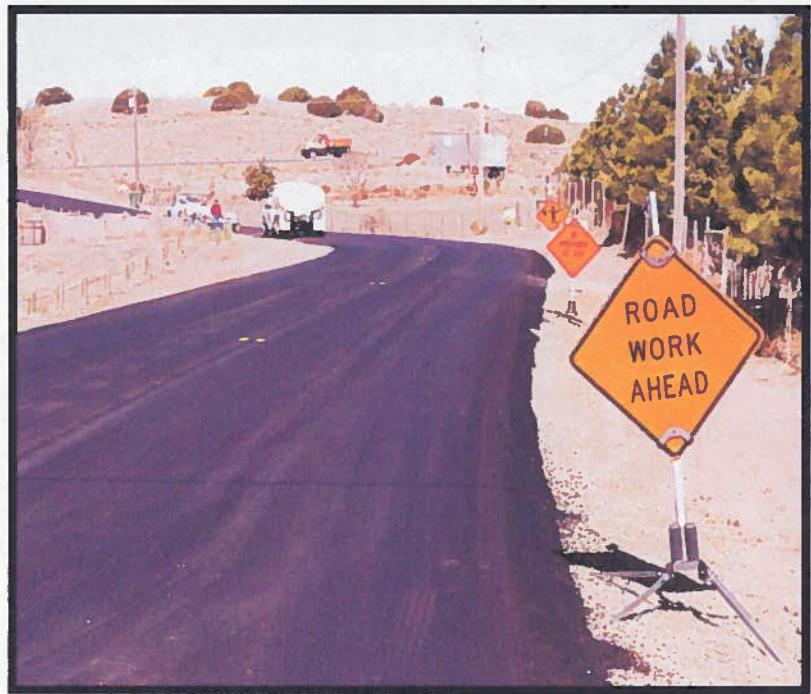
Capital expenditures are the result of capital asset purchases, both tangible (i.e. land, buildings, building improvements, vehicles, equipment, machinery and infrastructure) and intangible (i.e. easements, water rights). The County defines capital assets as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased after construction. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital projects are funded through a variety of sources including General Obligation Bonds, Revenue Bonds, the Capital Outlay Gross Receipts Tax and State legislative action.

## CAPITAL NEEDS AND FINANCING PLANS

During fiscal year 2012 Santa Fe County developed a new process for project prioritization and the financing of the highest priority projects for the next four to five years. The FY 2013 budget contains projects as determined through the new process as well as funding for projects already in process prior to the start of the fiscal year.

One of the first steps in the new process was to compile a list of all capital needs countywide. This list contains capital needs regardless of type (roads, water systems, open space, etc.) Next, the entire list was run through an algorithm which accounted for and weighted various factors including current status (shovel ready,

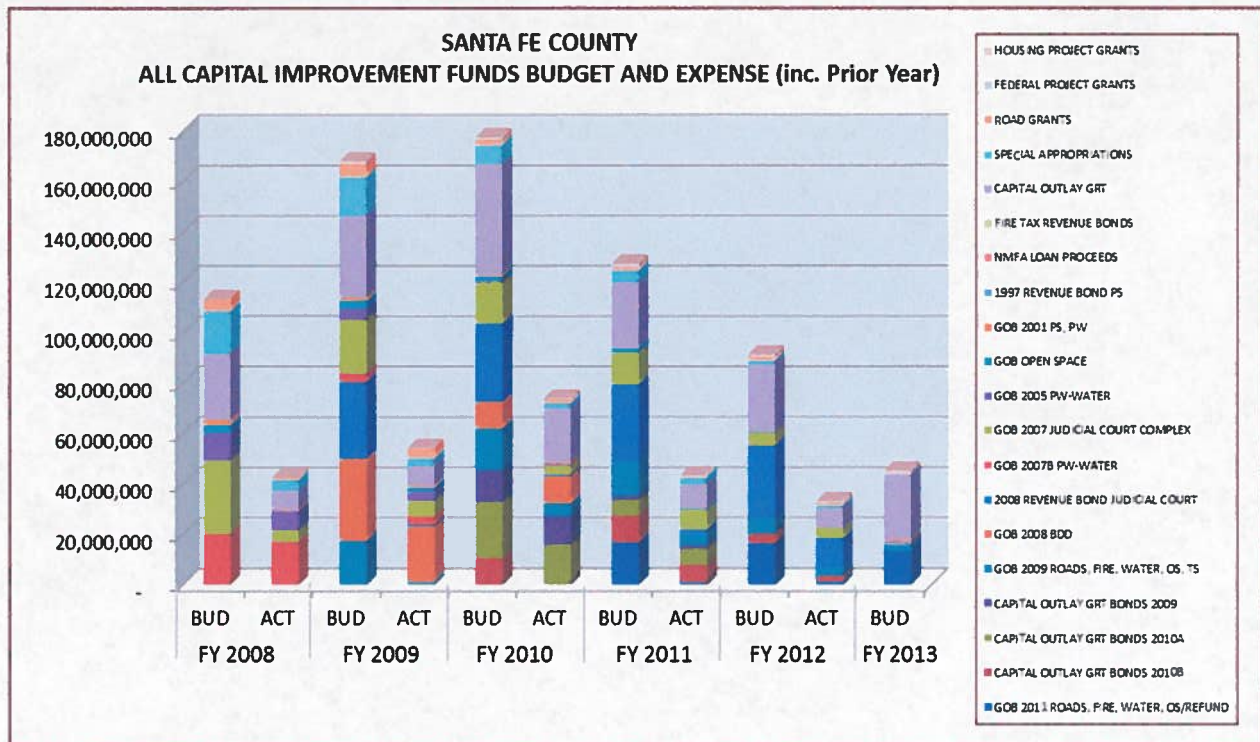
design, pre-design, etc.), presence or absence of leveraged funding, Sustainable Development Area (SDA) per the Sustainable Growth Management Plan, asset lifecycle, qualification as economic development, required by law or regulation, to name a few. Projects are ranked and may be re-ranked as new needs arise thus the capital needs list is a "running list" of potential capital projects. Once ranked via the algorithm, a funding plan was developed for the highest ranked priorities. In addition to accumulated cash, existing bond proceeds, grants and other leveraged funding, general bond questions were developed and will be taken before the voters in the General Election. If passed, the sale of new general obligation bonds will be a critical source of funding additional priority projects.



## INCREASES AND DECREASES IN CAPITAL IMPROVEMENT PROJECTS

In total, current year capital improvement funds budgets decreased by \$1.6 million. This decrease is the net of increases in some funds and decreases in others. 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 decrease of \$3.1 million. A large increase was in the 2005 general obligation bond which went from a \$0.1 million in FY 2012 to \$0.8 million in FY 2013. This represents an increase of \$0.7 million which will be used in the funding plan to construct a new fire station in the Town of Edgewood in the southern County.

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Included in the chart above are large projects such as the \$60.0M Judicial Complex and a total of approximately \$105.4 million for the Buckman Direct Diversion project, the total cost of which was shared with the City of Santa Fe and the Las Campanas subdivision. In Fiscal Year 2012, capital projects accounted for about 30.6% of the adjusted budget or \$91.1 million of a \$297.3 million adjusted budget. However in FY 2013 this amount decreased to 16.3% or \$45.2 million of a \$276.3 million budget. Both the FY 2012 and FY 2013 figures noted include the budget for prior year encumbrance roll-overs. A majority of the bonds sold late in fiscal year 2011 remain unspent at the beginning of fiscal year 2013. Smaller projects comprise the Capital Outlay, Housing, Road and State Special Appropriations funds.

The Fiscal Year 2013 budget for State Special Appropriation Fund projects remains very conservative due to decreased revenues from the State of New Mexico. Since fiscal year 2010 the State has appropriated much smaller grants to local governments and other entities to offset the State's budget issues. In FY 2008, prior to the great recession, Santa Fe County received in excess of \$17.2 million in State special appropriations. That amount declined to a fraction of that amount, \$1.7 million in fiscal year 2012. Revenue from these legislative appropriations is realized through reimbursements for work completed and cash expense incurred. Expense in this section is therefore expressed in the project detail on a cash (rather than cash and encumbrance) basis. Unrealized appropriation revenue budgets are re-budgeted each fiscal year, whereas unspent bond proceed revenues are handled as budgeted cash rather than being re-budgeted as bond proceeds.

The budget document concentrates on the history and growth of capital projects which is a significant part of the County's annual budget. Prior to the fiscal year 2012 budget document, projects with multiple sources were separated by source. Beginning in fiscal year 2012, multiple sourced projects are shown with all sources for the preceding five (5) fiscal years' expenditures and allocations within the original fiscal year 2013 budget.

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As the result of strengthened project management in the county, project budgets are shown in this document with a description of the project, funding objectives, an estimate of the total project cost, estimated ongoing operating and maintenance expenses, and the amount funded. In the case of state facility appropriations, each appropriation is shown. In most cases, the State Legislature appropriates the entire cost of a project over several fiscal years. With State-appropriated projects recovery of the cost of the project is on a reimbursement for work done basis so actual revenue is what has been recovered from the State appropriation, whereas "Actual Expense" is cash expense incurred by the County in constructing the project.

Again, if expenses are not incurred on a project, the unspent balance will be re-budgeted in successive fiscal years so the total cost of a project cannot be determined by adding up the budgets in all the fiscal years. Appropriation totals and actual cash expense are the best guides to total project cost.

The State of New Mexico has no requirement to report multi-year project budget/ costs nor basic project data such as start and end dates. The format here was developed by the Public Works Department and the Budget Office to provide the users of this document with a clear picture of the cost of the County's many projects.

The projects displayed in this section of the document are those which have budgets in the original FY 2013 budget. Individual project budget figures displayed in this section are meant to be viewed only in regard to the project.

In addition to the above, projects are separated by Commission district to assist the public in finding projects of specific interest to them. The projects are further separated by type (i.e. facilities, open space, utilities, roads, etc.) within each district, again as a means of organizing the projects in a more "user friendly" manner.

Finally, the County's capital package or Asset Renewal and Replacement Schedule appears at the end of this section. It is significantly larger than in fiscal year 2012 or fiscal year 2011 due to a decision to expend non-recurring revenue (cash) to make needed replacements or upgrades of equipment, vehicles, buildings, etc.

