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SANTA FE COUNTY

BOARD OF COUNTY COMMISSIONERS

SPECIAL BUDGET STUDY SESSION

May 2, 2017

Henry Roybal, Chair - District 1
Anna Hansen, Vice Chair - District 2
Anna Hamilton - District 4
Ed Moreno - District 5
Robert A. Anaya - District 3

SANTA FE COUNTY

SPECIAL MEETING

BOARD OF COUNTY COMMISSIONERS

May 2, 2017

I. This budget study session of the Santa Fe Board of County Commissioners was called to order at approximately11:15 a.m. by Chair Henry Roybal in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

II. Roll Call

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

Members Present:
Commissioner Henry Roybal, Chair
Commissioner Anna Hansen, Vice Chair
Commissioner Robert A. Anaya [12:15 arrival]
Commissioner Anna Hamilton
Commissioner Ed Moreno

Members Excused:
None

III. Approval of Agenda

KATHERINE MILLER (County Manager): Mr. Chair, I just want to noted that some of this may not go in that exact order but all of this is in the presentation.

CHAIR ROYBAL: Thank you, Manager Miller.

COMMISSIONER HANSEN: I may to approve the agenda.

CHAIR ROYBAL: We have a motion to approve the agenda. Is there a second?

COMMISSIONER HAMILTON: Second.

CHAIR ROYBAL: We have a motion and a second.

The motion passed by unanimous [4-0] voice vote.

IV. Presentation and Discussion on FY 2017 Budget Development

A. Review of Budget Calendar
B. 2018 Revenue Estimate and Expenses
C. Budget Priorities and FY 2018 Expense Requests
D. Employee Compensation
E. New FTE Recommendations

F. Fixed Asset Repair and Replacement Recommendations
G. New Capital and Maintenance Projects Recommendations
H. GRT Discussion

MS. MILLER: Mr. Chair, what I'd like to do is just kind of go straight through the whole presentation and then go back to any areas that you would like to ask questions, discuss, and we can flesh out any particular area that's in the presentation, on the agenda, or even if it's not in here, if it's stuff that you would have questions about and like us to address between this meeting and the next meeting on the budget.

So if we could, if we could start. One of the things I did want to say is Finance Director Don Moya just went over to get a power cable, I think, and some other materials and Budget Director Erika Lovato have both been working diligently on trying to put our recommendation together. As I said, at the last study session, both of them are new to this particular budget process so we've been doing a lot of learning as we go, making sure that we're addressing everything that we have in our current budget and in our future budget and looking at the revenues in light of the legislative session and the legislative session still to come, at whatever point that's going to happen.

So some of the assumptions that we've made are trying to predict the future that we don't have control over. So I just put that caveat in and I'll discuss some of those as we hit them, as we go through this, but first off, just a reminder on the budget calendar. As we said, our internal department budget hearings concluded last month on April 14th. I truly want to commend all of the departments and elected officials' offices. They did a very good job in their budget submittals. We asked them to keep their operating budgets as flat as possible except where there were kind of unavoidable increases, and we'll talk about what ones those are, but they did an excellent job at that and were really good to work with in each of our department hearings to get their recommended operating budgets in front of you.

Then also we've had internal committees that have concluded meetings and made recommendations on FTES, fixed assets, maintenance and capital requests, and IT is also part of that. IT requests.

We've also, as I said, we have this budget study session, then we also have next week's BCC meeting, which we will come back and discuss developments from this study session to the next BCC meeting on the 9th, so next week. And then we have the budget on May 30th. We have a BCC meeting on May 30th. That's when we will ask you to approve the interim budget. That is not our final shot at the budget but that is – we really can't make any changes to recommendations and to your priorities and request that you make between now and the 9th, because we won't have time to change that. You can still request things but we then would put those in the final budget, which that final budget is submitted to DFA by the end of June and we would be coming to you for approval of that on June 27th at our regular BCC meeting.

So I anticipate that this is the last study session that we would need. If the Board feels that we need something else to flesh out any of these proposals we can do that as well between now and May 30th if we need to. So that's kind of our estimated calendar with our statutory deadlines.

So to go back to the way that the County has been approaching our budgeting process over the last couple of years and what we're still trying to develop and still working on is our performance based budgeting. We try to look at submitting – having departments and elected officials submit their operating budgets based on Santa Fe County's four goals. Those goals are a safe community, a healthy community, a sustainable community and a proficient and transparent government. So everything that we work to do as County staff and the elected officials, appointees, everybody tries to look at these things. Are we making a safer community or making a healthier community? A sustainable community? And are we doing it in a proficient and transparent way as a government?

We do this based on results based accountability and that requires us to ask a couple questions along the lines of what do we do and how much do we do or how much did we do? How well did we do it? And how much or to what extent is anyone better off? And the idea of asking those questions is to try to set some basis for, well, how are we doing in our jobs? And where you put taxpayer dollars, can we see that we're making a difference? So the idea is to set up goals and strategies in each department and under one of these goal areas of a safe community, healthy community, sustainable community, or proficient and transparent government, to set up goals in those areas and set up strategies that we measure our performance against those strategies and targets and track these items on a quarterly basis to see how well we're doing.

Now, this is something that's been in the developmental stage. A lot of the departments have already set up all of their goals and are tracking things and measuring. The piece that we haven't done is implement a software system that would track it on a quarterly basis and bring that back to you so you could see on a quarterly basis how are we doing on our budget expenditures relative to meeting these goals. And so that's what you're going to be seeing, and on page 4 in your packet is just kind of an example of what some of those would look like.

I'll take the one – a department might look at our fuel usage and say, okay, in Finance, how many accounts and how much did we service for amounts of fuel users. And how many people have a fuel card and use County-paid for fuel? And then what does it take for Finance to book that fuel journal entry and how many days after the end of the month did it take for them to do that? So that when you look down at, is anyone better off? Well, how many of the directors and external department staff utilized a fuel analysis as a tool for internal controls and management? Are they looking at those fuel logs? Can they tell how much fuel they're using? Are they within budget? If they're not within budget, where might there be a problem? And it's to help us be alerted to and monitor what accounting is do, because you might think, well, what does Finance do? These are the types of things they do so this might be a goal in Finance where they're saying this isn't just for us to track and watch it but it also is a tool for our user and our user, the department directors and other external department staff.

And then, and how well are we doing it? And that is do we have errors in that information and what's the percent of user errors that were decreased in fuel cards, because there's a lot of details in entering that. And then also so if there's a decrease in the errors in fuel cards it would indicate that we have better adherence to establish policies and procedures and training efforts put forth.

So it's that kind of thing where each department – this is just one example, but each department has several of these that they put in place in each one of their divisions, what type of work each employee does.

So that's just to give you an idea of how the performance based budgeting works and I didn't want to go into a lot of detail on that but I wanted you to know that departments and staff really do work on these goals and they try to refine them to something that's measurable and something that could say, well, is this activity that we're doing actually resulting in some better performance or better service for our constituents?

So if we go onto slide 5, the 2018 recognized operating budget priorities, this is a slide that was in the last presentation but it's been refined, based upon the direction that we got from this BCC. As I said, when we previously put that together those are things that we've heard over the last few months that this Board would like to prioritize, but additionally, it was stuff that we've been working on and focusing on over the last several years. But we kind of rearranged this as priorities as this is what we heard from the last study session as being some of your top priorities, and I tried to even put them kind of in more of an order of what we heard and that was public safety. I think it was pretty unanimous across the board, the BCC, that public safety was one of your top priorities, and that was with career staffing at the Fire Department, volunteer retention, Sheriff Department staffing, and detention facility programming.

Additionally, senior services. I think Commissioner Moreno called it the Silver Tsunami, that we have an aging population in Santa Fe County and we know that we have an aging population. All of our statistics show that we do, and so that's going to be the area that the County is going to focus a lot of its future revenues and services to the seniors in our community.

The sustainability program, we have recently revised our organization to have a sustainability office and Claudia Borchert oversees that office and we really want to beef up some of her funding in order to move forward with some initiatives that she's brought to the table.

Then also modifications to our health programming, predominantly behavioral health. That's been an issue that has not really been addressed in the community and it looks as though Santa Fe County is willing to take the lead in trying to move the mark and move the needle on addressing behavioral health issues in the community. We have in our GO bond question, we had $2 million plus another $200,000 of gross receipts tax for developing a behavioral health crisis triage center, but we do not have a revenue stream to operate that, so I do address that later in the presentation.

We've also talked about community based prevention and welfare and that would be led by our Fire Department in coordination with our Community Services, and it would also be related to a lot of the seniors who are out in the county in remote areas in making sure they have welfare checks from our own staff, either in senior services or in the Fire Department. We're also working on navigation systems that people will understand where they can get services – whether it's behavioral health or other health career services, and where to go to get those services.

And then we have our state requirements. We discussed at the last meeting that we do have state requirements for Medicaid match and we're always aware of that and making sure that we're paying attention to what's happening at the state level that might affect our funding streams.

We heard that youth programs, the summer intern program and our other youth programs were a priority and that there would be – if we could have some focus, some increased funds in that area. We have programming and operational funding for new facilities. Every time we bring on a new facility or a new program and new FTEs we always have to reserve funding in future years for the operations of those new facilities and increased costs relative to additional FTEs.

So we talked about the crisis triage center, looking for an operating funding source for that. We have the Stanley Cyclone Center, which I'll put a plug in: Don't forget this weekend is the grand opening of that on Saturday. The Cerrillos Senior Center, we're in design of the Cerrillos Senior Center, hope to have that up and running by the end of next fiscal year. And then additional seniors programming.

And then our facilities maintenance. We have numerous community centers, senior centers, public housing sites, fire stations and all of our own buildings. Our detention facilities – believe it or not the County jail is 21 years old so you have a lot of maintenance when buildings start to get to that age. And then our youth detention facility is the oldest I think we have that is still operating that hasn't been completely rebuilt. So there's a lot of maintenance and improvements that need to be made in those two large facilities.

Then we have open space. We have over 6,500 acres of open space and trails and so we have a lot of master planning going on on our open space properties and management plans coming forward of how we need to manage those open space properties and maintain them.

And then as always we have our Utility – water and wastewater and we have a master plan coming forward on our water and wastewater facilities as well as kind of understanding where our rates need to be to cover those costs of operating a utility. And I would say there are definitely other things. Those are just – I put those on that slide, there's constantly our regular operations and oversight that we need, but I wanted to make sure that you understood those are kind of the big areas where we see major changes in our expenditures based upon what we see as the Commission's priorities, what you've heard from your constituents, and where we see the biggest demand in growth in services from the County.

All of our other offices, we have growth in those just from an administrative standpoint. Any time we grow any other area of the County we have the administrative site that needs to grow at some proportion with that.

Then on slide 6, this is where we have some of our FY 2018 revenue assumptions and expense requests. The property tax revenue is estimated to collect about two percent over FY 16 budgeted property tax collections. I used that figure from FY 16, not FY 17 because we haven't finished FY 17 and May and June are two of our months where we collect a larger percentage of our property tax revenue for the year. And so we're using actuals from 16 and budget from 16, something that we've actually already finished and we can look back and see and also looking at FY 17 where we're year to date compared to last year's year to date.

What we're noticing with property tax from FY 16 to FY 17 is it's pretty flat. So it's about the same. We're not seeing a large increase. We typically don't see huge increases in property tax revenue. What we see is about while we might have an increase in valuation we do have a thing called yield control and when we get later in the year I will make sure you get a presentation on what yield control is. I won't go into it now, but basically it's a formula that the state statute puts in place to limit our growth in property tax revenue. So if you have a high spike in values or you have a significant drop in values in any given year you don't have a corresponding spike in revenues or drop in revenues. It's designed to keep your property tax revenue relatively stable.

So we're looking at two percent over FY 16 for property tax collections. We are also looking – now gross receipts tax, this was something where I'm saying we're trying to – we do have growth in gross receipts tax of one to two percent over last year, but as I said in the last study session and I also said it during the legislative session, the part that's been very hard for us in gross receipts tax has been the last few years of threats by the legislature to – if you had put an eight increment, either one or any of them in place to substitute your loss in a hold-harmless distribution – and I'll just remind you, what the hold-harmless distribution is is back in 2003 the state took the tax off of food and medical. What they said at the time that they did that is that they will keep local governments whole. We will hold you harmless for taking that out of the base. And so we will distribute to you a hold-harmless distribution equivalent to what you would have received in taxes and your tax base.

And there have been several attempts to get out of that obligation, because that obligation costs the state quite a bit more than they anticipated at the time that that was done. So about three years ago they phased out that distribution and it has a – so we started losing money last year, in fiscal year 16 of that distribution. That distribution was close to $4 million a year for us and now it's about $3.5 million, and it's being phased out at about seven percent per year. But what the legislature has done and several bills have gone through over the last two or three sessions that it said, well, if you put a tax in place to replace that revenue, we're just going to take your distribution away entirely.

So this second bullet under revenue, what we did is we actually took that hold-harmless out as recurring. We can't – it's been increasingly difficult to count on it to pay for salaries and benefits if every single session the state says, Maybe you have it; maybe you don't. Maybe you will; maybe you won't. And, at a minimum, you're going to lose seven percent of it per year.

So what we did is we actually made an increase in our property tax revenue projection to be closer to what we think actual is, and a decrease in our GRT. We're still going to receive the revenue but we don't think it's appropriate to keep budgeting it for salaries and benefits in recurring expenditures because it is constantly being threatened. It's gotten to a point where, and in light of the last session and the Governor's action on veto that she will not increase revenues or any taxes. There are only so many places that the state can go to make up their deficit and the one that they constantly look at is the distribution to the local governments. And their basis for looking at that is they say, well we gave you an ability to raise taxes to make it up.

So we have taken it out of the revenue estimate as recurring. We have not taken it out of the revenue estimates, but as a recurring revenue stream to pay for salaries and benefits. It will be going away anyway, so it was a matter of at what point do we just finally say, we can't count on this.

So due to uncertainty of legislation the hold-harmless GRT should not be considered as a recurring revenue.

State shared taxes remain flat. We do receive some excess taxes that we share with the state but they have been pretty flat year over year so we don't see any increase there. We are increasing our ambulance billing budget by $75,000 and we had actually, this year, FY 17, we had budgeted initially $800,000. Then we did a budget increase to $889,000, I believe, and next year we are budgeting $965,000. I'd like to commend the Fire Department on this. This is – we used to budget about $750,000 and now we're able to budget about a million. I think that we can count on that as a recurring revenue stream. They have this year, they're on line to collect even more than that, but as far as a basis for counting on it year after year, we're looking at closer to a million dollars.

On the expense side, departments, as I said earlier, were asked to maintain budget requests as flat as possible, and while they did request FTEs and they requested capital and fixed asset replacement, and several million dollars of one-time items, they really did keep their operating budgets flat and once again I'd like to thank them for that.

We have – it's really hard for us to tell what our health insurance premiums will be. We may have more information before the end of May before we bring the interim or the final budget back, but we are estimating an increase, seven to ten percent for the County's side and we budgeted an additional at this point $250,000 to cover that for January 1 through June 30. It may not be that but it is so hard to tell. This is another one of those areas with what's happening at the national level, it's very difficult for us to tell how healthcare will play out in our budget.

Then, as I said, we had fixed assets, renewal and replacement and IT requests and some capital improvements. This is not our regular capital budget and I will talk about that in a minute, but of $7.68 million, we have maintenance requests of maintaining facilities at $2.4 million, new FTE requests of $1.88 million, and then we also had to incorporate in the base known negotiation compensation changes. So as you know we have approved some of our bargaining units contracts and so some of those increases have come into effect. They're built into the base, and then we're reserving funds for the next round of negotiations. We do have economic reopeners with most of our bargaining units next year, or now, and would need to be built into the budget for next year.

What I was going to say about capital, we typically do our overall capital funding on a two-year basis. So last year we did GO bonds, what we would take to the voters last November for GO bonds, and that's on a four-year cycle, and we just last year approved $35 million to take to the voters and thankfully the voters supported all of our bond questions and we did receive voter authorization for $35 million worth of general obligation bond projects. And then we also allocated several million dollars worth of gross receipts tax. What we have is a quarter cent capital outlay gross receipts tax that after we pay debt service for BDD, predominantly BDD. I think it's mostly BDD, but after we pay that we usually have $3 million or so that we put towards other capital projects.

We did budget those funds last year for FY 17 and 18. So we're not looking at that capital outlay. We try to do that on a two-year basis so that we can do planning and construction. So that will come around – those particular funding sources of that capital outlay will come around next year but probably in the fall is where we'll start asking you what we do with FY 19 and 20. But we do have some capital requests that come through and I call them capital because they are capital improvements. And there are some funding sources that we use in the budget for that and so that's where you'll see – you might see a capital request in our current budget.

Additionally, anything that was approved previously as we received the revenue we will build that into the budget. And so later today we have a presentation on projects. You will see just how many projects we have that are currently funded and that we're working on. We have plenty of dollars in capital to work with as far as staff's capacity to deal with projects.

On slide 7, this is where we're trying to give you an idea of what we're looking at for our recurring revenue stream for budgeting our recurring expenditures next year. As you can see, under property tax, property tax is what we did increase from $45.2 million to $48.7 million. This is one we are going to make sure that we verify that this is a solid number. I do believe that our actual in 16 exceeded that and we'd be good. We just want to make sure before we finalize our budget that we're confident we will receive at least that funding in FY 17 as well as FY 18.

Then as I said, GRT. We're estimating on a recurring basis to be $43.9 million, almost $44 million, down from $45 million. What that is, as you can see we budgeted growth, but then we subtracted out about $3.5 million. Right, Erika? About $3.5 million. So we had about $2.5 million of growth, but then we subtracted out $3.5 million for that hold-harmless. So we're still going to show that as a one-time revenue stream that will go to cover some of those fixed asset and capital requests but we're no longer counting it in the base. So you'll see for years going out we'll eventually come back above that $45 million, but it won't include hold-harmless distribution.

And then property valuation fee, we see a little growth in that. What property valuation fee is is that the Assessor receives a fee of one percent on all of the properties that are assessed and taxed in Santa Fe County. He receives that funding to go to a property evaluation fund to pay for reappraisal of property. So that's how we keep – that funding source is designed to keep property values as current as possible. It can only be used for reappraisal purposes.

Then franchise fees and state shared taxes, as you can see we have some growth in some of our additional funds, $2.1 million to $2.3. License, permits and fees, we see a little growth there from $1.89 to $2.048 million. Care of prisoners – we've been receiving a little bit more than the $4.4, $4.5 million, but it does fluctuate based on whether the US Marshal does put their inmates and how many of their inmates they put at our facility. That's the majority of those funds. It's also revenue from Rio Arriba County, City of Santa Fe, some of the pueblos, City of Española. Those are smaller ones; we get a few inmates at a time, but that's total. Those are the primary entities that pay for care of prisoners. But the majority of that is approximately 100 to 120 federal inmates at any given time.

Then our ambulance billing, as I said we'll be close to a million dollars on a recurring basis there, and then the last one is our interest earnings. We have seen a drop in our interest earnings from around $1.6 million to this year estimated something between $1 to $1.2 million. I do want to work with the Treasurer and do an analysis to see if we can determine – I know we've done some changes to the portfolio. There were, prior to his terms as Treasurer there were some long term securities that our policy changed and our policy was to get all of our portfolio to be around five years with another amount of our portfolio that could not go out more than ten years. We had investments that were out 20 and 30 years. We didn't think that that was appropriate. The County Commission and Treasurer changed the policy and so some of this is a result of bringing things into shorter term maturities.

On slide 8 you can see where department budgets are at this point. Now, we have not built everything into every department's request here but this is to show you where we came up with a total increase from prior year to this year in the department operating budgets of $365,000, so that is something that we built into the base that we need to fund with additional revenues. There are salaries and benefits included in these. However, they do not include salaries and benefits that may change through the year-end. Additionally, whenever there's a vacancy we always budget the vacancy at midpoint and so it takes going back in and adjusting and I have to give Sharon Vigil just a short out and an enormous amount of credit because she enters every one of these individually. She's not here because she's still doing it.

Departments and elected officials are allowed to give merits and pay adjustments through May 6th and we try to make that the cutoff. So we get hundreds of them, literally, at the end of the year and she is in there entering every one of those into the individual department salary analysis and making sure we account for any one of those changes in salary and that it's carried through into the next fiscal year. So a lot of that still has not been built in. So these numbers will change slightly, but I did want to let you know that that's where you can just get an overall idea from this slide where every department's budget is and how well they did in keeping it right on target from the previous year.

And Public Works is the one that shows a large increase and I just want to comment that a lot of that has to do with Utility and Utility is an enterprise fund but we had increases from BDD and also when we have more customers we have higher costs and we have higher revenues. But we had increased costs from BDD as well as an agreement with the City relative to what we will pay them for wholesale water, which is our backup water whenever BDD isn't operating, so that's an increase based upon a negotiated rate that took us close to two years to negotiate with the City. So we're now seeing what a full year of that increase would look like, but that's something that they had wanted for several years.

Then on slide 9, we have continued funding for ongoing initiatives. As I said from the last study session, we heard youth programming, seniors, educational, career opportunities, were things that some of the Commissioners mentioned as priorities. I just want to say we've put the youth program funding – every year we do what I call a notice of funding availability for summer initiatives like non-profits and school districts apply for funding to help augment their summer programs. That's what that $250,000 goes for. I can tell you that is up from what we used to do, about $60,000 and each year we've added a little more. The unfortunate part of that is so have the demands this year. We had $225,000 and we had about $650,000 to $700,000 in requests.

It is a never-ending request and demand so the more we put the more people ask for. We have about 35 to 40 contracts, so we actually have a capacity issue. To put much more money there would actually be difficult to manage those contracts. They are spread out all over the county for different youth programs, youth summer programs that are also tied to our Health Action Plan goals. So we actually do score the applications and there are some entities that don't receive funding. This isn't a guaranteed if you apply you will receive it. Your programs need to try to meet the goals in our Health Action Plan as well as be accountable, that we can make sure they're measurable and that they're serving county youth.

Then our Boys and Girls Clubs at the public housing sites. There was a request to increase some funding there. I think we spend about $120,000 per their current contract so we upped that to $150,000 which would be about $50,000 per site for services that they provide to the youth at the public housing facilities. Those programs are also open to kids who don't live in the public housing sites but live in the area and might want to partake in the Boys and Girls Club activities. We do that on an RFP basis, but that is our current contractor that provides those services, but we do RFP that out for those services. But we did increase that.

Then we have our summer intern program which is for high school students, typically going on to college or college students. This is for 15 interns. It comes out to about three per Commissioner. That – we had eliminated that program during the budget difficulties back in 2010 but we built it back in and we started with about five and then we went to ten and fifteen is about the capacity that we have facilities and staff that can work with interns. So that's kind of an ideal number for that program. There's always – well, could we have more? The problem is we don't have desks. We don't have offices, and we don't have staff to oversee them. So the only other thing that we have thought about is contracting, say, with the Youth Corps to do more on our trails. And so that might be something that we could target for funding.

Then the seniors program, I said one of the areas we really want to try to get off the ground and that is with the safety and case management pilot project that's in the seniors and in Community Services in coordination with the Fire Department. And then educational and career development opportunities, we have $55,000 in the budget for employment related certifications. And I do want to add, every department has their own budget for specific training. For specific training and travel for conferences, seminars, and their own certifications. But this is in HR. This is predominantly for EDGE classes that are more general, general governance and this amount we do believe is enough to cover any requests that we would have, and then same with the $35,000 for tuition reimbursement. Those numbers both exceed what we have needed in the past couple of years. And they're in addition to what every department has built into their base budgets for training that is specific to their job.

And then last year during the budget sessions and over the course of the fiscal year and calendar 2016 we allocated out of the cash balance in what used to be the indigent fund. So we used to have what we called an indigent fund. Now it is called the healthcare assistance fund, I believe. We had a cash balance that the state was continually saying they were going to take to use for Medicaid match from any county that had a cash balance. Well, we had already had a plan for those funds and so we reserved those funds on a three-year basis using a $3.3 million plan per Resolution 2016-140. If you have not seen it I can get you a copy of it. But what it is is trying to develop a health navigation plan.

And so Community Services has been diligently working on that for the past year.

We have two more years of that funding and that was developed in last year's budget session and then memorialized in Resolution 2016-140 so that you understand what we were doing with that cash balance and where it was going.

Then we also, as I said previously, we counted in operational funding for any of the new facilities or expanded facilities that we have.

On slide 10 we have some of the other increases. So you saw the base operating budgets for all of the departments and elected officials' offices and you saw the $365,000. So we're estimating roughly about $2.6 million that we could work with of what all call – at the state they call it new money. We call additional revenue over last year's operating budget. So that's what we're working off of here on this slide. $365,000 of that went to the base operating budgets. We have reserved $250,000 for estimated increase to our health insurance premiums that would come January 1, 2018. Also we have multi-line, workers comp and law enforcement and medical malpractice is in here as well, which we saw a significant increase. We saw almost $200,000 in our medical malpractice from last year to this year. It was $80,000, went up to $280,000. I don't think we'll have that kind of jump but what we did want to do is make sure that we built in room for increase so set aside $300,000 for increases in multi-line, workers comp, law enforcement and medical malpractice, and any of our other insurance policies. If you care to see how many of them we have I'd be happy to share them but those are the big ones. There's a lot of small ones.

And then utilities and fuel, across the board we built in $135,000 increase in budgets for that, and then as I said, under the water utility there's $250,000. It's not just master meter fees but it's all of the cost associated with receiving water from the City as a backup instead of BDD. We estimate that BDD is down ten to fifteen percent of the time. I believe we pay around $5-something. I don't know the exact change per thousand gallons is what it costs us to take water out of BDD, and with the City, when we use the City for backup it's $6.06 per thousand. So that's related to that.

We also reserved funding, and I don't have it broken out at the moment by union. Bernadette did contact all of the unions. This is something we were trying to do, to contact all the bargaining units, all six of them, and talk to them about what they think their request would be with their economic reopeners or a new contract. And so they have given us those. They're not – with bargaining units you don't do a okay, Commission says everybody gets cost of living across the board and that's what you all get.

What we try to do is say for non-union, here's what you're going to get and we try to tie that with the AFSCME blue collar, and then we try to give the equivalent amount of money to each of the other bargaining units to say how would you like that distributed amongst your members? What would you like it to go towards? It might go towards increased PERA. In the case of the sheriffs that the request they had because they're a lower contribution from the County than any of the other bargaining units. It might be to adjust the incoming salary for, say, dispatchers because the base rate last year was $12.50.They said we'd like to focus ours and bring it up to $14.50. So things like that.

So what we did is we put $750,000 aside for dealing with those and we will, before we come back to you on May 30th we will have that broken down by bargaining unit, because they are all a little different and we need to figure out what that would be for each one, trying to get as close to an average.

And then as we said at the last budget study session, we had new FTE requests of \$1.88 million. I'll back up a little bit. When it comes to recommendations for FTEs, fixed assets, renewal and replacement, vehicles and IT we have four committees that work to review all of those requests and try to prioritize them and make recommendations to Finance, ultimately to me and then to you. So those are taken into consideration. Obviously, the Board has final say in that but I just wanted to let you know they do go through a process where each department and elected official's office has to go to the committee, justify their request, say why they need it and it's weighed against the other requests in the County and particularly when we have a cutoff of dollars. If they're asking for \$8 million worth of fixed assets and IT and things like that and we only have \$6 million, then they try to prioritize that to say here's what we recommend that \$6 million go towards.

And they try to work with the departments in that to saying if there's something here you don't need what would it be versus what you really need. So they do ask the departments to prioritize.

FTEs go through a similar process with the – I think they call it HUG. The HUG review committee looks at all the FTE requests and we had \$1.8 million. They recommended \$893,000, but as I said on the previous slide we have about \$600,000 available if we look at \$2.6 million. So when you add up all these other things that have been built into the base we believe we have about \$600,000 available in the existing revenues to dedicate toward new FTE if once we take care of these other things on that slide.

So then that takes us to the FTE recommendations, which is what everybody always wonders how many new employees am I going to get and how many cars am I going to get? I think those are the most interesting things for the departments. And every now and then what kind of cool IT thing am I going to get?

So this is the request. This chart, what we tried to do is break this down in a couple of different ways. So first off, what you see on the left is what requests were put in, and as I said the last time I was probably getting things thrown at me from the departments and they said, no, sorry, you can't request that. So if I put it in I would get it. But that's not necessarily true because as I said, even if you put in a request it's still going to go through the committee, the HUG committee. They're going to really grill you as to whether it's something you really need and then there's going to be their recommendation, and then there's going to be the reality of how much money we have.

So putting in a request doesn't necessarily mean it will get funded. It's going to go through a lot of scrutiny and then the final say is where the Board feels those priorities are, based upon all of the requests, the reviews they've had, the recommendations of the committee, the recommendations of the Manager in coordination with HR and Finance when we figure out dollars we have, and then your final decision as to whether that's where you think the direction of the County should be.

So in this, as I said, we've had several public safety requests. They were the largest requests. We had, I think six FTE requested in Corrections, four in Fire and six in Sheriffs and four in RECC. So out of the 32 you can see the majority of them were public safety. But we also had requests for additional economic development staff. We have only had one economic development person since we've had an economic development