

Santa Fe County Board of County Commissioners FY 2014 Budget Preparation

Budget Study Session
April 2, 2013

FY 2014 Budget Calendar

FISCAL YEAR 2014 BUDGET PREPARATION CALENDAR

SUN	MON	TUES	WED	THUR	FRI	SAT
Feb 17	18	19	20	21	22	23
24	25	26	27	BUDGET KICK-OFF	Mar 1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	CAPITAL PROJECTS & MAJOR BUDG. REPAIR REQUEST TO PWD	22
24	25	26	27	28	BUDGET SUBMISSIONS DUE	29
31	Apr 1	Budget Study Session	3	4	5	6
EASTER	7	8	9	10	11	12
14	15	BUDGET HEARINGS	16	BUDGET HEARINGS	17	BUDGET HEARINGS
21	22	BUDGET HEARINGS	23	BUDGET HEARINGS	24	BUDGET HEARINGS
28	29	30	May 1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	PACKET MATERIAL DUE	16	17
19	20	21	22	23	24	25
26	27	BCC APPROVE INTERIM BUDGET	28	29	30	June 1
MEMORIAL DAY	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	BCC APPROVE FINAL BUDGET	25	26	27	28
30	July 1	2	3	4	5	6
				INDEPENDENCE DAY		

COLOR KEY: BCC Meetings BUDGET INFO WEEKEND BCC PACKET DUE

NOTE: BCC study sessions have not yet been scheduled but will be held in the months of May and June.

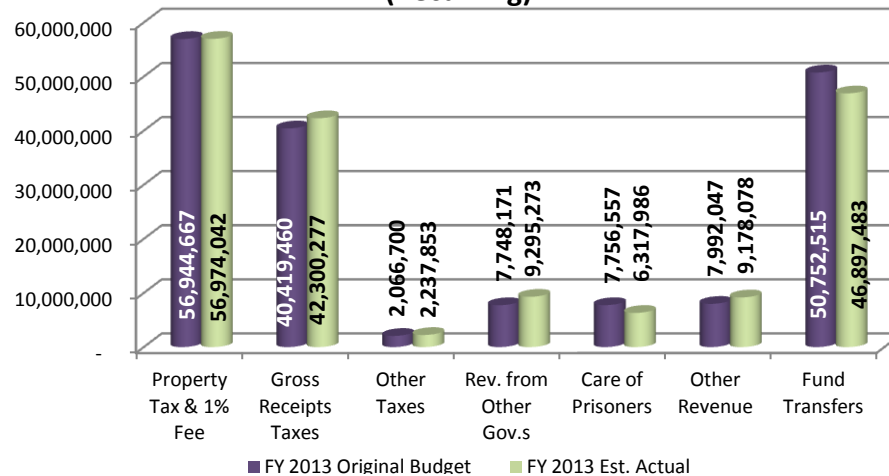
- Statutorily an interim budget must be submitted to the Department of Finance and Administration (DFA) by June 1st. Therefore we will be requesting approval of the ***FY 2014 Interim Budget*** on May 28th.
- In order to begin processing financial transactions beginning July 1st, the final budget is “rolled” into the financial system and is submitted to DFA per statute for their approval. We will be requesting approval of the ***FY 2014 Final Budget*** on June 25th.

Phase II – Performance Budgeting

- The Board of County Commissioners passed Resolution 2011-24 which requires County departments transition to a results accountable performance based budget. This transition was optional for Elected Offices.
- The County Manager, Finance staff and other members of management attended training(s) on this methodology of budgeting and management.
- The FY 2013 budget was developed based on a “results-accountable” (performance budgeting) methodology as the first phase of transition. All Departments, the County Manager’s Office and one Elected Office (the Sheriff’s Office) submitted budget requests based on functional outcomes.
- Tracking and quarterly reporting of performance has been used to maintain results accountability throughout FY 2013.
- The FY 2014 budget will mark the second phase of the transition to performance budgeting.
- The second phase of the transition entails the consolidation of functions between divisions within each department. This interdivisional collaboration will foster the development of efficiencies and streamlining processes to provide better services.
- Finance will meet with each Department and Elected Office to review functions and financial needs the weeks of April 15th and 22nd.

FY 2013 Revenue Estimate

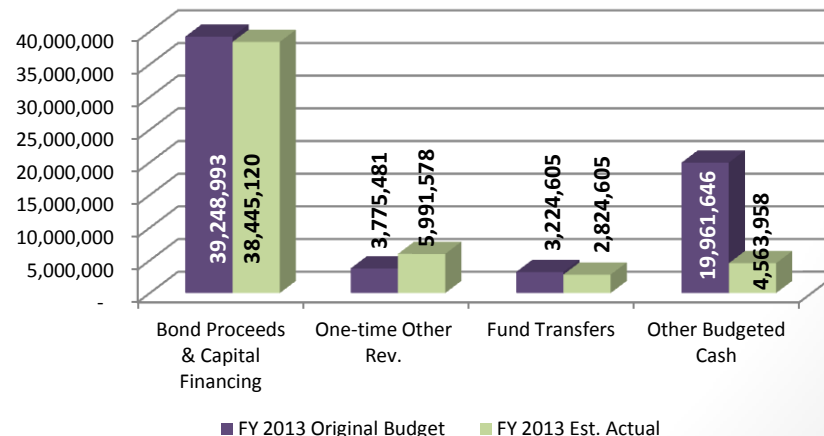
**FY 2013 Original Budget vs. Estimated Actual Revenue
(Recurring)**



FY 2013 Estimated Recurring Revenue totals \$173.2m, \$46.9m of which are transfers which are said to be “double counted.” Excluding transfers the total recurring revenue estimate is \$126.3m across all funds vs. the budget of \$122.9.

FY 2013 Estimated Non-Recurring Revenue totals \$51.8m, \$2.8m of which are transfers which are said to be “double counted.” Excluding transfers the total non-recurring revenue estimate is \$49.0m.

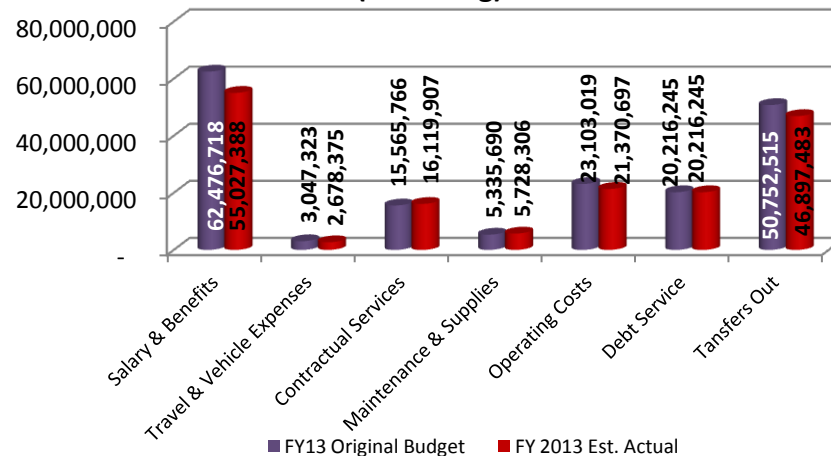
**FY 2013 Original Budget vs. Estimated Actual Revenue
(Non-Recurring)**



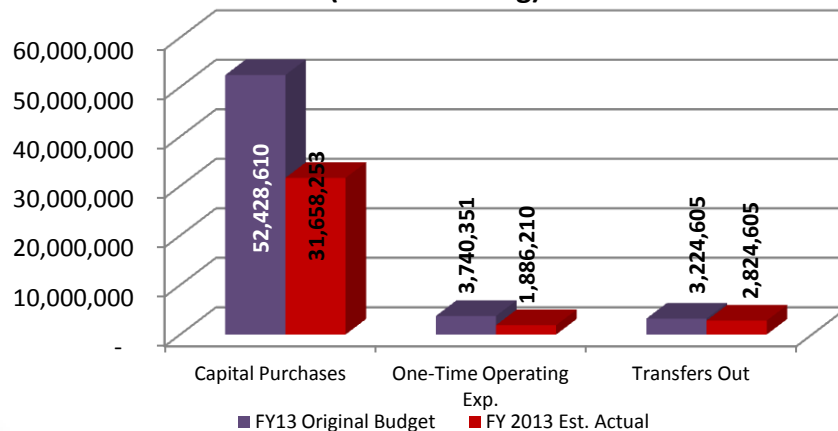
FY 2013 Expense Estimate

FY 2013 Estimated Recurring Expenses totals \$168.0m, \$46.9m of which are transfers which are said to be “double counted.” Excluding transfers the total recurring expense estimate is \$121.1m vs. a budget of \$129.7m across all funds.

FY 2013 Original Budget vs. Estimated Actual Expenses (Recurring)

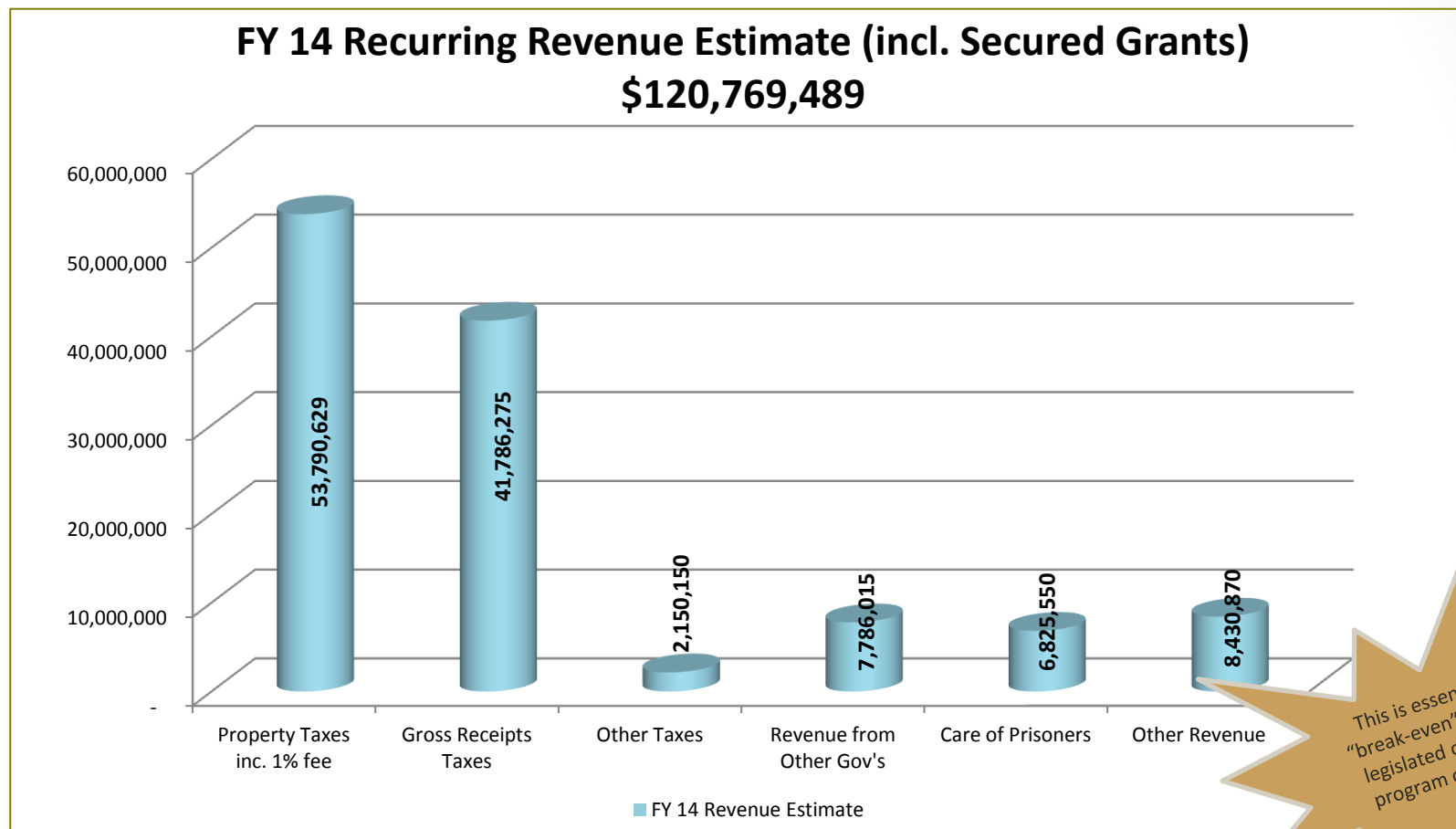


FY 2013 Original Budget vs. Estimated Actual Expenses (Non-Recurring)



FY 2013 Estimated Non-Recurring Expense totals \$36.7m, \$2.8m of which are transfers which are said to be “double counted.” Excluding transfers the total non-recurring expense estimate is \$33.5m.

FY 2014 Recurring Revenue Estimate (includes Secured Grants)



FY 2014 recurring revenue is forecasted to be approximately \$120.8 million.
FY 2014 recurring expenses **base** will be approximately \$120.7 million.

FY 2014 Budget Potential Requirements

Revenue

- Sequestration will reduce certain revenue sources. Estimated impacts are:
 - PILT – 5.1% reduction (est. \$35K)
 - Housing Programs - UNKNOWN
 - Region III - UNKNOWN
 - Other Federal Grants related to Public Safety

The FY 2013 revenue reflects gross receipts taxes countywide coming in approximately 4.7% higher than budget (approximately \$42.3m) which includes approximately \$3.4m for hold harmless.

The hold harmless phase-out is not an immediate issue but should be considered in future planning. We estimate that approximately \$237K will be lost in FY 2016 due to the phase-out of hold harmless. That amount will continue to increase until 100% of hold harmless has been phased-out in FY 2030.

Expense

- Increase to health insurance costs for employees (15%)– see next slide

Note: changes caused by “Obamacare” will be felt effective January 1, 2014, however, neither the State nor the County know how that impact will be felt.

- Unavoidable increases to the budget if legislation is signed by the Governor:
 - Increase to PERA contributions (SB27)–
 - FY 2014 1.125% (75% employer “pick-up” of 1.5% employee contribution increase), - \$502K
 - FY 2015 forward, an additional 0.4% employer contribution to PERA - \$178K
 - Increase to the salaries of Elected Officials (HB334)– \$44K (increase effective January 1, 2014)

Potential Requirements - Staff Impact

Insurance premiums will increase 15% beginning July 1, 2013 through December 31, 2013. With the new health care reform, staff anticipates that additional changes will occur in December for January implementation.

Current

Annual Earnings	< \$30,000	>\$30,001
Employee Pays	30%	37%
County Pays	70%	63%
Cost to County per pay period (inc. 15% increase)	\$ 175,605	

Addition to Base Per Pay Period \$22,905

New Annual Base Cost to County \$4,565,730

Base Health Insurance Cost

Option 2

Annual Earnings	up to \$50,000	>\$50,001
Employee Pays	20%	37%
County Pays	80%	63%
Cost to County per pay period	\$ 203,780	

Additional Cost to County Per Pay Period \$ 28,175

Additional Annual Cost to County \$ 732,550

Option 1

Annual Earnings	< \$30,000	\$30,001 - \$50,000	>\$50,000
Employee Pays	20%	30%	37%
County Pays	80%	70%	63%
Cost to County per pay period	\$ 190,325		

Additional Cost to County Per Pay Period \$ 14,720

Additional annual Cost to County \$ 382,720

Option 3

Annual Earnings	< \$30,000	> \$30,001
Employee Pays	20%	37%
County Pays	80%	63%
Cost to County per pay period	\$ 180,780	

Additional Cost to County Per Pay Period \$ 5,175

Additional Annual Cost to County \$ 134,550

Potential Requirements - Staff Impact

PERA Regular Wage @\$13.64/hr

Take Home Pay \$712.60

	With 1.5% PERA Increase/15% health insurance increase	With 1% COLA/1.5% PERA Increase/15% Health insurance increase
Take Home Pay	\$ 703.75	\$ 711.20
Increase/ (Decrease) to Take-Home Pay	\$ (8.85)	\$ (1.40)

PERA Fire Wage @ \$12.75/hr

Take Home Pay \$992.84

	With 1.5% PERA Increase/15% health insurance increase	With 1% COLA/1.5% PERA Increase/15% Health insurance increase
Take Home Pay	\$ 980.17	\$ 989.85
Increase/ (Decrease) to Take-Home Pay	\$ (12.67)	\$ (2.99)

PERA Regular Wage @ \$19.61/hr

Take Home Pay \$1,012.36

	With 1.5% PERA Increase/15% health insurance increase	With 1% COLA/1.5% PERA Increase/15% Health insurance increase
Take Home Pay	\$ 987.24	\$ 998.59
Increase/ (Decrease) to Take-Home Pay	\$ (25.12)	\$ (13.77)

PERA Enforcement Wage @ \$20.13/hr

Take Home Pay \$1,065.34

	With 1.5% PERA Increase/15% health insurance increase	With 1% COLA/1.5% PERA Increase/15% Health insurance increase
Take Home Pay	\$ 1,037.76	\$ 1,049.24
Increase/ (Decrease) to Take-Home Pay	\$ (27.58)	\$ (16.10)

BCC Priorities for FY 2014

Staff met with Commissioners one-on-one to discuss funding priorities.

- Maintain all existing County assets (open space, facilities, roads, vehicles, etc.)
 - Add road graders and/or water buffalo and operators
 - Additional staff for maintenance sections
 - Weed control on/around roads
- Invest in employees
 - Countywide COLA (recurring) and/or retention incentives (non-recurring)
 - Reduce health insurance contributions for staff earning under \$50K
 - Provide education benefits
 - Recruiting and retention of public safety personnel
 - Improve the physical work environment
- Provide adequate equipment for staff use
- Youth Programs
 - Develop a “job pipeline” internship program
 - Develop programs targeting teenagers
 - Expand to fund more programs
- Grow Library Programs
- Continue funding for the Regional Coalition of LANL Communities
- Increase operating contingency/reserve
- Update ordinances and resolutions as needed
- Grow the Utility into a self-sufficient Utility service
- Develop a long-term emergency operations preparedness plan
- Increase transparency through additional PSAs and radio exposure
- Expand motor pool to reduce staff travel by private auto

Total Compensation-Examples

Compensation Calendar Year 2012
Employee earning \$14.4231/hour

Base Pay	30,000
Annual Leave (10 year accrual)	2,423
Sick Leave	1,154
Personal Holiday	115
PERA	5,855
Retiree Healthcare	616
Administrative Leave (12 Hrs)	173
Additional Personal Holiday	231
Retention Incentives	800
Benefits	
Health Insurance (family)	9,768
Dental (family)	731
Vision (family)	126
Life Insurance (family)	55
State Fee (family)	11
Total Compensation	52,058
Parking (downtown)	780
TOTAL WITH PARKING	52,838

Compensation Calendar Year 2012
Employee earning \$26.4423/hour

Base Pay	55,000
Annual Leave (10 year accrual)	4,442
Sick Leave	2,115
Personal Holiday	212
PERA	10,608
Retiree Healthcare	1,116
Administrative Leave (12 Hrs)	317
Additional Personal Holiday	423
Retention Incentives	800
Benefits	
Health Insurance (family)	9,768
Dental (family)	731
Vision (family)	126
Life Insurance (family)	55
State Fee (family)	11
Total Compensation	85,724
Take Home Vehicle (20 miles r/t)	975
TOTAL WITH VEHICLE	86,699

Staff Investment Options

Straight COLA County-wide

- Provides an increase to all staff.
- Straight COLA to all staff further prevents compaction.
- Recognition of staff, in still difficult times, but demonstrates the BCC and Manager's commitment to staff investment.
- **Cost to the County (Incl. benefits) :**

	<u>January 1, 2014</u>	<u>Annual</u>
• 3% COLA	\$669,040	\$1,338,081
• 2% COLA	\$446,027	\$ 892,053
• 1% COLA	\$223,013	\$ 446,027

Tiered COLA's 1

- Provides increases to all staff, with a larger focus on entry level staff.
- May create some compaction at some levels.
- Recognition of staff, in still difficult times, but demonstrates the BCC and Manager's commitment to staff investment.
- **Cost to the County (Incl. benefits):**

		<u>Jan 1, 2014</u>	<u>Annual</u>
<\$30K	3%	\$105,469	\$ 210,938
\$25K < \$40K	2%	\$207,219	\$ 414,437
>\$50K	1%	\$267,384	\$ 534,769
Total Cost		\$580,072	\$1,160,144

Tiered COLA's 2

- Provides increases to all staff, with a larger focus on entry level staff.
- May still create some compaction at some levels.
- Recognition of staff, in still difficult times, but demonstrates the BCC and Manager's commitment to staff investment.
- **Cost to the County (Incl. benefits):**

		<u>Jan 1, 2014</u>	<u>Annual</u>
• <\$50K	3%	\$444,775	\$ 889,550
• >\$50K	2%	\$188,085	\$ 376,170
Total Cost		\$632,860	\$1,265,720

Longevity

Should be allocated to pay for performance programs and COLA's.

SFC Staff recommends a flat amount for budget planning purposes.

10-15 years	\$ 0.25 Per hour	\$ 520 Per year
16-20 years	\$ 0.30 Per hour	\$ 624 Per year
21-25 years	\$ 0.40 Per hour	\$ 832 Per year
> 25 years	\$ 0.50 Per hour	\$ 1,040 Per year

Total cost to begin is **\$107,744 with benefits** included.

Review-How Has A Bad Economy Impacted Governments?

Around the Nation (Then FY2010)

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

Around the Nation (Now FY 2013 – FY2014)

- California dealt with a \$20b gap between revenue and spending. This was addressed by spending cuts to Corrections, Health & Human Services, and Education. The work force was reduced by 30,000 positions.
- Nevada's FY 2013 operational budget is down 6.3% from the FY 2012 budget. Budget reductions were implemented in 2007 through 2012 via position reductions, streamlining operations, recovering costs which included revenue enhancements, and reducing services.
- Hawaii dealt with a \$1.3b shortfall in 2011-2013. Hawaii's budget could only address the most immediate needs. A 5% contingency reserve restriction on discretionary appropriations in FY 2013 was imposed (discretionary appropriations total \$278.5m, e.g. worker's comp, etc.).

Review-How Has A Bad Economy Impacted Governments?

In New Mexico (Then FY2010)

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

In New Mexico (Now FY 2013 and FY 2014)

- State employees have not received any COLA's since 2008.
- Temporary increased employee contribution to PERA expired.
- After five consecutive years with no COLA increases for State employees, pending the Governor's signature is a proposed 1% COLA (for most employees).
- City of Santa Fe will maintain a flat budget in FY 2014 with no COLA Increases for employees. (Still determining the PERA legislative impact).
- In FY 2013, the City of Rio Rancho was able to maintain a balanced budget with no lay offs and expects to meet the State mandated reserve requirement by the end of the fiscal year as well.

Review-How Has A Bad Economy Impacted Governments?

Santa Fe County (Then FY2010)

- No furloughs or County closures
- Froze vacant positions/implemented hiring freeze
- Reduced by 3% the pay of all employees earning >\$80K
- Reduced travel allowing for only travel required to maintain licenses
- Reduced cell phones and take home vehicles

Santa Fe County (Now FY 2013 and FY 2014)

- COLA granted on January 1, 2013
- 21 positions have been unfrozen to ease the burden on existing staff
- Provided additional personal holiday(s) to non-probationary employees
- Provided non-recurring retention incentive payments to non-probationary staff

Bargaining Units' General Concerns

AFSCME:

Insurance Benefits

	SFC Contribution	Employee Contribution
< \$50K	80%	20%
\$50K - \$ 60K	70%	30%
> \$60,001	63%	37%

Compensation

FY FY 2014 - asked for a maximum of \$2.0 M for COLA's countywide.
Request equates to an increase of \$1.16 per hour per employee.
Based on average hourly rate of \$20/hr, this equates to a 6% salary increase. This does not include the impact of benefits.
For FY 2014, this request equates to a \$480K increase for their bargaining union.

Uniforms

Requested an increase in uniform stipends. Affected employees are currently at \$220. They did not request a specific amount; but, based on past negotiations, staff estimated a total of \$70K.

Leave Accruals and Carryover

Requested an increase in rates and carryover allowances. They did not request an amount; but, based on past negotiations, staff estimated a total of \$100K.

Incentives

Requested that true incentives be identified and created for employee performance. No amount was provided; but, based on past negotiations, staff estimated a total of \$200K.

TOTAL COST TO IMPLEMENT:

\$ 900,000.00

Bargaining Units' General Concerns

CWA - Sheriff Deputies

Compensation

Requested that their previous pay scale with years of service increases be re-implemented.

Increase to the starting wages

Union and Management have agreed to temporary salary increases as retention incentive to retain employees (2+ years) until full negotiations are completed:

15+ Years of Service	\$ 1,200.00
10-14 Years of Service	\$ 1,100.00
5-9 Years of Service	\$ 1,000.00
2-4 Years of Services	\$ 800.00
1 Year of Service	\$ 600.00

New Cadet Pay starting at \$17.50/hour

TOTAL COST TO IMPLEMENT: \$ 296,488.00

CWA - RECC

Compensation

Requested that their previous pay scale with years of service increases be re-implemented.

UPON FINAL NEGOTIATION, POTENTIAL COST \$ 28,060.00
TO IMPLEMENT:

CWA - CORRECTIONS

Compensation

Requested that their previous pay scale with years of service increases be re-implemented + increases for non-security staff.
This will address current problems with pay inequities and compaction, and assists with starting pay recruitment information.

UPON FINAL NEGOTIATION, POTENTIAL COST
TO IMPLEMENT: \$ 489,843.43

Summary

- ❖ For FY 2014 Santa Fe County is estimating that recurring revenue compared to base recurring expenses will be approximately “break-even.”
- ❖ Additions to the base that we are counting on include:
 - ❖ Increase to health insurance premiums - \$596K
 - ❖ Increase to PERA contribution - \$470K
 - ❖ Increase to Elected Officials pay - \$44K
- ❖ Budget requests were turned in to Finance on March 29th, and have not yet been fully analyzed, however staff requests were tallied and include:
 - ❖ Unfreeze 11 FTEs
 - ❖ Authorize 21.5 new FTEs
 - ❖ Authorize 3 PRNs and 4 temps
 - ❖ Miscellaneous wage changes
- ❖ Bargaining units’ contracts have not been negotiated.