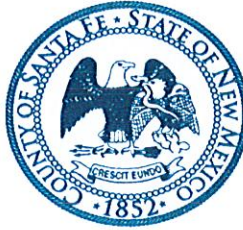


Harry B. Montoya
Commissioner, District 1
Virginia Vigil
Commissioner, District 2
Michael D. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4
Liz Stefanics
Commissioner, District 5
Roman Abeyta
County Manager

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

It is my pleasure to present to you the Santa Fe County Fiscal Year 2010 (July 1, 2009 through June 30, 2010) Annual Budget totaling \$224.3 million, or \$193.5 million if double-counted expenses (fund transfers) are eliminated. The preparation of an annual budget is an opportunity for County management and staff to strategize, plan and subsequently implement the priorities of the Santa Fe County Board of Commissioners and County Elected Officials. Development of the annual budget is a process of reviewing and revising wherever necessary, the Santa Fe County Commission's short and long-term goals of identifying and evaluating current and future resources and of balancing the allocation of these resources to address priorities on a financial level. The budget strategy this fiscal year will be geared towards a balanced budget, which will entail additional cuts and the focal point will be fiscal responsibility and tactics to avoid program cuts and staff reductions either by furlough or lay-offs. There will be no programmatic or staff growth planned in the initial budget. As much of the nation has been dealing with the impacts of the downturned economy and recession, Santa Fe County, too, has had to make budgetary cuts and has implemented other initiatives directed at cost-saving. Local governments also have to anticipate the potential loss of state aid that may be forthcoming as they must also deal with the recession.



Roman Abeyta, County Manager

Much time and effort was spent in developing the County's Budget. In the early part of Fiscal Year 2007, I was appointed as County Manager by the Board of Commissioners. Fiscal Year 2008 was the first full fiscal year of county operations under my management with a new county organizational structure. Fiscal Year 2009 involved budget cuts county-wide as the impacts of the recession began to affect the County. The County implemented the SAVE Initiative, which encompassed a larger combined employee and management group to address the recession. The SAVE Initiative consisted of sub-committees tasked with cost saving measures, revenue generating tactics, employee information and the implementation of all cuts. The County was able to reduce the number of cell phones and take-home vehicles assigned to staff, cut travel, supplies and contractual services budgets as well as implement a soft hiring freeze. To produce the Fiscal Year 2010 Budget, all organizations were active in presenting their operational and capital needs and were asked to define accomplishments, goals and objectives, and performance measures for Fiscal Year 2010. Additionally, the Fiscal Year 2010 budget required that all staff make additional cuts to generate a balanced budget based on lesser revenues. The SAVE initiative also developed a phased approach in dealing with the recession; the County implemented Phase I (items noted above) during Fiscal Year 2009 and will proceed to Phase II during Fiscal Year 2010. Phase II will eliminate all remaining cell phones and take-home vehicles, any remaining travel budgets, additional cuts to the student intern and tuition assistance programs as well as hard freezes of vacant positions with the exception of public safety services. The county and the state tends to lag 6-12 months behind what is happening at the national level. The County will still be dealing with

FISCAL YEAR 2010 BUDGET MESSAGE

the recession in Fiscal Year 2010 as, hopefully, the national level will begin to show signs of recovery. County management entered the Fiscal Year 2010 budget process knowing that additional cuts would be necessary, and that no new programs or staffing could occur in order to ensure a balanced budget, and also to prevent the need for furloughs and lay-offs.

Major County priorities involving large construction projects are the expansion of water resources for the County and the City of Santa Fe through the \$216 million Buckman Direct Diversion Project funded jointly by the City and County; and provision of a \$60 million District courthouse in the downtown area of Santa Fe to replace an outmoded facility. These projects are or will be at least in part, funded through General Obligation Bonds. A \$13 million refunding of General Obligation Bond Series, not in this budget is planned for December 2009. Additionally, there is also up to \$40 million new Gross Receipt Tax Bonds for the completion of the Buckman Direct Diversion Project planned in the next fiscal year.

Development of the Fiscal Year 2010 Budget was a challenge due to the many high priority issues facing Santa Fe County and the limited financial resources available. While many non-recurring funding requests are addressed in this Budget due to conservative revenue budgets that have resulted in a strong cash position in the General Fund, there is very little programmatic expansion of recurring services in the budget. The exception is the Santa Fe County Fire Department which through a first-time full fiscal year utilization of a dedicated gross receipts tax, responded to population growth by increasing the size of its field staff (Project 48) by one-third in Fiscal Year 2009. If possible, the County Fire Department will complete the "Project 48" growth of staff in Fiscal Year 2010.

Fiscal Year 2009 Events and Accomplishments

Fiscal Year 2009 was a busy year in regard to managing the budget and responding to needs and corresponding budget cuts brought on during the fiscal year. During the past fiscal year, the County accomplished the following milestones and achievements as reflected by the following announcements:

July 8, 2008

COUNTY HOSTS WORKSHOPS DISCUSSING OIL & GAS REGULATION AND GROWTH MANAGEMENT
Santa Fe County invites the community to a "Public Workshop: Community Priorities for Land Use, Oil & Gas, and Future Growth" on July 14-15 at the Hilton Santa Fe, Ortiz Room. The workshops will focus on the Galisteo Growth Management Area Plan, oil and gas regulations, and updates on the County's general plan and land development regulations.

July 18, 2008

COUNTY TO PARTNER WITH EL DORADO WATER DISTRICT IN FUTURE PROJECTS
Santa Fe County Commissioners Jack Sullivan announces the appropriation of \$500,000 of County bond funds to improve facilities at the El Dorado Water and Sanitation District. The County will be partnering with El Dorado on possible water rights acquisitions or long range surface water supply project planning and engineering. The monies will also be used on critical pump and well repairs. The specific scope of the project will be handled jointly by County and District water staff.

October 17, 2008

COUNTY RANKED IN TOP 10 IN ENERGY CONSERVATION CHALLENGE
Santa Fe County is currently ranked 7th and 8th respectively in the "Drive Smarter" and "Power It Down" national energy-conservation challenges out of 3,066 counties. The event ends November 30th and Commissioner Virginia Vigil is challenging residents and staff to make Santa Fe County the top energy-saving county in America.

FISCAL YEAR 2010 BUDGET MESSAGE

November 6, 2008

WIND TURBINE TO PROVIDE ELECTRICITY FOR NEW COUNTY BUILDING

Santa Fe County has erected a 10 kw wind turbine to generate electricity for its new Public Works facility. The turbine has been erected and is in operation. When the facility opens, the turbine will generate electricity for the facility.

EDGEWOOD SENIOR CENTER OPENS

Santa Fe County celebrates the Grand Re-Opening of the Edgewood Senior Center tomorrow, November 7th at 10:30 am at 114 Quail Trail in Edgewood. The \$290,480 (\$50,000 from Santa Fe County) renovation project included renovation and addition of approximately 1,740 sq ft, additional dining area and office, additional portal, new handicap ramp and interior work on existing fire truck bay.

November 17, 2008

COUNTY BREAKS GROUND ON NEW COURTHOUSE

Santa Fe County will be breaking ground on the new Steve Herrera District Courthouse tomorrow, November 18, at 11:30 AM at the new courthouse site on the corner of Montezuma St. and Sandoval St.

March 12, 2009

COUNTY BEGINS SOIL AND WATER CLEANUP AT NEW JUDICIAL COMPLEX

Santa Fe County, after consulting with the New Mexico Environment Department and the Occupations Safety and Health Administration (OSHA), will begin soil and water cleanup at the site of the new Judge Steve Herrera Judicial Complex tomorrow. The cleanup is expected to take six days to complete. The new Judicial Complex is situated near the site of three former gasoline service stations, which were located on the corners of Cerrillos/Galisteo and Montezuma. Petroleum from underground storage tanks leaked over the years and has affected soil and ground water. The leaked petroleum has moved from the sites of the former gasoline stations and migrated onto the County's property where the new Judicial Complex is under construction and has impacted soil and ground water on the site.

March 30, 2009

FEDERAL ECONOMIC STIMULUS FUNDS ARRIVE; COUNTY RECEIVES \$264,000 TO ACCELERATE ENERGY EFFICIENCY AND CONSERVATION EFFORTS

Santa Fe County is receiving a \$264,000 Energy Efficiency and Conservation Block Grant from the Federal American Recovery and Reinvestment Act. The funds will be used to develop the County's energy efficiency and conservation strategies.

April 27, 2009

COUNTY UPGRADES CODE ENFORCEMENT

The Santa Fe County Building and Development Services Division, Growth Management Department recently implemented a new program to improve customer service to County residents in unincorporated areas who are building or making additions to their property and assist Code Enforcement Officers in monitoring illegal construction activities. The program is an inspection process for new construction within the unincorporated areas of Santa Fe County. This improved process includes the requirement that certain construction activities undergo a pre-final and/or a final inspection.

June 18, 2009

COUNTY ANTI-GRAFFITI PROGRAM REACHES 2ND ANNIVERSARY

As the summer season kicks off, Santa Fe County wants to remind residents about the resources they have available to them to fight graffiti. "We're here to help, all a resident has to do is contact us" said Santa Fe County Commissioner Virginia Vigil. "Graffiti is a community problem; prevention and clean up require a community effort." Graffiti removal, free paint, and a financial reward for identifying those who vandalize property with graffiti are available to residents by calling the County's Anti-Graffiti Hotline at 995.2721.

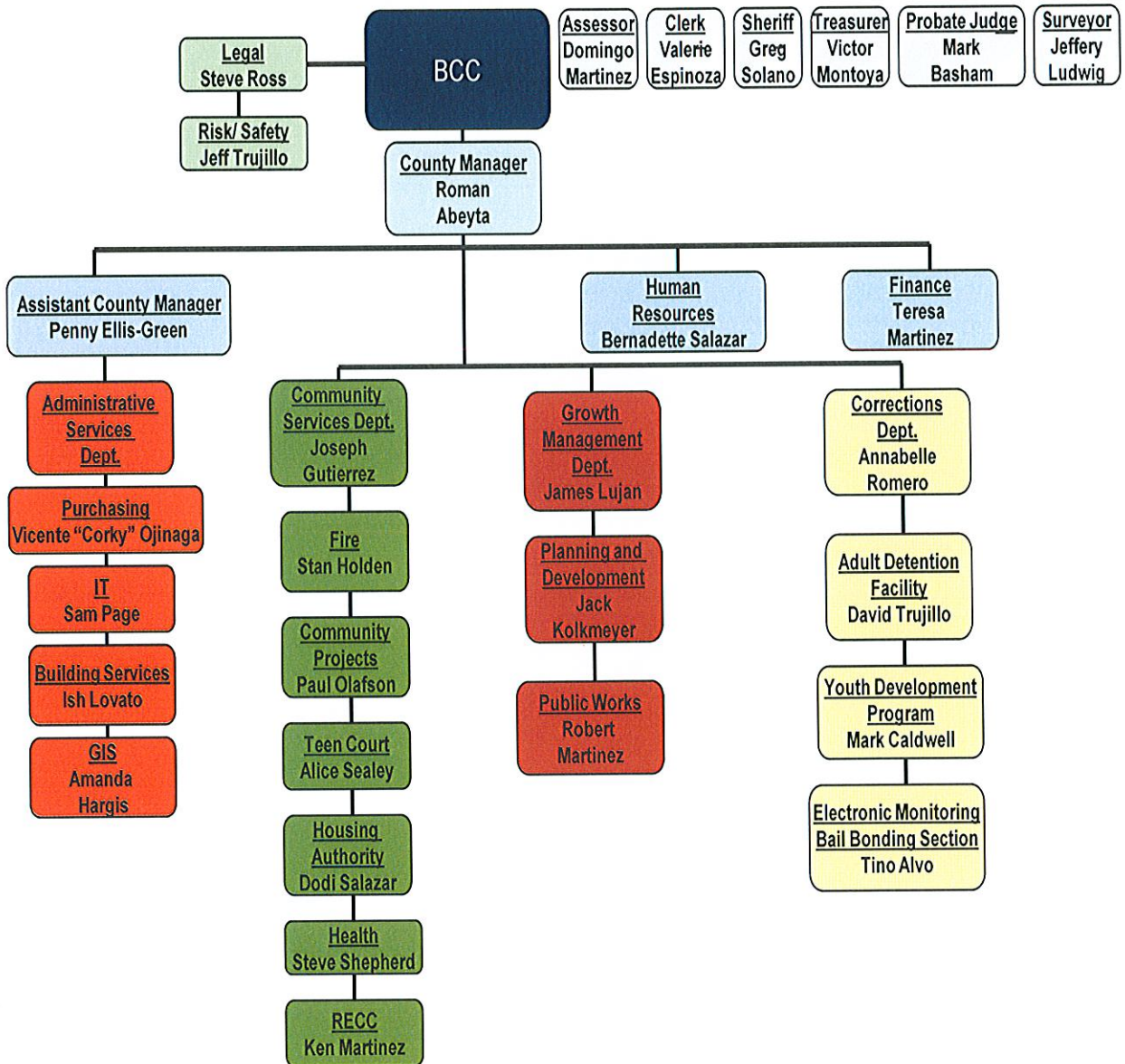
FISCAL YEAR 2010 BUDGET MESSAGE

June 04, 2009

COUNTY PROPERTY OWNERS HAVE UNTIL JAN. 1, 2010 TO REPORT PROPERTY

The Santa Fe County Assessor's Office reminds Santa Fe County property owners that they have until January 1, 2010 to report and render their property to the Office of the Santa Fe County Assessor and comply with the Property Tax Code.

Santa Fe County Organizational Structure, Fiscal Year 2010



General Fiscal Year 2010 County Priorities

The County Government works in unison with County residents and other governing bodies by creating and maintaining committees and authorities that include citizen members and policy makers to identify and respond in various ways to community needs and desires. Additionally, the County underwent a transparency audit by the League of Women Voters and is currently implementing many of the suggested recommendations. These committees and authorities assist in developing budget priorities by making presentations and recommendations throughout the year to the Board of County Commissioners. Such issues and recommendations are reflected in the Fiscal Year 2010 Budget document.

PRINCIPAL ISSUES **WATER RESOURCES**

Santa Fe County is a high altitude semi-arid region that depends on its water from winter mountain snow packs, and from summer "monsoon" rain that accounts for 40% of its annual precipitation. Areas of the Santa Fe County located away from the Sangre de Cristo Mountains (a southern extension of the Rocky Mountains) are usually quite dry, and droughts lasting several months can affect much of the County. For this reason, water availability is always a high-level concern of the citizens and government at all levels. The Buckman Direct Diversion Project is aimed at providing a long-term supply of water by pumping water that has been diverted from the mountains of southwest Colorado to the Rio Grande River, which through water rights, the County and City of Santa Fe may thereby obtain additional water. Otherwise, the County in order to support anticipated future population growth aggressively purchases available water rights as they come on to the marketplace. Additional budget resources of \$4.0 million are earmarked for these purposes in the Fiscal Year 2010 budget. The County also strives to meet its own water and wastewater projects with the limited resources available at this time. Most revenue resources are dedicated to the Buckman Direct Diversion project. Additionally, the County is approached for funding from many mutual domestic water associations located throughout our rural county. Also, the Aamodt legislation began moving through Congress during Fiscal Year 2009. The Aamodt Settlement in regard to water rights in the Nambe-Pojoaque-Tesuque basin will have a financial impact to Santa Fe County as well as an increase in the County water utility customer base. The County will have to double the current utilities staff to accommodate an increased number of customers.

ECONOMIC DEVELOPMENT

Other than state and local governments and commercial activity associated with the local infrastructure, the main source of economic activity in Santa Fe County is tourism, mainly in and around the City of Santa Fe. The development of other avenues of economic activity to provide employment for County citizens and to sustain population growth has been a long-term priority, made problematical by the close proximity of the Albuquerque metropolitan area that is the industrial center of the state.

Since 2002 the state legislature has provided one of the most generous tax rebate programs for the film industry in the country. Santa Fe County envisioned this as an opportunity to encourage the film industry to locate in the County and signed an agreement for a film studio to be constructed in a new business park owned by the County. To this effort, the County has agreed to an installment payment plan for the land transfer to the buyer, which will be based on 100,000 hour increments of higher than minimum wage jobs provided. The County has also agreed to loan \$6.0 million to the studios to assist in the construction. The loan shall be used for construction of a film studio to be built on 65 acres just north of the County Public Safety complex, and long-term financing of capital improvements and equipment for the studios and work force. The source of funds for the loan is anticipated to be a taxable bond issued by the County, and the source of repayments will be made by the buyer/qualifying entity under the loan agreement.

PROVIDING, UPGRADING AND REPLACING COUNTY SERVICE INFRASTRUCTURE

As Santa Fe County services grow to serve the increasing population, a significant priority is to establish county facilities and to replace/upgrade existing but outmoded county facilities. To this purpose, the County has successfully operated three satellite county offices in Pojoaque, Eldorado, and Edgewood. Santa Fe County is also constructing new community centers, fire stations and existing facilities are being renovated. Large projects include the construction of a District Courthouse near downtown Santa Fe to replace an old structure not originally built as a courthouse. The project has a \$55 million budget and broke ground in December. Gasoline contamination problems have stalled the project. The County is currently working with the State of New Mexico Environment Department to define and clean the pollution plume. The County estimates that it will cost an additional \$3.2 million to clean the construction site and the Environment Department will commit \$2.9 million from the Corrective Action Fund to clean the surrounding area outside of the construction area. The County anticipates a project completion date of April 2012.

MANAGING POPULATION, ENVIRONMENT, AND COMMERCIAL GROWTH IN THE COUNTY

Santa Fe County experienced challenges from increasing growth pressures and unanticipated oil, gas and mineral extraction development proposals during fiscal year 2009. The County made the decision that a comprehensive, coordinated approach was appropriate, and adopted a growth management plan for the Galisteo Basin area, and continues to update both the long-range General Plan and Land Development Regulations.

MAINTAINING THE PUBLIC SAFETY INFRASTRUCTURE

Programmatically, Public Safety consists of law enforcement (the Sheriff's Office), the County Fire Department, Emergency Communications, and Corrections. Maintenance of the Public Safety staffs may always be a challenge, in that nearby state and local government public safety services compete with Santa Fe County for staff resources. Santa Fe County strives to offer salaries and benefits equivalent to other public safety entities in order to maintain effective staff levels. Salary increases were necessary during Fiscal Year 2009 to maintain parity with competing cities, counties and the state specifically for the County Fire Department. These increases had a substantial effect on resources, limiting growth of other recurring County services in the Fiscal Year 2010 budget. As the County continues to grow in population and density, demands for services also continue to grow. The County currently has 63 full-time firefighters and relies heavily on its 300 volunteer firefighters to cover the County's 2,000 square miles. With the enactment of the Emergency Medical Services and Communications Center tax, the County developed Project 48. Project 48 will grow the Fire Department by 48 new firefighters. At the end of FY 2009, the Fire Department lacked a total of 5 firefighters to successfully complete Project 48.



FISCAL YEAR 2010 BUDGET MESSAGE

BUDGETARY PRIORITIES

EC & EMS ¼ Cent Gross Receipts Tax - Fire and RECC

The County Board of Commissioners enacted a County-wide Emergency Communications and Emergency Medical Services quarter-cent Gross Receipts Tax whereupon collections started in September, 2007, to assume financial responsibility for the operation of the Regional Emergency Communications Center (RECC) and to expand fire protection and emergency medical services in the County. This tax alone is not sufficient to support both the RECC and the Fire Department.

Fire ¼ cent Excise Tax Sunset

Ten years ago, voters in the unincorporated County approved the enactment of a ¼ cent gross receipts tax (GRT) for the Santa Fe County Fire Department capital needs. This was the only GRT that had a five-year sunset provision. Five years ago, voters continued this tax, but in view of the new EC & EMS gross receipts tax, this tax was not placed on the ballot for continuance beyond December 31, 2008. The utilization of part of the EC&EMS gross receipts tax to sustain the Regional Emergency Communications Center (RECC), plus the expansion of the County Fire Department in Fiscal Year 2009, gives rise to a concern that the additional burden of capital purchases on the budget because of the demise of the ¼ cent GRT in Fiscal Year 2010 may not be easily satisfied by new revenue, and that this tax might have to be re-instated. This ¼ cent tax expired in December 2008 and the loss of this tax has presented funding challenges in the acquisition of capital equipment for the Fire Department. The County will present this to the voters in the next fiscal year for re-enactment of the tax.

Transit District 1/8 cent Gross Receipts Tax for North Central Regional Transit District

A 1/8 cent gross receipts tax was enacted and tax receipts began July 1, 2009. Funds received from this tax are remitted in their entirety to the Transit District. Of the amount remitted, 50% is dedicated to support the Rail Runner.

Gross Receipts Tax History

In the past five years, Santa Fe County has increasingly relied on gross receipts taxes as revenue sources to fund new and expanded services. History of the gross receipts tax structure is as follows: Budgeted gross receipts tax revenues for operations and debt service equal \$41,256,000.

TYPE OF TAX	LEVY DATE	DEDICATION	RATE	FY10 BUDGET
General	Jan 1984	General Fund	0.125%	\$4,500,000
Indigent	Jul 1988	Indigent Health Care	0.125%	\$4,500,000
EMS Health	Jul 1988	Emergency % Health Services	0.125%	\$4,500,000
Environmental	Jul 1991	Environmental – Solid Waste	0.125%	\$ 828,000
Fire Excise	Jan 1999	Fire Districts	0.250%	\$ 0
Infrastructure	Jul 1999	General – Solid Waste	0.125%	\$ 828,000
Capital Outlay	Jan 2003	Capital Projects (Water, OS)	0.250%	\$9,000,000
Correction Facilities	Jan 2005	Jail Enterprise Fund	0.125%	\$4,500,000
General	Jan 2006	(Judicial Center - informal)	0.0625%	\$2,250,000
Communications/Fire	Jul 2007	RECC, Fire Department	0.250%	\$8,100,000
Health	Jan 2008	County share of Medicaid	0.0625%	\$2,250,000
Total				\$41,256,000

Yellow – levied County-wide Blue – levied in unincorporated portions of the County

FISCAL YEAR 2010 BUDGET MESSAGE

General Fund Cash and Capital Budgets

Fiscal Year 2009 did not result in a positive variance (increase) to the General Fund cash; this was partly due to one-time (non-recurring) expenditures made for water rights acquisitions and the purchase of furniture and fixtures for the new Public Works Facility. The General Fund will be reimbursed for the water rights acquisitions in Fiscal Year 2010 due to a reimbursement resolution for planned gross receipt tax revenue bonds. The combination of conservative property tax budgets and expenditures below budget in previous fiscal years has resulted in significant increases in General Fund cash which currently exceeds \$20 million after legal reserve requirements.

The major changes in capital budgets in Fiscal Year 2010 from the initial Fiscal Year 2009 budget are as follows:

FUND	CHANGE	(\$million)
Housing Capital Pro.	Award of ARRA funds totaling \$402k	\$.4
State Appropriations	FY 2009 Expenditures	\$ (1.6)
General	Set-Aside for Water Rights and completion of Growth Mgmt Plan	\$ 4.5
Road Projects	FY 2009 Expenditures	\$ (1.2)
General	Judicial Center carryover	\$ 2.6
Capital Outlay	Open Space, RPA, Water & Road Project carryovers	\$ 3.8
Fire Tax ¼ Cent	Fire facilities renovations and new construction	\$ 3.6
GOB Series 2007B	Public Works building FY 2009 Expenditures	\$ (1.0)
Road	Heavy Equipment	\$ 0.5
GOB Series 2007	Judicial Center FY 2009 Expenditures	\$ (15.5)
GOB Series 2007B	Completion of Public Works Facility	\$ (1.0)
GOB Series 2008	Project carryover	\$ 1.0
GOB Series 2009	Roads, Solid Waste, Utility, Fire & Open Space	\$ 14.7
Total		\$ 10.8

Commodity Increases in the Budget

Inflation in commodity prices has resulted in both increases and decreases in the Fiscal Year 2010 budget for these commodities; medical supplies, motor fuel, food and utilities being the primary examples.

ACCOUNT	FY 2010 BUDGET	FY 2009 BUDGET	CHANGE (\$)	CHANGE (%)
Gas and Oil	\$ 1,481,002	\$ 1,739,720	\$ (258,718)	(14.8)%
Food Services	\$ 934,000	\$ 1,210,000	\$ (276,000)	(22.8)%
Drugs / Medical	\$ 1,057,600	\$ 427,663	\$ 629,937	147.23%
Utilities*	\$ 2,577,880	\$ 1,853,736	\$ 724,144	39.0%

* utilities = electricity, water, natural gas, sewer and garbage

The decrease witnessed for Gas and Oil corresponds directly to the cuts made to the travel budget during Fiscal Year 2009 as well as additional cuts in Fiscal Year 2010. The Food Services decrease is driven by a lesser population at the Adult and Juvenile facilities as well as the closing of the ARC program. Drugs/medical witnessed a large increase due to improved medical services and more staff at the Adult facility ensuring compliance with the Department of Justice audit findings and required corrective action. The increase to Utilities is directly related to additional facilities operated by the County, which includes the Public Works Facility.

FISCAL YEAR 2010 BUDGET MESSAGE

Additional Personnel in Fiscal Year 2010

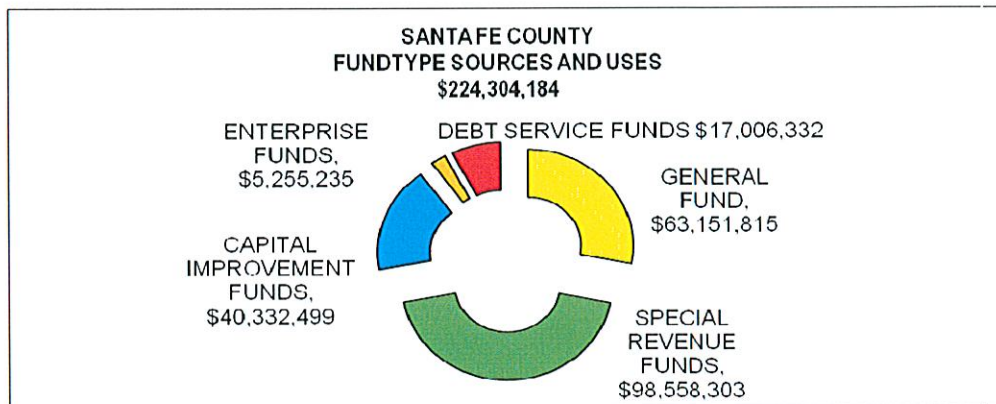
Positions added to the budget in Fiscal Year 2010 are as follows:

Fire Department	Firefighter/EMT-B Cadets (3)
Community Services	Cook
	Part-time Driver/Cook's Assistant
Administrative Services	Energy Specialist
Assessor	Field Auditors (4)
	Appraiser
Community Services	Maintenance Tech

Budget Highlights

The Santa Fe County Fiscal Year 2010 Budget totals \$224,304,184, or \$193,475,915 without transfers between funds, compared to the Fiscal Year 2009 budget of \$215,284,252, or \$197,301,094 without transfers between funds. The overall budget consolidated from all funds, expressed in terms of sources (taxes, fees and charges, grants, investment and other income, and fund transfers) and uses (personnel, materials and services, contractual services, capital, and debt service) is as follows:

	TOTAL		TOTAL
FISCAL YEAR 2010 REVENUES	ALL FUNDS	FISCAL YEAR 2010 EXPENDITURES	ALL FUNDS
PROPERTY TAXES	37,780,000	SALARY & WAGES	44,658,768
GROSS RECEIPTS TAXES	41,256,000	EMPLOYEE BENEFITS	17,338,367
GRANTS	20,193,951	TRAVEL	2,084,268
CHARGES FOR SERVICES	18,143,885	MAINTENANCE	3,809,849
FINES AND FORFEITURES	867,914	CONTRACTUAL SERVICES	10,883,540
ALL OTHER TAXES	14,821,251	SUPPLIES	2,707,885
LICENSES, PERMITS & FEES	496,250	OTHER OPERATING COSTS	26,236,072
MISC. REVENUE	2,840,826	CAPITAL PURCHASES	68,750,834
SUBSIDIES	57,075,838	DEBT SERVICE	17,006,332
FUND TRANSFERS	30,828,269	FUND TRANSFERS	30,828,269
TOTAL	224,304,184	TOTAL	224,304,184



FISCAL YEAR 2010 BUDGET MESSAGE

CONDITION OF FUND TYPES

The General Fund operating budget for Fiscal Year 2010 expenditures totals \$63.2 million, down \$7.25 million from \$70.4 million budgeted in Fiscal Year 2009. One major difference in the General Fund is the reclassification of the Sheriff's Office to a Special Revenue fund (\$10.4) in order to separately track it's budget and the grants that the Office receives. Other major differences in General Fund revenue and expenditures are as follows:

Revenue

1. Property Taxes, \$1.9 million
2. Gross Receipts Taxes, \$(0.8) million
3. Budgeted Cash, \$(8.5) million

Expenditures

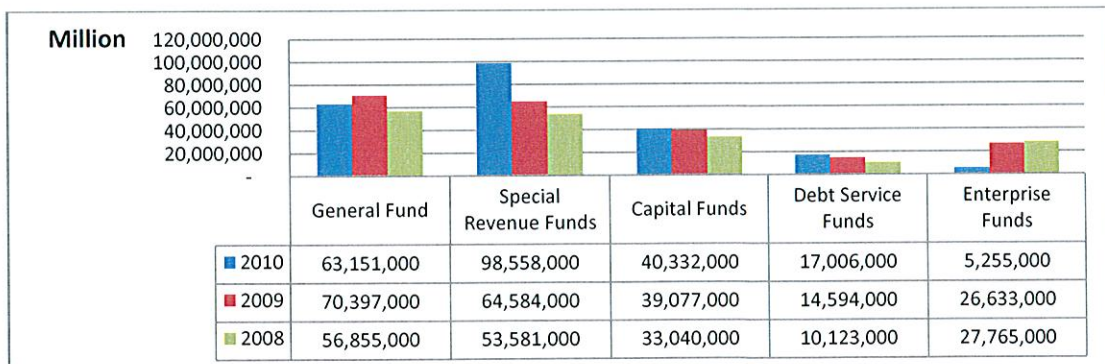
1. Set Aside - water rights purchase & the growth management plan from cash, \$4.5 million
2. Judicial Center Carryover, \$2.6 million
3. Capital package, \$(1.4) million
4. Transfer to Road Fund for Heavy Equipment, \$0.5 million
5. Set-Asides, \$0.3 million

The Special Revenue Funds budget for Fiscal Year 2010 totals \$98.6 million which is up \$34.0 million from prior fiscal year. This increase is mainly due to the reclassification of the Corrections Fund from that of an enterprise fund classification, \$22.5 million; reclassification of the Sheriff's Office from the General Fund to a Special Revenue Fund, \$10.4 million; expansion of the Fire Department and support for the RECC, \$1.2 million, and carryover in Open Space projects, \$0.8 million.

Capital Funds budgets for Fiscal Year 2010 totals \$40 million, up \$1 million from the \$39 million budgeted in Fiscal Year 2009. The increase is the result of budgeting carryover for both GOB Series 2001 and 2009 totaling \$15.7 million, which is counterbalanced by decreases in the GOB Series 2005 and 2007 budgets due to Fiscal Year 2009 expenditures for the Public Works facility and for the Buckman Direct Diversion Project.

Debt Service Funds are budgeted at \$17.0 million in Fiscal Year 2010, compared to \$14.6 million in the prior fiscal year, due primarily to the first debt payment of \$2.6 million on the GRT Series 2008 and \$0.4 million for GOB 2009, and is also offset by a decrease of \$0.3 million for the Paramount building loan (paid in 2009) and a decrease of \$0.3 million for the GOB Series 2003 obligation (matured).

Enterprise Fund budgets (water utilities, housing, and the county jail) total \$5.2 million in Fiscal Year 2010, down from \$26.6 million in Fiscal Year 2009. The majority of the decrease of \$24.6 million is attributable to the reclassification of the Corrections Fund to a Special Revenue Fund. The Housing Enterprise budget decreased by \$0.3 million; budgeted cash decreased by \$0.6 million; the Water Fund increased by \$2.5 million mainly due to utility infrastructure, and the Regional Planning Authority budget increased by \$0.1 million.



FISCAL YEAR 2010 BUDGET MESSAGE

BUDGET CHANGES BEFORE FUND TRANSFERS

The absolute difference (before fund transfers) between the Fiscal Year 2010 and the Fiscal Year 2009 budget of \$3,825,179 stems mainly from the inclusion of capital projects carryover in Fiscal Year 2010; increased bond proceeds for GOB Series 2008 and 2009, and the GRT 2008 Series. In addition, the Debt Service fund matured and/or paid-off two payments, totaling \$ 1.4 million, while also increasing the annual payment requirements with the GOB Series 2008 and 2009 payments of \$3.8 million. The General Fund also witnessed a decrease in the amount of budgeted cash between fiscal years. The absolute total is used here because recognition of the fund transfers results in double-counting sources first as transfers, then as expenditures.

ACCOUNT DESCRIPTION	FY 2010 ORIGINAL BUDGET	FY 2009 ORIGINAL BUDGET	FY 2010 LESS FY 2009 BUD	INCREASE/DECREASE EXPLANATION
* GENERAL FUND	39,887,421	59,770,031	(19,882,610)	Sheriff's \$(10.2) million, Budgeted Cash \$(8.6) million
* REGIONAL TRANSIT FUND	0	0	0	
* PROPERTY VALUATION FUND	1,162,277	1,163,425	(11,148)	
* ROAD FUND	3,244,737	3,666,481	(311,744)	
* EMERGENCY MED SVCS FUND	134,229	132,102	2,127	
* FARM & RANGE FUND	700	800	(100)	
* FIRE PROTECTION FUND	1,696,469	1,478,206	118,263	
* LAW ENF. PROTECTION FUND	72,600	72,600	0	
* CAPITAL OUTLAY GRT	12,492,211	11,650,000	942,211	Open Space & Water carryover projects
* LODGERS TAX FACILITY FUND	124,290	138,100	(13,810)	
* LODGERS TAX ADVERTISING	209,385	262,650	(43,265)	
* FIRE IMPACT FEES FUND	300,000	550,000	(250,000)	
* CLERK RECORDING FEES FUND	213,600	213,600	0	
* INDIGENT FUND	7,076,960	7,342,450	(265,500)	
* FIRE TAX 1/4% FUND	3,661,600	2,750,000	911,600	
* INDIGENT SERVICES FUND	2,131,100	2,132,000	(900)	
* ECONOMIC DEVELOPMENT	0	0	0	
* FEDERAL FORFEITURE FUND	43,032	47,655	(4,623)	
* LINKAGES	77,000	77,000	0	
* SECTION 8 VOUCHER FUND	2,009,307	2,099,149	(89,842)	
* DEVELOPER FEES FUND	228,449	180,809	47,640	
* EMS-HEALTH CARE	1,941,095	5,461,077	(3,519,982)	Reclassification of RECC to Individual fund
* WILDLIFE/MOUNTAINS/TRAILS	173,442	164,356	9,086	
* EMS-HEALTH HOSPITAL	4,826,960	4,842,450	(15,500)	
* VASH VOUCHER	0	0	0	
* ALCOHOL PROGRAMS FUND	1,234,193	1,219,019	15,174	
* DETOX PROGRAMS FUND	1,422,540	1,620,171	(197,631)	
* FIRE OPERATIONS FUND	10,194,611	10,183,609	11,102	
* EMERGENCY COMM OPERATIONS	3,660,626	0	3,660,626	Reclassified to Individual fund from EMS Health Care
* LAW ENFORCEMENT OPS FUND	10,247,790	0	10,247,790	Reclassified to Individual fund from General Fund
* CORRECTIONS OPS FUND	22,489,813	0	22,489,813	Reclassified to Individual fund from Enterprise Fund
* COMMUNITY DEV BLOCK GRNTS	35,643	0	35,643	
* HOUSING CAPITAL IMPROV	738,126	305,460	432,666	
* ROAD PROJECTS FUND	1,228,710	2,443,510	(1,214,800)	FY 2009 expenditures
* STATE SPEC. APPROPRIATION	9,893,402	11,660,252	(1,666,850)	FY 2009 expenditures
* GOB SERIES 2005	487,331	428,774	58,557	
* GOB SERIES 2007	3,036,618	18,566,335	(15,519,817)	FY 2009 expenditures
* GOB SERIES 2007B	34,699	1,131,881	(1,097,182)	FY 2009 expenditures
* 2008 GRT REV BOND JUD COM	4,410,027	0	4,410,027	New bond proceeds - Judicial Center
* GOB SERIES 2008	1,149,127	0	1,149,127	Bond proceeds - Buckman Direct Diversion
* GOB SERIES 2009	14,725,076	0	14,725,076	New bond proceeds - Public Works, Fire, Utility & OS
* CAP OUTLAY GRT BONDS 2009	0	0	0	
* GOB SERIES 2001	1,223,411	1,284,346	(60,935)	
* FACILITY BOND 97 PROCEEDS	320,059	313,774	6,285	
* GOB SERIES-OPEN SPACE	3,086,013	3,062,588	33,425	
* GEN OBLIG. BOND DEBT SVC	11,692,076	11,616,578	75,498	
* EQUIPMENT LOAN DEBT SVC	0	300,192	(300,192)	Final payment made in FY 2009
* JAIL REV BOND DEBT SVC	2,250,680	2,251,890	(1,310)	
* GRT REVENUE BOND DEBT SVC	3,063,676	426,176	2,638,501	New debt service - Judicial Center
* REGIONAL PLANNING AUTHRTY	173,000	60,000	113,000	
* ENTERPRISE - WATER FUND	4,078,078	1,627,823	2,450,255	Utilities Infrastructure
* ENTERPRISE - HOUSING ADMN	1,004,157	1,062,637	(58,480)	
* JAIL OPERATIONS FUND	0	23,882,239	(23,882,239)	Reclassified to a Special Revenue Fund
TOTAL BEFORE FUND TRANSFERS	193,476,916	197,301,094	(3,825,179)	

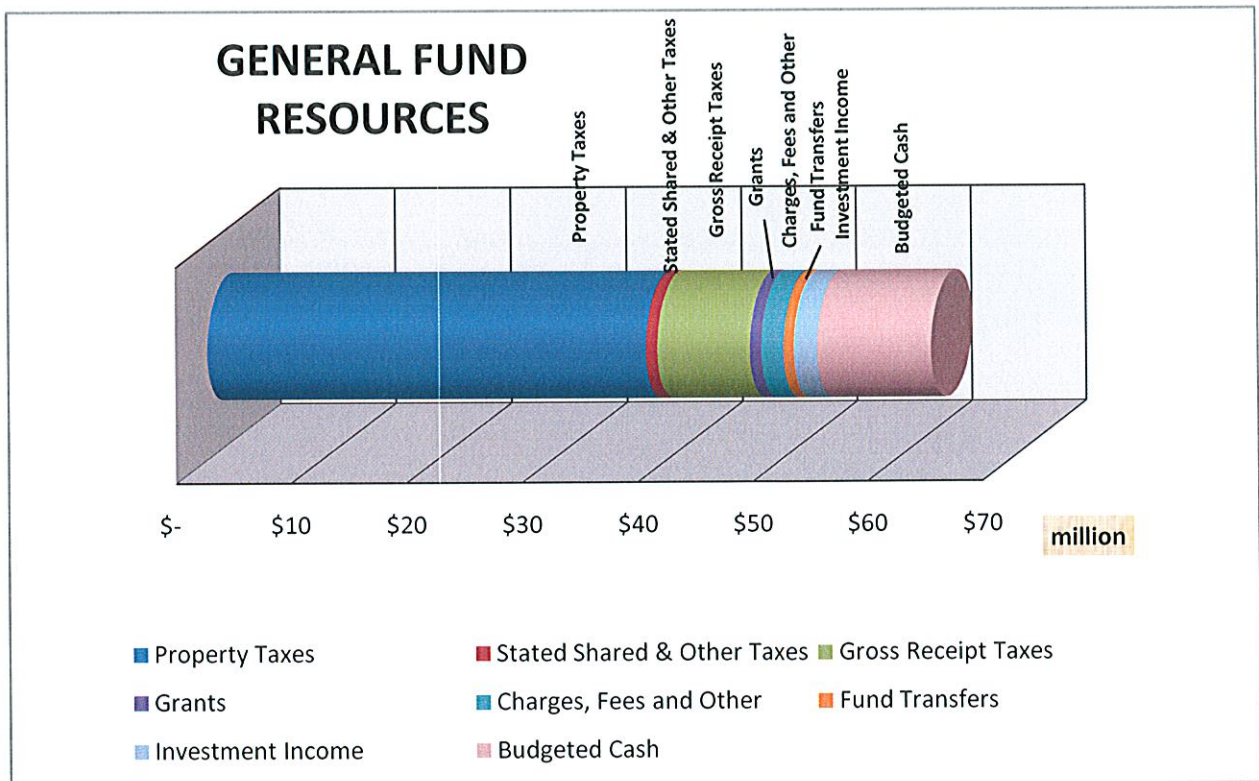
FISCAL YEAR 2010 BUDGET MESSAGE

The cash position of the funds supporting County operations is quite strong, meeting state legal requirements of a 3-month and a 1-month reserve for the General and Road Fund respectively. County financial policy advises a 1-month reserve for funds that support daily operations of the County. These include the Indigent and EMS Health Services funds, the Fire Operations Fund and the Enterprise funds which have sufficient end-of-year cash balances. These funds have met that additional reserve requirement with the exception of the Corrections Fund, which will in FY 2010 exhaust existing cash balances in order to produce a balanced budget.

The General Fund

The General Fund provides funding for the operations of the Elected Officials' Offices and the County Departments that deliver ongoing services to county residents. These are services such as land use, public works, operations and maintenance of County parks, community centers, and other County facilities, and reporting and recording of deeds and other public documents. Through the use of operating fund transfers, the General Fund also provides funding augmentation for County operations ordinarily supported through special revenue funds, capital project funds, and enterprise funds.

Property taxes supply 59% of the sources for all expenditures and 67% of recurring expenditures in the General Fund in fiscal year 2010, while another 12% of General Fund revenue is derived from gross receipts taxes. The remaining 29% of General Fund revenues are derived from state-shared gasoline and motor vehicle taxes, licenses and fees for services, investment income, fund transfers and cash on hand. Budgeted cash accounts for 16% of General Fund budget sources.



FISCAL YEAR 2010 BUDGET MESSAGE

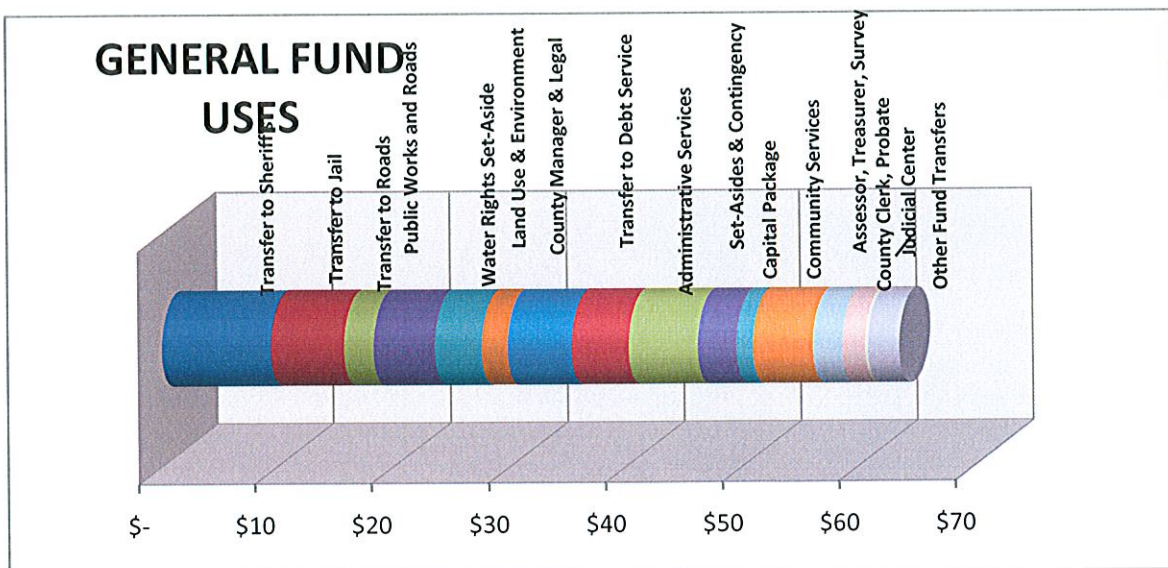
Property tax revenues have increased at a significant rate in previous fiscal years, reflecting new construction in the County. During Fiscal Year 2009, the construction and retail industries experienced significant downturns due to the economy. Budgeted revenue forecasts had assumed a 6.5% growth rate over the years, whereas actual receipts increases averaged 9.85%. A conservative growth rate of 3% was used in Fiscal Year 2010. Property tax receipts over budget and investment income, as well as expenses below budget has contributed to a strong General Fund cash position at the outset of the new fiscal year. This has enabled a reasonable General Fund budget from cash for non-recurring expense:

General Fund Cash (non-recurring) Budget

Set Aside for Water Rights Purchases & Growth Mgmt. Plan	\$ 4,500,000
Judicial Center carryover from 1/16 cent Gross Receipts Tax	2,684,800
Capital Package (equipment)	1,427,500
Public Works Heavy Equipment (transfer to Road Fund)	500,000
BCC Discretionary	150,000
Set Aside – County Infrastructure & Other	650,000
Other Departmental non-capital one-time expense	75,000
Total cash utilization	\$ 9,987,300

General Fund Expenditures

Increases in General Fund expenditures in Fiscal Year 2010 above those in Fiscal Year 2009 are driven by the availability of cash in the fund. These include a set-aside of \$4.5 million for the purchase of water rights and completion of the Growth Management plan, and \$4.1 million carryover balance for the Judicial Center expense and other set-aside increases. Decreases in General Fund expenditures are directly related to the movement of the Sheriff's Office from the General Fund to a Special Revenue Fund. This was done mainly to assist in the tracking of grants that have significantly increased over the last several fiscal years and resulted in a decrease of \$10.9 million to the General Fund. The Risk Management budget also decreased by \$0.8 million; mainly due to the transfer of property liability and workman's compensation to corresponding budgets, e.g. Sheriff's Office and Corrections.



FISCAL YEAR 2010 BUDGET MESSAGE

Increases in General Fund recurring expenditures include \$1.0 million for Health and Human Services; \$0.5 million for Public Works, and \$0.1 million for the County Assessor (addition of 5 FTE's). The total decrease in the General Fund Fiscal Year 2010 budget over the Fiscal Year 2009 budget is \$7.2 million. The General Fund must continue increased support of the County Jail from \$6.3 million in Fiscal Year 2009 to \$8.6 million in Fiscal Year 2010 due to decreased Care of Prisoner revenues. Continued increases required of the General Fund to support the Jail budget will be at the expense of General Fund services.

No new services were built into the General Fund budget in Fiscal Year 2010. Decreased services in the budget included the summer youth recreation programs which decreased by \$80,000 and libraries by \$40,000. The discretionary set-aside for the Board of County Commissioners was also decreased by \$50,000 versus the normal budget of \$250,000.

Special Revenue Funds

SPECIAL REVENUE FUND	FY 2010 BUDGET	FY 2009 BUDGET	SOURCES	USES
CORRECTIONS FUND	250,000	200,000	Court fines	Transfer to General Fund
PROPERTY VALUATION FUND	1,152,277	1,163,425	1% of all property taxes collected	Assessor Valuation Operations
ROAD FUND	3,244,737	3,556,481	Motor vehicle, Gas tax, General Fund	Road maintenance operations
EMS FIRE DISTRICT FUND	134,229	132,102	State allocation	Fire station EMS budgets
FARM AND RANGE FUND	700	800	State/Taylor Grazing Fees	Water conservation
FIRE PROTECTION FUND	1,596,459	1,478,206	State allocation	Fire station budgets
LAW ENFORCEMENT PROTECTION FUND	72,600	72,600	State allocation	Sheriff materials and training
ENVIRONMENTAL GRT FUND	828,000	920,000	1/8 cent GRT (unincorporated)	Xfer to General Fund - Solid Waste
CAPITAL OUTLAY GRT	12,492,211	11,550,000	1/4 cent GRT	Water 75%, Open Space 15%, Roads/Other 10%
LODGERS TAX FACILITY & ADVERTISING	333,675	390,750	4% hotel room tax	County tourism
FIRE IMPACT FEES FUND	300,000	550,000	State allocation, Development fees	Fire station capital
CLERK RECORDING FEES FUND	213,600	213,500	\$4 recording fee	County Clerk recording equipment
CORRECTIONS GRT FUND	4,500,000	5,000,000	1/8 cent GRT	Transfer to Jail Fund
INDIGENT HOSPITAL FUND	7,076,950	7,500,000	1/8 cent GRT, 1/16 cent Health GRT	SCP, Medicaid payment to State
INDIGENT SERVICES FUND	2,131,000	2,132,000	Third party funding	Indigent Health, rehabilitation
FIRE TAX 1/4% FUND	3,661,500	2,750,000	1/8 cent GRT (unincorporated)	Fire Department equipment, capital
FEDERAL FORFEITURE FUND	43,032	47,665	Court fines and seizures	Sheriff materials
LINKAGES FUND	77,000	77,000	NMFA affordable housing grant	Affordable housing
SECTION 8 VOUCHER FUND	2,009,307	2,099,149	Federal (HUD)	Low income rental assistance
DEVELOPER FEES FUND	228,449	180,809	Development fees	Affordable housing
EMS HEALTH SERVICES FUND	1,941,095	5,461,077	Third party funding, Gen. Fund, Fire RECC support	
EMS HEALTH HOSPITAL FUND	4,826,950	5,000,000	1/8 cent GRT	
WILDLIFE, MOUNTAINS, TRAILS FUND	173,442	164,356	Budgeted cash	Open space salaries & benefits
ALCOHOL PROGRAMS FUND	1,234,193	1,452,919	State liquor taxes, court fees	DWI programs, Teen Court
DETOX PROGRAMS FUND	1,422,540	1,620,171	Third party funding, Grants	Detox, Assessment & rehabilitation
FIRE OPERATIONS FUND	10,194,611	10,871,509	1/4 cent GRT, Ambulance fees, grants	Fire Department operations, RECC
RECC FUND	3,660,525		1/4 cent GRT, 1/8 cent GRT, General Fund	Operations of the RECC
SHERIFF'S OFFICE FUND	10,247,790		General Fund, grants	Operations of the Sheriff's Office
CORRECTIONS FUND	22,489,813		COP revenue, 1/8 cent GRT, General Fund	Operations of the Corrections Department

FISCAL YEAR 2010 BUDGET MESSAGE

Fiscal Year 2010 changes in the Special Revenue Funds reflect less gross receipt taxes for all special revenue funds. GRT budgets were estimated at 10% less than the previous fiscal year. The Capital Outlay GRT Fund utilizes \$3.49 million in cash for Open Space and Water projects, thereby increasing the total Fiscal Year 2010 budget by \$0.9 million. The Fire Tax ¼ cent Excise Tax fund, which the tax source expired on December 31, 2008, is budgeted with carry over cash balance in Fiscal Year 2010. The Fire Operations Fund has decreased \$0.7 million in Fiscal Year 2010. The major Fiscal Year 2010 changes in the Special Revenue Funds can be attributed to the addition of three new funds: RECC, Sheriff's Office and the Corrections Department. The RECC was classified into a separate fund for tracking purposes and the segregation of cash balances. The Sheriff's Office was moved into its own fund due to an increased amount of grant funds. Lastly, the Corrections Fund was reclassified from that of an Enterprise Fund for the simple reason that the Corrections Operations were not self-sufficient or meeting the criteria of an enterprise fund.

The Jail Operations Budget in Fiscal Year 2010, like in the previous fiscal year, does not include Jail building debt service of \$2.3 million, thus the real change in the operational budget is a decrease of \$0.8. The decrease can be attributed to several factors – budget cuts, less prisoners and the reduced operations of the Juvenile Facility. The cuts help offset the additional funding required to support the medical services component, which has increased \$0.3 from the previous fiscal year. The total budget for the medical services component totals \$5.1 million. The medical services component in the previous fiscal year was dependent upon funding from a third party. In Fiscal Year 2010, the third party funding was terminated and budget cuts countywide helped support the medical services as well as other services impacted countywide.

Jail Fund Detail

COST CENTER	FY 2010 BUDGET	FY 2009 BUDGET
CORRECTIONS ADMINISTRATION	\$ 1,630,614	\$ 1,190,722
ADULT DETENTION FACILITY (ADF)	\$ 12,277,022	\$ 11,717,063
DEBT SERVICE FOR ADULT FACILITY	In fund 405	In fund 405
MEDICAL SERVICES	\$ 5,121,426	\$ 4,818,800
ELECTRONIC MONITORING	\$ 746,230	\$ 712,006
YOUTH DEVELOPMENT PROGRAM	\$ 2,714,521	\$ 3,694,929
ADOLESCENT RESIDENCE CENTER	\$	\$ 1,048,719
CAPITAL PACKAGE	\$ 421,000	\$ 600,000
TOTAL CORRECTIONS	\$ 22,489,813	\$ 24,462,669

The General Fund support of the Corrections Fund increased from a total of \$6.3 million in Fiscal Year 2009 to \$8.6 million in Fiscal Year 2010. The County approached the NM Association of Counties to potentially spearhead the increase to the Corrections gross receipts tax during the last Legislative Session. Given the economy, the County will continue to explore future relief for General Fund requirements for corrections through a possible increase in the Corrections gross receipts tax. The table below reflects the demand of General Fund support for the Corrections Fund from Fiscal Year 2002 through Fiscal Year 2010.

General Fund Support of the Corrections Fund

Growth of the Jail Enterprise Budget and General Fund Requirements (\$million)									
	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Jail Operations Fund	\$ 12.0	\$ 10.4	\$ 12.7	\$ 15.9	\$ 20.8	\$ 22.6	\$ 24.5	\$ 23.9	\$22.5
Jail Debt Fund								\$ 2.2	\$ 2.2
General Fund Transfer	\$ 4.1	\$ 5.3	\$ 6.7	\$ 8.4	\$ 6.0	\$ 6.4	\$ 4.3	\$ 4.3	\$ 6.3
General Fund Transfer-debt								\$ 2.2	\$ 2.2
General Fund SCP							\$ 2.4	\$ 0	\$ 0
Corrections Revenue					\$ 4.3	\$ 4.5	\$ 4.8	\$ 5.0	\$ 4.5

County Capital Outlay Fund (Fund 213)

Of the major issues facing Santa Fe County and the region, a sustainable water supply is one of the Santa Fe County Commission's and the community's top priorities. In April 2002 the voters supported a ¼% county wide gross receipts tax of which 75% of generated revenues are principally dedicated to the acquisition of water rights and construction of regional water systems. In Fiscal Year 2010 the County will realize another full year's collection and distribution of the tax for a total of \$9 million. Of this, 75% is dedicated to address regional water and wastewater projects; chief among them, the Buckman Direct Diversion water project. There is considerable cash in the Capital Outlay GRT fund, dedicated this year to the Buckman project.

The remaining 25% of revenues in the Capital Outlay Fund are principally dedicated to two other priorities of the County Commission: preservation and protection of open space and construction of and improvements to county roads and facilities. The expenditure of these funds is generically budgeted to the responsible organizations that will devise and approve specific capital outlay projects each fiscal year. \$1.55 million in carryover cash is budgeted here for specific Open Space carryover projects. Half of the budget for capital outlay expense is intended for regional projects which will be submitted to the Regional Planning Authority for approval before they can be amended into the budget. Ultimate authority for the expenditure of any County Capital Outlay funds rests with Santa Fe County.

COUNTY CAPITAL OUTLAY FUND 213			
Department	Capital Outlay Purpose	County Projects	Regional Projects
Utilities	Water Projects	3,375,000	3,375,000
Community Services	Open Space Projects	675,000	675,000
Public Works	Road Projects	225,000	225,000
County Manager	Infrastructure Purposes	225,000	225,000
TOTAL FY 2010 BUDGET \$13,742,100		5,000,000	5,000,000
		+ 2,373,900	+1,368,200

Emergency Services Healthcare Fund and Indigent Services Fund

The EMS Healthcare Fund receives a one-eighth cent gross receipts tax which supports healthcare initiatives and emergency medical services rendered by the County. Required GRT is applied to the Sole Community Provider program and remaining GRT dollars support the County's Health and Human Services Division.

The Indigent Fund also receives revenue for local use from a one-eighth cent gross receipts tax to support direct health and emergency services to indigent persons in the County. The Indigent gross receipts revenue is also utilized for Corrections inmate medical care. The County is considering a significant reduction to the FY 2010 budgets countywide to accommodate the elimination of third party funding used in previous fiscal years to balance the delivery of health services. Future fiscal years will rely solely on gross receipts taxes to support health services as well as inmate medical care.

Capital Improvement Funds

The inclusion of state-appropriated carryover road and facilities projects in the Road Projects Fund and the State Special Appropriations fund were at a smaller value than the previous fiscal year due to expenditure activity. Additionally, the depletion of bond proceeds for the Judicial Center and the Buckman Direct Diversion project, mark the main changes in the Capital Improvements Funds.

FISCAL YEAR 2010 BUDGET MESSAGE

A new 2009 GOB Series Proceeds fund (335) totaling \$17 million was added in the Fiscal Year 2010 budget. These proceeds will be used for public works, utility, fire and open space projects. The revenue bond issued for the Judicial Center has a smaller carryover due to an outstanding encumbrance to the contractor for construction.

CHANGES IN BUDGETS OF CAPITAL IMPROVEMENT FUNDS FROM FY 2009 TO FY 2010		
FUND	FY2010 BUDGET	BY 2009 BUDGET
(301) Housing Capital Improvements Fund	\$ 738,126	\$ 305,460
(311) Road Projects Fund	\$ 1,228,710	\$ 2,443,510
(318) State Special Appropriations Fund	\$ 9,893,402	\$ 11,560,262
(330) 2005 GOB Series Proceeds Fund	\$ 487,331	\$ 428,774
(331) 2007 GOB Series Proceeds Fund	\$ 3,036,518	\$ 18,556,335
(332) 2007B GOB Series Proceeds Fund	\$ 34,699	\$ 1,131,881
(333) 2008 GRT Series Proceeds Fund	\$ 4,410,027	
(334) 2008 GOB Series Proceeds Fund	\$ 1,149,127	
(335) 2009 GOB Series Proceeds Fund	\$ 14,725,076	
(353) 2001 GOB Series Proceeds Fund	\$ 1,223,411	\$ 1,284,346
(370) 1997 GRT Series Proceeds Fund	\$ 320,059	\$ 313,774
(385) 2001A GOB Series Proceeds Fund	\$ 3,086,013	\$ 3,052,588

Debt Service Funds

Debt Service payments are up because of the inclusion of the Series 2007B General Obligation Bond payment, and because the revenue debt on the County Jail facility is now in a separate debt fund. In Fiscal Year 2009, the 2007B Series GOB payment will be \$2.7 million. Other bonds continue to be paid down.

\$ million GENERAL OBLIGATION BONDS	FY2010 PAYMENT	FY2009 PAYMENT	MATURITY DATE
Series 2009	\$0.4	-	2024
Series 2008	\$3.5	-	2024
Series 2007B	\$1.3	\$1.3	2027
Series 2007A	\$1.4	\$1.4	2026
Series 2005	\$1.1	\$1.0	2027
Series 2005A	\$1.0	\$1.1	2027
Series 2001A	\$0.7	\$0.7	2017
Series 2001	\$1.0	\$1.0	2013
Series 1999	\$1.3	\$1.3	2018
SUBTOTAL	\$11.7	\$7.8	
GRT REVENUE DEBT			
Series 1997, Correctional System	\$2.3	\$2.3	2027
Series 1997-A, Sheriff's Facility	\$0.4	\$0.4	2027
Series 2008, Judicial Complex	\$2.6	-	2033
SUBTOTAL	\$6.6	\$2.7	
TOTAL FY 2010 DEBT PAYMENT	\$18.3	10.5	

Enterprise Funds

Enterprise funds are established for the operation of the Regional Planning Authority, Water and Wastewater utilities, and the Public Housing Authority. The Regional Planning Authority is supported jointly by the City of Santa Fe and Santa Fe County. Water and sewer revenues

FISCAL YEAR 2010 BUDGET MESSAGE

support the operation of these utilities. The Public Housing Authority is self-sufficient by means of federal HUD grants and tenant rent. The Corrections Funds was removed from the classification of an Enterprise Fund in this budget. This was completed as the recommendation of an independent auditor and mainly because the fund has never been self-sufficient or met the criteria of an enterprise fund. The Corrections Fund now supports the physical operation of the Adult Detention Facility, Youth Development Programs (Juvenile Detention) and Electronic Monitoring and has been classified as a Special Revenue Fund.

CHANGES IN BUDGETS OF ENTERPRISE FUNDS FROM FY 2010 TO FY 2009		
FUND	FY 2010 BUDGET	FY 2009 BUDGET
REGIONAL PLANNING AUTHORITY FUND	\$ 173,000	\$ 60,000
WATER ENTERPRISE FUND	\$ 4,078,078	\$ 1,627,823
HOUSING ENTERPRISE FUND	\$ 1,004,157	\$ 1,062,637
JAIL (CORRECTIONS) OPERATIONS FUND	\$ -----	\$ 23,382,239

A partial budget was approved for the Regional Planning Authority in Fiscal Year 2009, splitting costs between the County and the City of Santa Fe; a full budget (\$173,000) was approved in Fiscal Year 2010. The Water Enterprise Fund budget increased over the prior year mainly due to increased capital project budgets.

Organizational Structure and Authorized Positions

The Fiscal Year 2010 Santa Fe County had 987.3 authorized positions. This is a net increase of 7 positions from the 2009 Fiscal Year Budget. However, a total of 23.5 positions are **authorized but not funded**. This is due in large part to the closure of the ARC program in December of 2008. Actual budgeted positions (including those authorized but not funded) appear in Section VII – Organization Budgets.

The following changes comprise the net increase of 7 positions:

Administrative Services (Administration) --	1.0 Energy Specialist
Community Services (Property Control) --	1.0 Maintenance Technician
Fire Department --	3.0 Firefighter/EMT-B Cadets
Assessor's Office --	1.0 Appraiser
Assessor's Office --	4.0 Field Auditors
Corrections (ADF) --	(1.0) Clerk II
Corrections (Administration) --	(1.0) Correctional Services Liaison
Corrections (ADF) --	(1.0) Court Liaison
Corrections (ARC) --	(0.5) Life Skills Worker

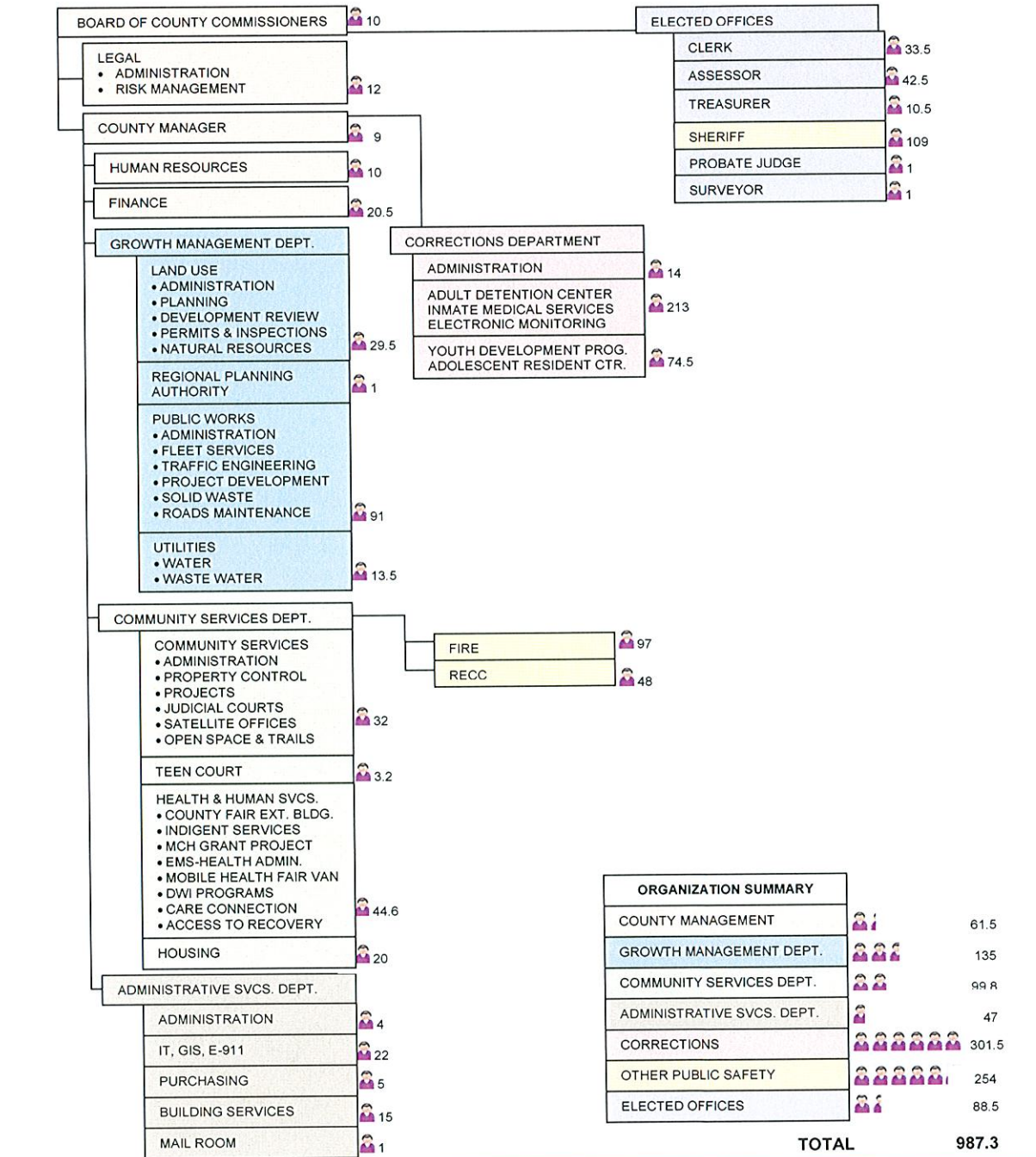
NET TOTAL

7.0

The inclusion of 37.5 additional positions (Fire 15, Corrections 9 and IT 3 positions) in the budget during Fiscal Year 2008 placed a considerable burden on the Fiscal Year 2009 budget and other than in the Fire Department, nearly precluded staff growth in Fiscal Year 2010. Additional increases in Fiscal Year 2009 of 22 persons to the Fire Department staff will result in a similar effect on the Fiscal Year 2010 budget, where staff growth, salary increases, and capital needs will burden the supporting gross receipts tax revenue supporting expenses in that organization.

FISCAL YEAR 2010 BUDGET MESSAGE

The organizational structure of Santa Fe County underwent considerable change during Fiscal Years 2007 and 2008, creating large departmental structures, such as Administrative Services, Community Services, and Growth Management. The structure shown in the budget and personnel charts below reflect this reorganization. A programmatic structure is also shown, demonstrating that most County employees are in Corrections and Public Safety services.



FISCAL YEAR 2010 BUDGET MESSAGE

Challenges Ahead

In future years the County will be faced with the following challenges and objectives:

- ◆ The need for providing an adequate water supply within our drought-prone area will continue to be placed at the forefront of future challenges. A Fiscal Year 2010 objective of the County is to continue to acquire water rights while completing ongoing plans with the City for financing and constructing the Buckman Direct Diversion project.
- ◆ The Aamodt federal legislative bills would approve a water rights settlement concerning the claims of the pueblos located in the Pojoaque Valley and would fund construction of a regional water system. The County will be obligated to fund the delivery system for non-pueblo residents in the next 5-10 years.
- ◆ The County is involved in an aggressive capital program, ranging from the construction of a downtown Judicial Complex Center and fire stations; the continuation of projects sponsored and funded by the State Legislature, to the water projects mentioned above, as well as road projects similarly funded and also sourced through a General Obligation Bond. The County has hired additional project management staffing to control these projects to ensure their efficient and timely completion, and the benefits of strengthened project management are already evident.
- ◆ The economic environment has stifled the housing market and in an effort to continue to support affordable housing efforts, the County has written an Affordable Housing Plan. Targeted production over the next 12 to 18 months from current approved Affordable Housing Agreements with local developers is a total of 76 newly constructed homes which will result in an estimated \$6,000,000 of Santa Fe County silent subordinate liens. Approximately 200 affordable housing units may be constructed in the next 48 months. The City of Santa Fe and the County have established a joint resolution to improve housing services throughout Santa Fe to low and moderate income families, which may include programs to address homelessness, weatherization and rehabilitation of existing homes, foreclosures, senior housing and special needs for the disabled.
- ◆ This ¼ cent Fire Excise tax expired in December 2008 and the loss of this tax has presented funding challenges in the acquisition of capital equipment for the Fire Department. The County will present this to the voters in the next fiscal year for re-enactment of the tax.
- ◆ The challenge of maintaining a fiscal balance requiring no additional funding from the General Fund while marketing available beds for other jurisdictions is the major focus for operations of the adult and juvenile detention facilities. Required support of the Corrections Department will begin to negatively impact General Fund operations in FY 2010 and may result in the reduction of General Fund operations in FY 2011.

A total reduction of the year-end cash balance is due to a non-recurring \$.4 million capital package budget, and the necessity to fund both Adult and Juvenile Facility programs from cash as both facilities revenue have fallen below the cost of operations in the past 24 months.

- ◆ Santa Fe County participates in the "Sole Community Provider" Program wherein payment is made to the State Human Services Department, which in turn matches the money with a

FISCAL YEAR 2010 BUDGET MESSAGE

federal Medicaid funding to fund the operation of local hospitals. The County has experienced difficulty in meeting an increasing base commitment for the Sole Community Provider (SCP) payment for the past several fiscal years. The base payment exceeds the available gross receipts tax revenue available for SCP funding. The County is considering eliminating future participation in this program or participating at a significantly reduced level.

If this occurs, the Federal, State and local governments will have to determine how local hospitals will be funded, which will be a crucial challenge. The governments will have to explore a greatly increased demand for resources that may require diverting those resources from other efforts.

- ◆ Santa Fe County is considering several program expansions, including senior services and youth recreational programs which also experienced expansion in Fiscal Year 2009. The County currently has agreements with other entities that provide for these programs. The expansions would increase the number of days services are provided to the senior population as well as provide recreational programs that would serve the entire County youth populations.
- ◆ The County operates the Sobering Center for detoxification of inebriates referred to the Center from the St. Vincent Hospital emergency room and by law enforcement. Budgetary support of the Sobering Center has largely been from third party funding sources. Future funding of the Sobering Center will not include third party funding sources and will have to displace other health or general fund services in order to continue operations at the current level.

Because of the increasing demands on its funds the County has imposed all Gross Receipts Taxes enabled by the State Legislature. From the standpoint of property taxes, the calculated levy for residential property is \$4.625 and for non-residential property, \$10.46 per \$1,000 net taxable value, versus a statutory limit of \$11.85 per \$1,000 net taxable value for residential and non-residential property. The residential mil rates are much lower than in most New Mexico counties.

The County continues to seek innovative strategies for generating revenues and for reducing expenditures. Cooperative efforts between local governments to develop regional solutions, is one way the County seeks to decrease expenditures and maximize revenues. This administration is committed to continuing joint efforts for addressing regional issues and seeking innovative strategies for meeting the demands and needs of this community.

Respectfully Submitted,



Roman Abeyta
Santa Fe County Manager



Teresa Martinez
Finance Director, Santa Fe County