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Commissioner, District 1

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Commissioner, District 2

Michael D. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

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Commissioner, District 5

Katherine Miller
County Manager

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

With this document, the Santa Fe County Fiscal Year 2011 (July 1, 2010 through June 30, 2011) Annual Budget is presented in its entirety including additional historical, informational, and statistical information. This budget totals \$225.2 million, of which \$37.3 million is attributable to inter-fund transfers which are considered to be "double-counted." The budget, excluding these transfers, totals \$187.8 million.

As always, the preparation of the annual budget gave County management and staff the opportunity to create a financial and programmatic roadmap for the coming fiscal year. This roadmap will guide the steps of County government as it attempts to weather the financial storm that began in FY 2009 and worsened throughout FY 2010. During the development of the budget the Board of County Commissioners (BCC) and staff went through the process of reviewing budget priorities, evaluating long- and short-term goals in the context of shrinking resources, and setting a plan and timeline for actions if certain economic variables occur. Throughout the process, preservation of current services with minimal impact to staff was at the forefront, understanding that some use of cash reserves would be necessary, but also understanding that using cash was not a sustainable means of balancing the budget.

The development of the Fiscal Year 2011 budget was a difficult and painstaking process which included multiple study sessions, intensive strategic analysis, input from line staff as well as management, and thorough examination of priorities. Numerous avenues for reducing the County's operating budget and preserving its cash reserves were explored. Various cost cutting initiatives were included in the final budget. These included a hard hiring freeze, a reduction in the salaries of the County's highest paid employees, restructuring of certain programs, consolidation of some internal services, elimination of travel and seminars, and reduction of contracted services to name a few. In the end, the budget that was approved included \$102.3 million for operating costs Countywide, \$18.7 million for debt service, and \$66.8 million for capital projects. In all, \$67.2 million was cash budgeted from bond and/or grant cash carryover and from cash reserves.

Throughout Fiscal Year 2010 cuts were made to program budgets and no new initiatives were funded unless the funding was obtained from other sources such as grants. Requests for additional staff persons, in general, were not approved as the County was under a hiring freeze. Some exceptions were made under special circumstances and with no negative impact to the budget. An example of such a circumstance is authorizing a new position to perform job duties that had been contracted out, but could no longer be contracted. This had no negative impact on the budget because the cost of the contract could be reallocated to fund the new position.

Capital expenditures for vehicles, computers and equipment were very limited during Fiscal Year 2010. Also, in the face of a \$653 million budget shortfall, the State of New Mexico rescinded \$6.1 million in grants made to Santa Fe County for capital improvement projects, thus necessitating a realignment of project priorities and the plans for funding those priorities.

Fiscal Year 2011 Manager's Budget Message

In the Fiscal Year 2011 budget individual program budgets remained at the reduced level or were reduced further. Budgets for capital expenditures such as vehicles, computers and equipment were cut dramatically which will delay equipment replacement schedules throughout the County. Also, this budget reflects that special appropriations for capital projects will be almost non-existent as the State again faces a budget shortfall in the hundreds of millions.

The State of New Mexico Constitution requires that governments produce balanced budgets. As always, Santa Fe County's budget complies with this requirement. However, many funds were balanced by the use of their cash reserves. This was an intentional strategy to buy time -- hoping that the economy will recover, but allowing time to refine the County's plan for fiscal sustainability during a protracted recession. This plan will include the re-definition of County government and its core services, and may require a significant change in the County's internal culture and philosophy. The plan will also include a phased approach to implementation in order to ensure reductions occur only as absolutely necessary.

The following Executive Summary provides a high level view of Santa Fe County's budget. The Summary includes principal issues that face Santa Fe County in general, Fiscal Year 2010 accomplishments, Fiscal Year 2011 budget priorities, changes to budget priorities from Fiscal Year 2010, Fiscal Year 2011 budget highlights and summary budget information, organizational structure and staffing levels, and challenges for the future.

As Santa Fe County faces the challenges brought forth by the "great recession" it continues to seek innovative strategies for conducting the business of government in the most cost effective manner and for producing sustainable sources of revenue. Santa Fe County will continue to work collaboratively with other local governments and the community to address the diverse and ever changing needs of area residents in this difficult economy.

Respectfully submitted,



Teresa Martinez
Finance Director



SANTA FE COUNTY FISCAL YEAR 2011 AMENDED FINAL BUDGET

EXECUTIVE SUMMARY

This Executive Summary contains general information about the Fiscal Year 2011 Amended Final Budget of Santa Fe County, New Mexico as it was approved by the Santa Fe County Board of County Commissioners on July 27, 2010. Comprehensive information on Santa Fe County's demographics and economy, budget process, fund level budgets, debt, capital projects, and organizational accomplishments and budgets can be found in Sections II through VII of this document.

PRINCIPAL ISSUES CONFRONTING SANTA FE COUNTY

A number of key issues face Santa Fe County – both its government and its residents. To face these varying issues will require collaboration between the government and residents to ensure desired outcomes result from the efforts and resources put forth. The final outcome of any effort should be an improved quality of life and economic standing of the County's residents that is sustainable for the long-term. Some of these issues are described below:

Growth Management

Santa Fe County is developing a comprehensive Sustainable Growth Management Plan and a corresponding Growth Management Code to address issues concerning population and development growth in Santa Fe County for the next 20 years. The Plan and Code will address environmental impact issues, water resources, open space issues, provision of public safety services, and financial strategies to provide adequate services and infrastructure as the County grows. One goal of the Plan is to ensure that Santa Fe County maintains a quality of life for its residents as it grows which in turn will attract new employers to the area. Another goal is to manage growth and development in such ways as to make the provision of services and construction of infrastructure more cost effective and efficient. The Plan and Code will be completed and enacted in Fiscal Year 2011 after extensive public input, and will likely result in additional revenue and expense when heavy development returns to Santa Fe County.

Public Safety

Santa Fe County currently maintains four public safety components within its government. The Sheriff's Office, Fire Department, Corrections Department and the 911 dispatch center known as the Regional Emergency Communications Center (RECC) each provides a vital service that contributes to the safety and well being of the County's residents and visitors. Each of these components has budgetary concerns that are unique to its operation, but all of them have the common issue of obtaining and retaining quality well-trained staff. Staff increases implemented in recent fiscal years have assisted in maintaining pay parity with other jurisdictions in the area which has helped in this effort. Such increases, however, have a significant impact on resources which are currently very limited. The established "Project 48" which was implemented in an effort to increase the size of the Fire Department by 48 new firefighters, was put on hold after recruiting 44 new firefighters due to budgetary constraints. The Fire Department isn't the only public safety component with budget challenges. The Corrections Department is attempting to find innovative ways to control medical expenses which may include outsourcing the medical

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services provided at the adult and juvenile detention facilities. The RECC has no major funding source of its own and must compete with the Fire Department, Health programs, and potentially General Fund programs to maintain operations in the future. Because of this finding, a sustainable means of supporting the RECC's operations has become a top priority. Finally, the Sheriff's Office is supported almost entirely by the General Fund. Any challenge to the General Fund becomes a challenge for the programs it supports including the Sheriff's Office.

Water Resources

Developing a sustainable source of clean water for all parts of the County is, and has been, a high priority. The Buckman Direct Diversion (BDD) project is aimed at providing a long-term and sustainable water supply by pumping and piping water that has been diverted from the Rio Grande (which is fed by snowpack from the mountains of Southwest Colorado) to users in Santa Fe County and the City of Santa Fe. Water rights purchased over recent years have allowed the County and City to utilize the river water for this project. The completion of the BDD water project construction and subsequent operational funding will require resources from a variety of sources in Fiscal Year 2011 and beyond.

At the beginning of Fiscal Year 2011 a small operational staff was already on board, and the construction of the project was nearing completion. Cash reserves from the Capital Outlay GRT regional water dedication will be used, along with cash carry over from Bond proceeds, to complete the construction phase of the project in keeping with the planned financing structure. The County's portion of operational expenses in Fiscal Year 2011 will be funded from the General Fund operating budget via a transfer to the Water/Wastewater Enterprise Fund.

Additionally, it is anticipated that the Aamodt Settlement of water rights issues in the Pojoaque Valley will be voted on by the Congress during Fiscal Year 2011, the outcome of which could mean a significant financial impact to the County. The settlement may require a large capital outlay for constructing a regional water system in the Northern part of Santa Fe County and ultimately increase the customer base of the utility significantly which will increase both revenue and expenses in ways that are not yet clear.

Economic Development

Santa Fe County has various economic development initiatives that will require the dedication of financial resources in Fiscal Year 2011. The Santa Fe Studios project will move forward with the need to improve infrastructure in the area where the Studio will be located. These improvements may cost as much as \$4.6 million dollars. Further, Santa Fe County has guaranteed bank loans to the Studio in the amount of \$6.5 million which will necessitate placing that sum in escrow, thus reducing the County's usable cash reserve. Once complete the Studio is expected to create greater-than-minimum-wage private sector jobs.

In Fiscal Year 2010 Santa Fe County purchased the Santa Fe Canyon Ranch to use for economic development purposes. Specific plans for the property are in the developmental stage beginning with a citizen survey currently underway. Any plan that is developed will potentially result in the need for an outlay of funds by the County in order to experience future economic growth in the County.

Maintaining, Renovating, and Constructing New Infrastructure

Like other areas of the State and County, Santa Fe County's aging infrastructure is a critical issue for the government and its residents. Santa Fe County currently maintains approximately 580 miles of road. Snow and mud removal, grading, and other repairs are of great importance to County residents. The taxes that support road maintenance have been declining in recent years

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and thus transfers from the General Fund must support this service to a greater and greater degree. Improving the road system in Santa Fe County has been a priority and several bond issues have been dedicated, at least in part, to improving the road system over the past decade. In Fiscal Year 2011 a general obligation bond which was approved by the voters will be issued and will fund a number of road projects.

The County's water and wastewater infrastructure must also be improved and maintained. There are a number of water and wastewater projects that are ongoing for which funding has been dedicated and also a number of proposed projects that have no funding at this time. The projects are prioritized and requests for special appropriations, capital outlay gross receipts tax proceeds, and bond funding will be utilized according to established priorities.

Further, as the County has grown the need for other types of infrastructure has increased. Construction and renovation of facilities such as community centers, senior centers, and fire stations are in progress. Any new facility that is constructed, of course, will also add future expense to the County's operating budget for maintenance. Additionally, maintenance costs of existing buildings will increase as the age of the facility increases. Expanding the County's infrastructure is the subject of ongoing planning and prioritizing to ensure that infrastructure is placed when needed but does not outpace the resources needed to maintain it.

The Judicial Complex project, having stalled due to environmental contamination at the site, should proceed in Fiscal Year 2011. The new building will replace an old structure that was not built as a courthouse and thus lacks ideal facilities for use as a courthouse. Completion of this project and renovation of the current courthouse building will provide much needed office space for County offices, thus reducing the County's reliance on renting space in the private market. An annual cost savings will result from housing County offices in buildings that it owns. Further, after renovation of the current courthouse building is complete there are plans to house small retail operations which will provide additional revenue for the County as well as economic opportunities for small businesses.

FISCAL YEAR 2010 ACCOMPLISHMENTS

Despite the gloomy financial picture that was evident throughout Fiscal Year 2010 Santa Fe County realized some significant accomplishments in FY2010. The following are some examples:

Judicial Complex

Santa Fe County secured contamination remediation at the Judicial Court Complex building site. This remediation effort involves the excavation of petroleum contaminated soils, coordination with NMED regarding barrier wall repairs, installation of a dewatering system, installation of additional shoring, additional excavation of petroleum contaminated soils at the lowest depths, and backfilling the site with clean fill material. Once remediation is complete, crews can begin construction of the garage structure and courthouse building. Thus far, approximately 17,500 tons of contaminated soil have been excavated, more than 15,000 gallons of gasoline has been removed from the site and an additional 3,000 gallons has been removed from the vicinity. Horizontal wells have been installed on the site, and soil vapor extraction systems have been installed and are operating on the North and South sides of the site. This site clean-up is a vital step, necessary to achieve the goal of building the new Judicial Complex. Santa Fe County's remediation efforts have also served to avert an environmental disaster, as the contamination plume was flowing directly towards the Santa Fe River. Had the plume reached the river, untold environmental damage would have resulted.

Transparency Initiatives

Late in Fiscal Year 2009, Santa Fe County underwent a “transparency audit” by the League of Women Voters. As a result of this audit, a number of initiatives to improve transparency were implemented in Fiscal Year 2010. These included improvements to the County’s website, webcasting of BCC and other meetings, “videos on demand” of public meetings via the County’s website, more access to staff by the media, contracts with various radio stations for broadcasts of important events, and the County established “pages” on social networking sites for users to obtain up-to-date information on county news.

County Assessor

The County Assessor successfully implemented a Computer-Aided Mass Appraisal System (CAMA) that will create the FY 2010 tax bills. The implementation revealed that the limited data contained in both the old system and the property records could not be relied upon. The County Assessor has requested additional staff during Fiscal Year 2010 but that request could not be fulfilled due to budgetary constraints.

Affordable Housing

Twenty-two individuals and families achieved their dream of homeownership in Fiscal Year 2010 as a result of Santa Fe County’s Affordable Housing Program. Additionally, the County committed a total of \$ 30,000 through its down payment assistance program that served three homebuyers. There are over 200 affordable housing opportunities with developments that have vertical-ready lots and developments with almost 400 housing opportunities approved with a master plan. Unfortunately with the recessed economy, there haven’t been many qualified families to utilize these funds. As a result, the County is reviewing current affordable housing income requirements and also considering pursuing a home improvement program. The County is also considering a foreclosure prevention program to assist homeowners who are in trouble with their mortgage.

Transfer Station

The Pojoaque Pueblo and Santa Fe County have struck an agreement wherein the County will be allowed to build a new transfer station on pueblo-owned land. The County will construct a \$500 thousand building on nine acres. In exchange the County will lease the land from the Pueblo for a minimal amount, and at the end of the lease the building will be transferred to the Pueblo. This transfer station will allow for convenient disposal of solid waste by residents in the northern part of the County.

Water Distribution

The County installed a bulk water distribution system off of N.M. 14 near the county jail. This new system will allow county residents to purchase water at any time and should result in reduced costs for the County. This offers a more convenient means of purchasing bulk water for residents that are not on the County’s water system.

Other accomplishments were the subject of a press release. Some examples are below:

July 2009

COUNTY UNVEILS 950 FT LONG MURAL ON SANTA FE SOUTHSIDE

The Santa Fe County Housing Authority invites the community to the unveiling of a 950-foot-long community mural that surrounds the Jacob Martinez neighborhood on Santa Fe’s Southside (52 Camino de Jacobo) at 12 noon on Friday, July 31. Supported by Santa Fe County, the mural

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project is a partnership of the Santa Fe County Housing Authority, Fine Arts for Children & Teens (FACT), Teen Court of Santa Fe County, the Boys and Girls Club, the residents of the Jacob Martinez neighborhood, and lead mural artists, Gary Myers, a FACT art instructor, and Carlos Cervantes. The mural celebrates the personal stories, events, role models, and symbolism that reflect the culture of this diverse community.

July 2009

ASSESSOR'S OFFICE ANNOUNCES ONLINE PROPERTY TAX CALCULATOR

The Office of the Santa Fe County Assessor now offers a way for residents to estimate their property taxes online at http://santafecounty.org/assessor/appraisal_tax_information.php. A tax calculator uses the most recent mill rate set by the State Taxation and Revenue Department. "I'm excited to have this new tool," said Domingo Martinez, County Assessor, "I hope it will save residents time and make their interaction with my office easier."

August 2009

POJOAQUE SATELLITE OFFICE CELEBRATES GRAND REOPENING

Santa Fe County invites the community to the Ribbon Cutting Ceremony to celebrate the grand reopening of the County's Pojoaque Satellite Office beginning at 12 noon on September 1. The event will occur at the Pojoaque Satellite Office's new location – 5 West Gutierrez, Suite 9 at the Pojoaque Center (Near True Value Hardware).

The Santa Fe County Mobile Health Van will be there as well as "Sparky" the Fire Dog and the DWI Information Booth.

Services provided at the Satellite Office include general constituent services as a point of contact for Northern Santa Fe County; Healthcare Assistance Program application assistance; DWI Information; Voter Registration; other County Clerk information; Assessor information; County job descriptions and applications; and processing landfill permits. The office space is shared with the Santa Fe County Care Connection.

August 2009

'GREEN LEGACY' BOOK HIGHLIGHTS COUNTY OPEN SPACE PRESERVATION

Santa Fe County is one of forty-two communities in the United States "celebrated for outstanding achievement in open space preservation" at www.greenlegacy.net and Green Legacy: Communities Worth Leaving to Future Generations, a new book on the subject by Rick Pruetz, a planning consultant specializing in open space preservation strategies.

September 2009

SANTA FE COUNTY IS ON TWITTER

Santa Fe County is now on Twitter. Keep up with the latest County information at <http://twitter.com/SantaFeCounty>.

September 2009

MORE WAYS TO STAY CONNECTED, COUNTY IS ON FACEBOOK

To make it easier for Santa Fe County residents to keep track of all their local information in one place, the County is now on Facebook. To become a fan, search "Santa Fe County" and click.

September 2009

FREE SEASONAL FLU SHOTS

The Santa Fe County Mobile Health Van will be administering seasonal flu shots (not H1N1/Swine Flu) beginning October 1. The shots are being provided free of charge. Vaccine availability will be provided based on the quantities received each week from the NM Department of Health. Flu shots will be administered on a first come, first serve basis.

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September 2009

'ENOUGH', COUNTY/CITY JOIN FORCES TO ASSAIL DOMESTIC VIOLENCE

October is Domestic Violence Awareness month and Santa Fe County is joining forces with the City of Santa Fe to protect survivors of domestic violence, their children, and to hold perpetrators of domestic violence accountable. County Commissioners Harry Montoya and Liz Stefanics will join a cadre of community leaders at a press conference on Wednesday, October 7 at 12 noon in the County Commission Chambers to discuss the details of this new partnership. Later that evening, a Town Hall meeting will be held at 6:30 p.m. in the Chambers where a diverse panel of local activists, policy-makers, and opinion leaders will discuss strengthening links and closing the gaps between the justice, social service sector, and victims to improve community services. Panelists include Judge Raymond Ortiz, Santa Fe County District Attorney Angela Pacheco, Sheriff Greg Solano, Police Chief Aric Wheeler, Commissioner Liz Stefanics, Mayor David Coss, Sherry Taylor, Executive Director of Esperanza Shelter, and Diana McWilliams, Executive Director of the Santa Fe Rape Crisis and Trauma Treatment Center. Jim Williams from KUNM will be the Town Hall moderator.

October 2009

'GREEN' GRAND OPENING: NEW COUNTY PUBLIC WORKS FACILITY

County residents are invited to attend the grand opening for one of our newest completed projects, the Public Works Building off of State Highway 599. The 37-acre Public Works campus is comprised of 9 buildings and approximately 45,000 square feet. The facilities utilize passive solar heating, are naturally lit and ventilated, and recycled materials were used throughout. Solar panels heat the water for the vehicle wash system and rainwater is collected in two 25,000-gallon tanks for irrigation. There is also a wind generator on site.

October 2009

County Launches Emergency Communications System

Santa Fe County has launched an Emergency Communications System for residents who want to be notified by phone when there is urgent County information available. H1N1 updates, severe weather info, emergency safety announcements, and other urgent direct communication is now available, free of charge. Both cell phones and land lines are eligible to participate.

October 2009

County Youth Program Profiled in National Publication

The Turquoise Trail Wranglers, part of the Santa Fe County Extension Office's 4-H program, were profiled in the November 2009 edition of the national publication, *Western Horseman* (download the full article at www.santafecounty.org). The County provides about \$132,000 annually to support agriculture and home economics programs.

December 2009

Ribbon Cutting Ceremony: County Road 42

Commissioner Mike Anaya (District 3) invites Santa Fe County residents to the Ribbon Cutting ceremony for the recently completed County Road 42 project. "After 14 years of hard work, dedication, and feedback from the community County Road 42 is finally a safe and smooth road for the everyday commuters who use County Road 42 to commute from Galisteo, Madrid and Santa Fe," said Anaya.

December 2009

Ribbon Cutting Ceremony: NEW Stanley Solid Waste Convenience Center

Commissioner Mike Anaya (District 3) invites Santa Fe County residents to the Ribbon Cutting ceremony for our newest completed project, the Stanley Solid Waste Convenience Center, located in the southern part of Santa Fe County, off County Road 14A. "I am pleased to have a pleasant, convenient, safe place for our constituents in the southern part of Santa Fe County, this service is long overdue," said Commissioner Anaya. The Center will be available for all county residents, including Town of Edgewood residents with a valid permit.

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February 2010

Santa Fe Studios Sale Completed

The New Mexico State Board of Finance gave the go ahead to Santa Fe County to complete the sale of its economic development property on NM 14 to Santa Fe Film and Media Studios. The property has since been sold to Santa Fe Studios. It is now official, the film and media production facility can be constructed.

County Commission Chair Harry Montoya said, of the events: "The County Commission has every reason to believe that this project will be very successful; the culmination of over five years of effort to bring clean, high paying jobs to Santa Fe. We believe this project will make a substantial contribution towards making our community a better place to live, work and raise our children."

March 2010

Ribbon Cutting Ceremony: Low Water Crossing Project at County Road 84

Commissioner Harry Montoya (District 1) invites Santa Fe County residents to the Ribbon Cutting ceremony for the recently completed County Road 84 Low Water Crossing project.

The project was completed on March 5, 2010 with \$800,000 that was funded by the General Obligation Bond approved by Santa Fe voters in 2008.

March 2010

Santa Fe County Mobile Health Van Offers Free Blood Sugar and Blood Pressure Testing in April

The Santa Fe County Mobile Health Van will begin Free Blood Sugar and Blood Pressure Testing April 1, 2010. This test can help identify if you are at risk for diabetes. You can also get free health information in English and Spanish. The Mobile Health Van can also identify where to go for low-cost or no-cost medical, dental, and behavioral health care in Santa Fe County. Residents can also receive a Santa Fe County Discount Drug Card free for any Santa Fe County resident.

April 2010

Register Now, Change Your Reality Youth Conference

Santa Fe County will host the second annual Change Your Reality Conference. This conference, free of charge, is designed to empower youth to make a difference in their community. The conference is open to 300 youth participants ages 12-15 living in Santa Fe, Rio Arriba, and Torrance Counties. Workshops topics will include Take It Back Now (DWI prevention), Saving Lives (suicide prevention), Creating a Path for Success/Gang Prevention, Lions, Tigers, and Bears (choices and decision making), Leadership Strategies (leadership), and TORCIDA (cultural and social norms). "The primary goal of the conference is to engage, empower and educate youth to become connected and involved in their communities, we want to let the youth know they have positive adult role models to look up to within the community," said Christina Gomez, Santa Fe County DWI Prevention Specialist.

FISCAL YEAR 2011 BUDGET PRIORITIES

Santa Fe County in tandem with other government entities and County residents participate in committees and authorities that are charged with identifying and responding to community needs, concerns and requests. As a result of a transparency audit by the League of Women Voters, the County has adopted a variety of practices that have improved the County's transparency and allowed for more citizen input into its policies and initiatives than ever before. For Fiscal Year 2011 budget priorities mainly focus on continuing existing service levels and continuing already established initiatives in an environment of shrinking resources. The

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spectrum of needs was presented with recommendations to the Board of County Commissioners throughout Fiscal Year 2010.

The FY 2011 budget cycle began in February, 2010 with a bleak picture of the financial future of Santa Fe County and the economy as a whole. Having warned of poor revenue projections at mid-year the need for a significant use of cash reserves to maintain a "status quo" level of service in FY 2011 became a troubling reality. In response, the County took action to offset declining revenues by reducing expenses. Other actions included freezing positions, reducing the salaries of upper level staff and developing new revenue generating initiatives. The Board of County Commissioners has a stated goal of riding out this financial storm without a significant impact to services or staff livelihood. This goal may not be attainable in the long-term, however, if the recession continues. During FY 2011, Santa Fe County will continue to seek new and innovative ways to maintain current levels of service either through restructuring or obtaining new revenue sources. The most troublesome issues are summarized below.

Health Programs

A restructuring of the Health Programs and how they are funded took place throughout FY 2010. A more sustainable level of programming was developed and beginning in FY 2011 the Senior Services component of the Health Division will be moved from a special revenue fund to the general fund. With this move also comes an expansion of the component to include five senior centers previously operated by the City of Santa Fe. The funding for operation of these additional centers is expected to be absorbed entirely by new revenue. The restructuring of the Health Program also necessitated the reduction of the Sole Community Provider commitment to the State. Despite these changes, Health Program expenses outpace their revenue, thus a reduction to the services provided or a new source or sources of funding must be secured.

The Indigent Board which oversees the Indigent Primary Care program is considering removing the requirement for providing a social security number when filing an indigent claim. If this occurs, we anticipate that the number of claims will increase significantly, thus having a significant impact on the budget for future years as the number and amount of claims is the basis for determining the minimum commitment that the County must make to the Sole Community Provider program. Controlling the growth of the Indigent Primary Care program is a priority to prevent the Sole Community Provider payment from becoming unmanageable.

Corrections Department

Funding of the Corrections Department continues to be a budget issue in FY 2011. While the Corrections Department was able to drastically reduce its FY 2011 budget from the FY 2010 level, the options for further reductions are limited without risking public safety and the safety of staff and inmates. Care of Prisoners revenue, revenue generated by housing inmates from other jurisdictions, has been depressed for several years at both the Adult and the Juvenile facilities, and the gross receipts tax that supports the Department, like all other gross receipts tax, was down approximately 10% in FY 2010 and is budgeted an additional 5% down in FY 2011. In FY 2010 the general fund support of that department was \$10.5M. In FY 2011, the general fund support was budgeted at \$9.1M, and an additional \$2.0M of Indigent Fund cash reserves will be used to support the medical component of the Department. This level of support is not sustainable long term and thus various options are being explored, including closure of the Youth Development Program and contracting for inmate medical services. These options will be explored and analyzed in FY 2011 for feasibility. Finding alternatives for funding or altering the provision of service to manage the amount of support needed by the General Fund and other funds is a priority because any additional support given comes at the expense of those programs currently funded by the General Fund.

Economic Development

The need for infrastructure improvements related to the County's economic development activities will need to be addressed in FY 2011. This amount could be as high as \$4.6M and may require that a set-aside be established from the general fund cash reserves. In addition, the guarantee by Santa Fe County for loans to Santa Fe Studios will necessitate that approximately \$6.5M in cash reserves is escrowed for use in the event of a loan default by Santa Fe Studios. Finally, development of the Santa Fe Canyon Ranch for potential economic development activities may further necessitate the use of cash for capital improvement. While these projects will have a positive economic impact on the County, and the region in the long term, upfront funding must be secured for improvements and the loan guarantee escrow prevents the use of those funds for any purpose. Should the County need to utilize that cash for its operations or an emergency it will not be accessible. Thus, developing a budget strategy beyond FY 2011 that does not heavily rely on cash is all the more important.

Fire Department

The "sunsetting" of the Fire Excise Tax in December of 2008, its subsequent failure at the polls to be re-imposed and the reduction in other gross receipts tax collections noted above have put a significant funding burden on the Fire Department. Such planned expansions as "Project 48" and the five-year capital plan have been halted (Project 48) or reduced or reprioritized (five-year capital plan) while additional funding can be secured. In addition, the primary source of funding for the Fire Department, the Emergency Communications and Emergency Medical Services Gross Receipts Tax (EC & EMS GRT), may be called upon as early as FY 2012 to fund the Regional Emergency Communications Center (RECC), a \$3.4M operation. Finding alternative means of funding both the Fire Department and the RECC are a priority to ensure public safety. Should the General Fund be called upon to support either of those operations it will come at the expense of current General Fund programs.

RECC

The RECC currently has no significant funding source of its own. The Emergency Medical Services (EMS) GRT and the EC & EMS GRT can both be used to fund the RECC, however, each has large competing demands. The EMS GRT funds a large portion of the Sole Community Provider commitment in addition to a number of current Health Programs, and as noted above, the EC & EMS GRT is the primary source of funding for the Fire Department. These competing demands will need to be prioritized and funded, or not funded, based on those priorities beginning in FY 2012, thus developing those priorities is critical to accomplish by mid-year FY 2011. Currently the RECC provides dispatch services to the City of Santa Fe Police and Fire Departments but the County/City Joint Powers Agreement (JPA) only requires the City to share in the cost of capital expenditures. Revisiting the terms of its JPA with the City of Santa Fe is a priority to determine if additional support will be available from the City which would reduce the demands on the above GRTs.

Other Initiatives and Concerns

Both the annexation of County territory to the City of Santa Fe, and the Buckman Direct Diversion (BDD) water project has the potential to create financial pressure on the County. Some of the pressure is anticipated. The County will need to absorb the cost of bringing annexed County roads up to City standards as well as losing Lodger's Tax from properties lost to annexation. The BDD project has a budgeted operating expense of \$1.3M for FY 2011 which is a new expense to the County's general fund. While the capital portion of the BDD project is on budget and on time, there lies the potential for increases as the completion draws closer. An increase to the BDD capital budget is not anticipated, however, adequate bond proceeds should remain to fund any capital budget increase needed for project completion.

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Recent revelations about the procurement of road work led to the passage of an emergency ordinance changing the entire procurement process, especially for capital projects. This will have an undetermined impact on the costs of capital projects, thus the County's ability to fund new projects and complete projects already on the drawing board is uncertain. Some projects may need to be scaled back to coincide with the current financial commitment, or additional resources must be obtained.

PRIORITY CHANGES FROM FISCAL YEAR 2010

Little has changed in the County's budgetary priorities from Fiscal Year 2010. Finding a means of financing the Health Programs, RECC, Corrections Department and the Fire Division will continue to be a priority. Economic Development initiatives continue as noted above. The County has made some progress with the restructuring of the Health programs, but long-term funding solutions for these priority areas remain elusive. The staff person dedicated to pursuing grants has met with some successes for renewable energy programs, and the Sheriff's Office and Fire Department have obtained grants for their operations as well.

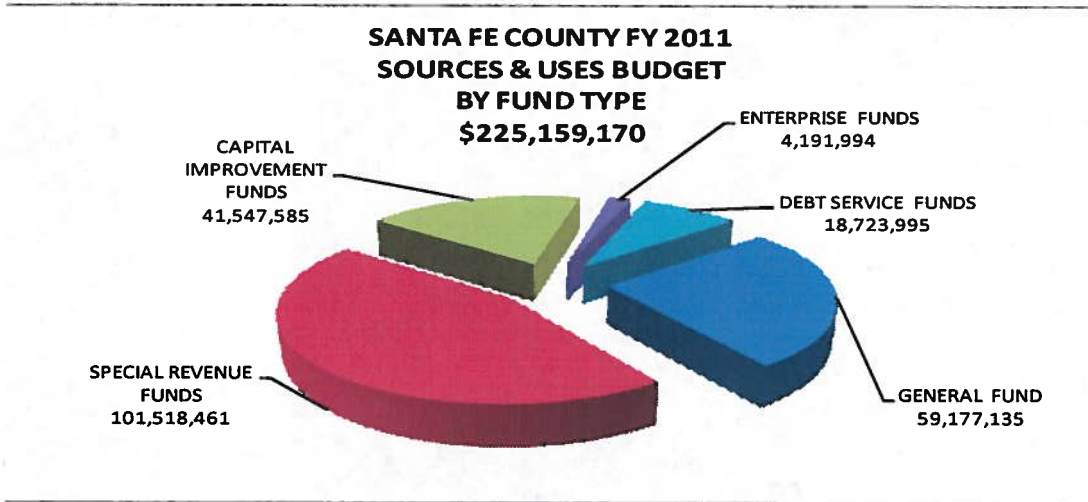
Recessionary planning continues and the \$5.0 million "recession contingency" which was added to the Fiscal Year 2010 budget in August, 2009 was included in the Fiscal Year 2011 budget as well. This contingency is a means of ensuring that a catastrophic event will not hinder the ongoing operations of the County for a time while a recovery plan can be implemented. Progress towards a new County fee structure has been made and will continue in FY 2011 and negotiations with the County's unions will continue. A cooperative relationship with the County's unions will be critical to developing a budget strategy that does not rely on cash for recurring expenses long-term.

The one priority which does not continue into FY 2011 is the IRS Audit. The findings of the IRS audit left Santa Fe County with a small liability, including penalties and interest, which was paid with Fiscal Year 2010 budget. Corrective action was taken to prevent future findings, thus this issue is no longer a necessary budget priority.

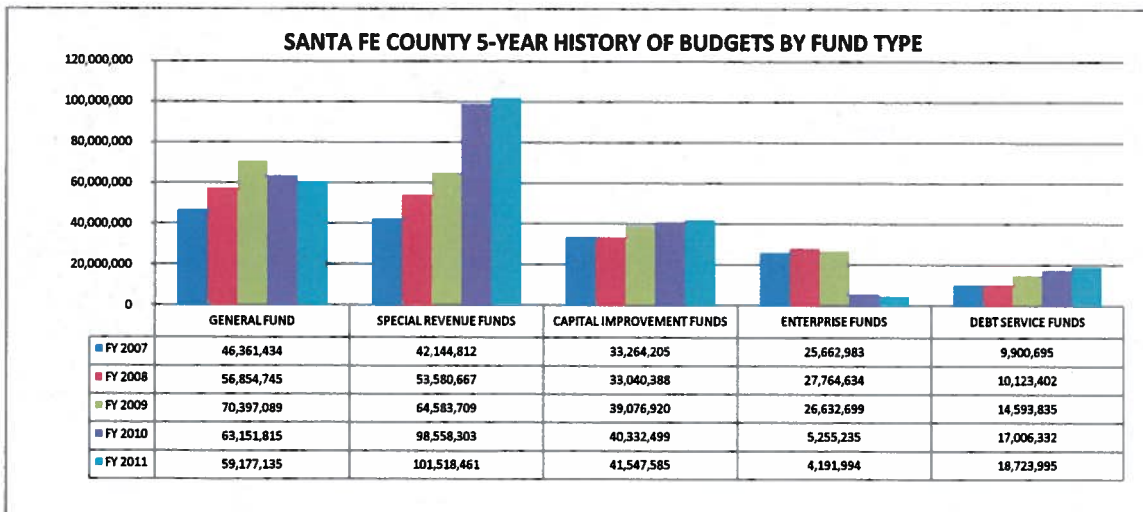
FISCAL YEAR 2011 BUDGET HIGHLIGHTS AND SUMMARY BUDGET INFORMATION

The Santa Fe County Fiscal Year 2011 Budget totals \$225,159,170 or \$187,821,577 excluding transfers between funds. This is compared to \$224,304,184 in Fiscal Year 2010 or \$193,473,915 excluding transfers between funds. A consolidated budget for all Funds, both sources (revenue) and uses (expenses) appears below.

FISCAL YEAR 2011 SOURCES	TOTAL ALL FUNDS	FISCAL YEAR 2011 USES	TOTAL ALL FUNDS
PROPERTY TAXES	52,577,953	SALARY & WAGES	41,199,530
GROSS RECEIPTS TAXES	41,758,200	EMPLOYEE BENEFITS	16,612,523
REV. FROM OTHER GOV'S	13,598,185	TRAVEL	84,851
CARE OF PRISONERS	3,900,000	VEHICLE EXPENSES	2,221,814
ALL OTHER REVENUE	10,082,992	MAINTENANCE	2,216,290
BUDGETED CASH	65,904,247	CONTRACTUAL SERVICES	10,671,970
FUND TRANSFERS	37,337,593	SUPPLIES	2,149,610
		OTHER OPERATING COSTS	22,053,093
		SUBSIDIES & PASS THRU	5,052,500
		CAPITAL PURCHASES	66,835,401
		DEBT SERVICE	18,723,995
		FUND TRANSFERS	37,337,593
TOTAL	225,159,170	TOTAL	225,159,170



A history of the budgets by fund type is shown below. Note the significant increase in Special Revenue Funds in FY 2010. This is due to moving the Sheriff's Operations out of the General Fund and the Corrections Operations out of the Enterprise Fund type to the Special Revenues type. There is a corresponding decrease in the General Fund and Enterprise Fund type in FY 2010.



The "absolute total" difference between the Fiscal Year 2011 and Fiscal Year 2010 budgets is (\$5,654,338). The changes are due to the net difference between increases such as expenses from new bond issues, changes in the debt service schedule, etc. and decreases resulting from cost cutting measures, and the expenditure of previously issued bonds, etc. More detailed information can be found in the narrative below. The following spreadsheet summarizes the changes by fund. The "absolute total" is used because recognition of the fund transfers results in "double counting," first as an expense to the fund that makes the transfer out, then again as expenses are incurred in the fund which receives the transfer.

FISCAL YEAR 2011 EXECUTIVE SUMMARY

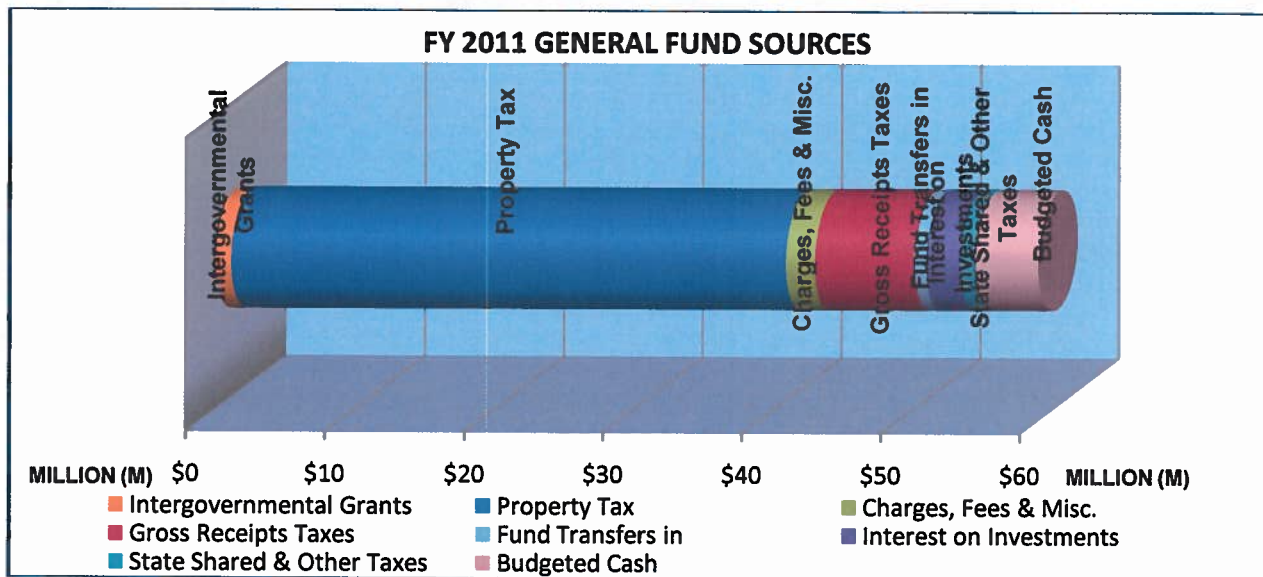
FUND NAME	FY 2011 AMENDED FINAL BUDGET	FY 2010 ORIGINAL BUDGET	FY11 AMENDED FINAL LESS FY10 ORIGINAL	GENERAL EXPLANATION
* GENERAL FUND	36,988,798	39,887,421	(2,898,623)	Reduced set asides, and operating expenses
* REGIONAL TRANSIT FUND	4,702,500	0	4,702,500	New Fund for new Regional Transit GRT
* PROPERTY VALUATION FUND	1,142,772	1,152,277	(9,505)	
* ROAD FUND	2,638,938	3,244,737	(605,799)	Reduced Gen. Fund support for capital expenditures
* EMERGENCY MED SVCS FUND	121,203	134,229	(13,026)	
* FARM & RANGE FUND	700	700	0	
* FIRE PROTECTION FUND	1,711,809	1,596,459	115,350	
* LAW ENF. PROTECTION FUND	43,877	72,600	(28,723)	
* CAPITAL OUTLAY GRT	15,070,415	12,492,211	2,578,204	Additional use of cash carry over for BDD
* LODGERS TAX FACILITY FUND	112,000	124,290	(12,290)	
* LODGERS TAX ADVERTISING	243,400	209,385	34,015	
* FIRE IMPACT FEES FUND	1,493,131	300,000	1,193,131	Restructuring 5-year capital plan due to loss of revenue
* CLERK RECORDING FEES FUND	213,600	213,600	0	
* INDIGENT FUND	3,350,000	7,076,950	(3,726,950)	Restructuring of Health Programs Funding
* FIRE TAX 1/4% FUND	3,454,641	3,661,500	(206,859)	
* INDIGENT SERVICES FUND	1,835,548	2,131,100	(295,552)	
* ECONOMIC DEVELOPMENT	731,486	0	731,486	New grants received for Energy Efficiency
* FEDERAL FORFEITURE FUND	4,727	43,032	(38,305)	
* LINKAGES	173,280	77,000	96,280	
* SECTION 8 VOUCHER FUND	2,098,264	2,009,307	88,957	
* DEVELOPER FEES FUND	528,729	228,449	300,280	New Ordinance eased restrictions on providing subsidies
* EMS-HEALTH CARE	551,856	1,941,095	(1,389,239)	Restructuring of Health Programs Funding
* WILDLIFE/MOUNTAINS/TRAILS	278,186	173,442	104,744	
* EMS-HEALTH HOSPITAL	3,511,795	4,826,950	(1,315,155)	Restructuring of Health Programs Funding
* VASH VOUCHER	90,000	0	90,000	New Fund for new Veteran focused housing program
* ALCOHOL PROGRAMS FUND	1,248,897	1,234,193	14,704	
* DETOX PROGRAMS FUND	0	1,422,540	(1,422,540)	Detox program closed in FY 2011
* FIRE OPERATIONS FUND	9,403,289	10,194,611	(791,322)	Reduced budget due to reduced revenue
* EMERGENCY COMM OPERATIONS	3,406,525	3,660,525	(254,000)	Reduced budget due to reduced revenue
* LAW ENFORCEMENT OPS FUND	10,182,457	10,247,790	(65,333)	
* CORRECTIONS OPS FUND	17,525,180	22,489,813	(4,964,633)	Reduced budget due to reduced revenue
* COMMUNITY DEV BLOCK GRNTS	500,000	35,643	464,357	Grant for Utility Project rec'd
* HOUSING CAPITAL IMPROV	264,800	738,126	(473,326)	Grant for new fiscal year not in FY2011 budget
* ROAD PROJECTS FUND	187,535	1,228,710	(1,041,175)	Grants not received in fiscal year 2011
* STATE SPEC. APPROPRIATION	3,911,200	9,893,402	(5,982,202)	Grants not received in fiscal year 2011
* GOB SERIES 2005	183,919	487,331	(303,412)	FY 2010 Expenditures
* GOB SERIES 2007	2,108,783	3,036,518	(929,735)	FY 2010 Expenditures
* GOB SERIES 2007B	32,381	34,699	(2,318)	
* 2008 GRT REV BOND JUD COM	4,410,027	4,410,027	0	
* GOB SERIES 2008	0	1,149,127	(1,149,127)	FY 2010 Expenditures - Judicial Complex
* GOB SERIES 2009	5,487,702	14,725,076	(9,237,374)	FY 2010 Expenditures - various projects
* CAP OUTLAY GRT BONDS 2009	1,596,191	0	1,596,191	New Bond Issue
* CAPITAL OUTLAY GRT 2010A	11,472,196	0	11,472,196	New Bond Issue
* CAPITAL OUTLAY GRT 2010B	10,404,305	0	10,404,305	New Bond Issue
* GOB SERIES 2001	13,131	1,223,411	(1,210,280)	FY 2010 Expenditures
* FACILITY BOND 97 PROCEEDS	0	320,059	(320,059)	FY 2010 Expenditures
* GOB SERIES-OPEN SPACE	1,477,415	3,086,013	(1,608,598)	FY 2010 Expenditures
* GEN OBLIG. BOND DEBT SVC	11,595,789	11,692,076	(96,287)	Change in Debt Schedule
* JAIL REV BOND DEBT SVC	2,251,380	2,250,580	800	Change in Debt Schedule
* GRT REVENUE BOND DEBT SVC	4,876,826	3,063,676	1,813,150	Change in Debt Schedule
* REGIONAL PLANNING AUTHRTY	93,723	173,000	(79,277)	Reduced Gen. Fund and City of SF support
* ENTERPRISE - WATER FUND	3,246,624	4,078,078	(831,454)	FY 2010 Infrastructure Expenses
* ENTERPRISE - HOUSING ADMN	851,647	1,004,157	(152,510)	
TOTAL BEFORE FUND TRANSFERS	187,821,577	193,475,915	(5,654,338)	

General Fund

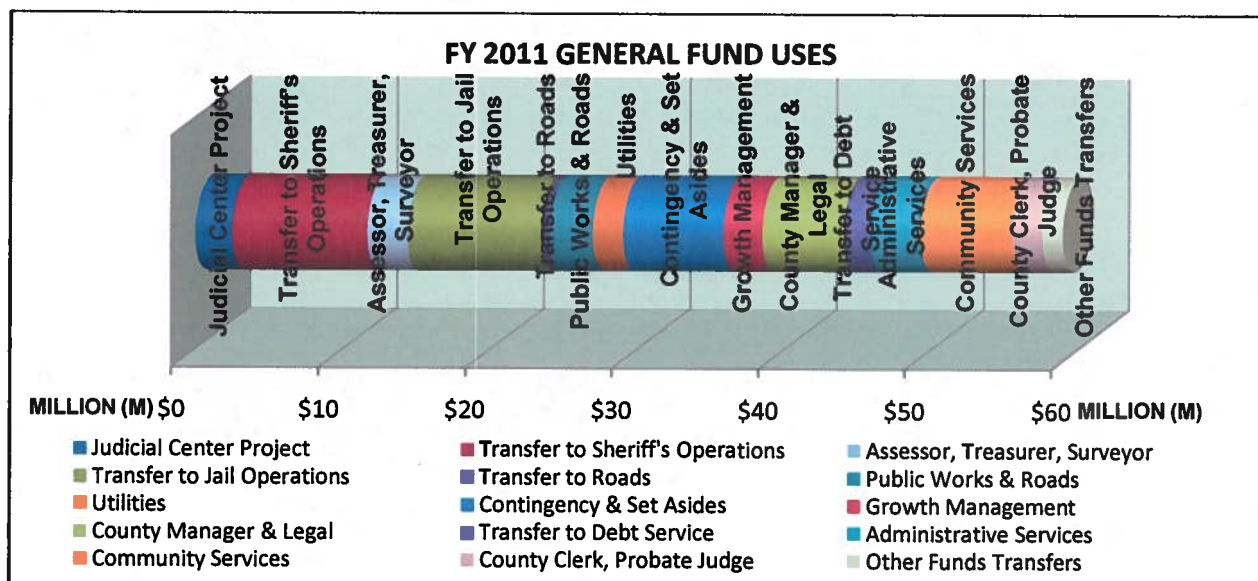
The General Fund provides funding for the operations of Elected Offices and many of the County Departments that deliver ongoing services to County residents. These are services such as land use, public works, operation and maintenance of county facilities including parks and open space, community centers, senior centers, as well as the services that support the other County functions such as debt service, finance, information technology, purchasing and risk management. Further through the use of operating transfers the General Fund supplements the funding of those special revenue funds, capital improvement funds and enterprise funds that do not have adequate funding to support their operations.

FISCAL YEAR 2011 EXECUTIVE SUMMARY

Property taxes account for \$39.9M, or 67%, of the General Fund sources in Fiscal Year 2011. Gross Receipts Tax account for an additional \$7.2M, or 12%, of General Fund sources. These percentages did not change from Fiscal Year 2010. Budgeted cash is \$4.5M, or 7.56%, of the General Fund sources in Fiscal Year 2011 which is down from 16% in Fiscal Year 2010. This is due to a \$4.0M reduction in General Fund expenses from Fiscal Year 2010. These were one-time expenses for set-asides and capital purchases not included in the FY 2011 budget.

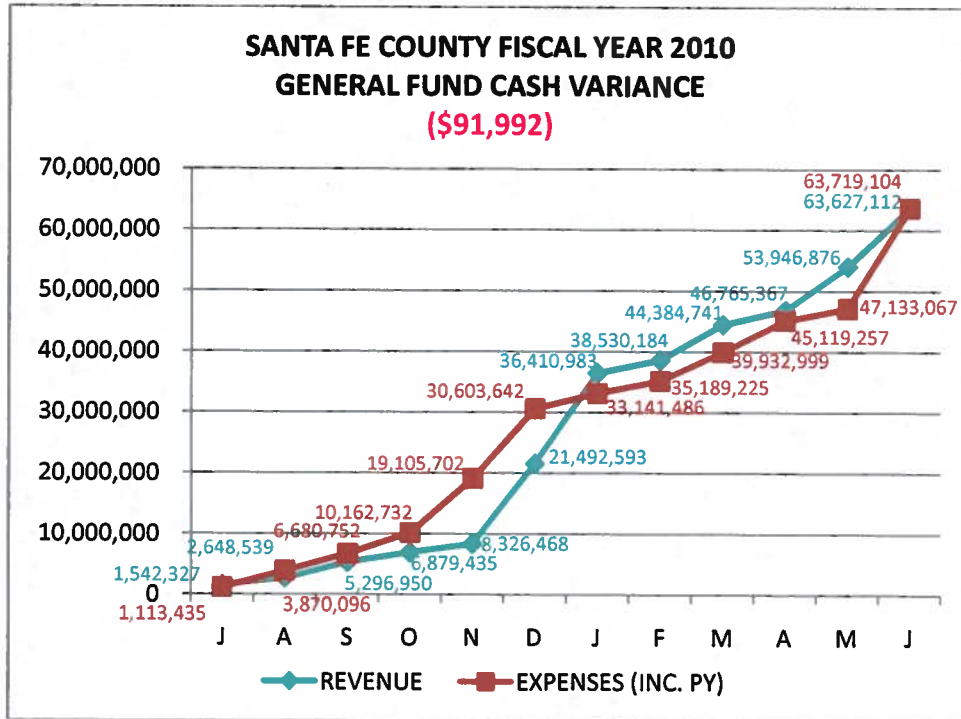


In Fiscal Year 2011 transfers out of the General Fund to other funds equal 37.5% of total uses, or \$22.2M. Fiscal Year 2010 transfers out totaled \$23.3M, or 36.8%, of the General Fund uses. General Fund salaries and benefits equal \$18.8M in Fiscal Year 2011 compared to \$19.4M in Fiscal Year 2010. This can be attributed to various factors including elimination of the Student Intern Program, restructuring of the Satellite Offices, and "freezing," thus not funding, a number of General Fund vacancies. Overall, General Fund uses were reduced through a variety of actions including the elimination of all non-statutorily required travel, reduction of the capital package and elimination of other set-asides, changes to the County's liability insurance program and a scheduled reduction to debt service transfers from the General Fund.



FISCAL YEAR 2011 EXECUTIVE SUMMARY

Fiscal Year 2010 ended with a slight negative cash variance in the General Fund of \$91,992 meaning that actual expenses exceeded actual revenue by \$91,992. This is 0.14% negative cash variance which is quite negligible in light of the current economy. Despite this negative cash variance the General Fund cash balance will be \$18.7M in excess of the reserve requirement, which is 25%, of the General Fund's budget. This is good news going into Fiscal Year 2011 as the County continues to combat the effects of the "great recession".



Special Revenue Funds

Funds classified as Special Revenue Funds account for funding sources that are restricted by law. This fund type is used for restricted gross receipts taxes, state allotments for fire protection and law enforcement and property valuation among others. Special Revenue Funds total \$101.5M in Fiscal Year 2011. This is an increase of approximately \$3M from Fiscal Year 2010. However, the totals excluding transfers out are \$86.4M and \$91.0M in Fiscal Years 2011 and 2010, respectively. Thus, the "absolute" budget (i.e. the budget excluding the "double counted" expenses) of the special revenues funds was reduced by \$4.6M and transfers out increased by about \$7.6M. This is due to increased support from the Indigent GRT and EMS GRT to other special revenue funds, as well as an additional debt service transfer from the Capital Outlay GRT for the 2009, 2010A and 2010B Capital Outlay GRT Revenue Bonds issued to purchase water rights (2009) and to complete Santa Fe County's financing commitment for the Buckman Direct Diversion water project construction (2010A and 2010B).

Other changes to the Special Revenue Funds include a 5% decrease in gross receipts taxes totaling \$1.6M, \$4.7M for the Regional Transit GRT which is passed through to the North Central Regional Transit District, elimination of \$9.8M in third-party funding for Health programs and an increase in budgeted cash of \$9.4M due, in part, to reduced support from the General Fund. Reductions in expense include the net of a \$2.8M reduction in the Sole Community Provider commitment, increased expenditure from the Capital Outlay GRT of \$5.6M for various capital projects, and a \$5.0M reduction in the Corrections Department operating budget.

FISCAL YEAR 2011 EXECUTIVE SUMMARY

FUND NAME	FY 2011 AMENDED FINAL BUDGET	FY 2010 ORIGINAL BUDGET	SOURCES	USES
* REGIONAL TRANSIT FUND	4,702,500	0	Regional Transit GRT	Pass-through to Reg. Transit Dist.
* PROPERTY VALUATION FUND	1,142,772	1,152,277	1% Adm'n Fee from Property Tax	Valuation Plan and Operations
* ROAD FUND	2,638,938	3,244,737	Vehicle and Gas Tax, GF Transfer	Road Maintenance Operatons
* EMERGENCY MED SVCS FUND	121,203	134,229	State Allotment	EMS expenses by Fire District
* FARM & RANGE FUND	700	700	State/Taylor Grazing Fees	Water and Soil Conservation
* FIRE PROTECTION FUND	1,711,809	1,598,459	State Allotment	Fire Protection by Fire District
* LAW ENF. PROTECTION FUND	43,877	72,600	State Allotment	Sheriff's Office Training & Materials
* ENVIRONMENTAL GRT FUND	786,600	828,000	1/8th Cent (unincorporated) GRT	Gen. Fund (Solid Waste) and Water/Wastewater
* CAPITAL OUTLAY GRT	15,070,415	12,492,211	1/4th Cent GRT	75% Water, 15% Open Space, Roads/Other 10%
* LODGERS TAX ADV. & FACILITY	355,400	333,675	4% Hotel/Motel Room Tax	Efforts to Increase Tourism
* FIRE IMPACT FEES FUND	1,493,131	300,000	Fees on New Development	Fire Dept. Capital Purchases
* CLERK RECORDING FEES FUND	213,600	213,600	\$4 document recording fee	Clerk's Office Recording equipment
* CORRECTIONAL GRT FUND	4,250,000	4,500,000	1/8th Cent GRT	Transfer to Corrections Operaitons
* INDIGENT FUND	3,350,000	7,078,950	1/8th Cent GRT	SCP, Inmate Medical, Indigent Primary Care
* FIRE TAX 1/4% FUND	3,454,641	3,661,500	1/8th Cent (unincorporated) GRT	Fire Dept. Capital Purchases
* INDIGENT SERVICES FUND	1,835,548	2,131,100	Indigent GRT Fund	Indigent Primary Care
* ECONOMIC DEVELOPMENT	731,486	0	Intergovernmental Grants	Expenses Specific to Grants
* FEDERAL FORFEITURE FUND	4,727	43,032	Court fines & Seizures	Sheriff's Office Training & Materials
* LINKAGES	173,280	77,000	NMFA Affordable Housing Grant	Affordable Housing
* SECTION 8 VOUCHER FUND	2,098,264	2,009,307	HUD Subsidy	Low Income Rental Assistance
* DEVELOPER FEES FUND	528,729	228,449	Fees on New Development	Affordable Housing
* EMS-HEALTH CARE	551,856	1,941,095	EMS GRT	Health Programs, transfer to RECC
* WILDLIFE/MOUNTAINS/TRAILS	278,186	173,442	Budgeted Cash	Open Space Operations
* EMS-HEALTH HOSPITAL	3,511,795	4,826,950	1/8th cent GRT	SCP, EMS Health Care
* VASH VOUCHER	90,000	0	HUD Subsidy	Low Income Rental Assistance
* ALCOHOL PROGRAMS FUND	1,248,897	1,234,193	State Grant, Liquor Tax, Court Fees	DWI Programs, Teen Court, Sheriff's Office
* DETOX PROGRAMS FUND	0	1,422,540	3rd party funding in FY 10, Not funded in FY 11	Detox, Assessment, Rehab in FY 10, Closed FY 11
* FIRE OPERATIONS FUND	9,403,289	10,194,611	1/4 cent GRT, Ambulance Fees, Grants	Fire Department Operations, RECC
* EMERGENCY COMM OPERATIONS	3,406,525	3,660,525	EMS GRT, Gen. Fund, or Fire Dept.	RECC Operations
* LAW ENFORCEMENT OPS FUND	10,182,457	10,247,790	General Fund, Grants	Sheriff's Office Operations
* CORRECTIONS OPS FUND	17,525,180	22,489,813	COP Rev., Corr. GRT Fund, Gen. Fund., Indigent GRT	Corrections Dept. Operations
* COMMUNITY DEV BLOCK GRNTS	500,000	35,643	Federal Grants	Expenses Specific to Grants

Capital Outlay GRT (Fund 213)

In Fiscal Year 2002 Santa Fe County voters approved a 1/4 cent gross receipts tax to support County and Regional capital projects. Chief among those was the dedication of 75% of the revenues generated by the tax for water projects including water rights acquisition and construction of regional water systems. The remaining 25% of revenues was dedicated to preservation and protection of open space, construction of and improvements to the County's roadways and other infrastructure needs. Currently 50% of Capital Outlay GRT expenditures must be for regional projects. The Regional Planning Authority (RPA) approves projects to be paid by the Regional allocation of the Capital Outlay GRT before the budget can be amended to include them. Ultimately, the authority for any expenditure from the Fund rests with Santa Fe County.

The Capital Outlay Fund has experienced an increasing cash balance over its history. This was an intentional accumulation of cash for use on project priorities. The cash balance at the beginning of Fiscal Year 2011 is \$23.8M, and a projected \$9.5M of that balance will be used for various projects during the fiscal year. In Fiscal Year 2011 a number of large projects will move forward and will "tap" the Capital Outlay GRT fund. In Utilities, the Buckman Direct Diversion water project will utilize \$6.0M from the Regional Utilities dedication, and debt service for the 2010A and 2010B CO GRT Revenue Bonds will utilize an additional \$2.1M from that dedication. The largest County Open Space projects are the Santa Fe River Greenway (\$0.6M), the South Meadows Open Space (\$.5 million), and the Arroyo Hondo Trail (\$0.3M). The largest Regional Open Space projects are the Santa Fe River Trail (\$2.0M), the Rail Trail (\$0.6M), and the Dale Ball Trail Extension (\$0.3M). Cash will be used for completion of the County Road 17 (Martin Road) project in the amount of \$154,824 in Fiscal Year 2011.

FISCAL YEAR 2011 EXECUTIVE SUMMARY

CAPITAL OUTLAY GROSS RECEIPTS TAX FUND 213			
Department	Capital Outlay Purpose	County	Regional
Utilities	Water Projects – GRT	3,206,250	3,206,250
	Accumulated Cash	0	4,861,954
Community Services	Open Space Projects - GRT	641,250	641,250
	Accumulated Cash	1,961,349	2,552,508
Public Works	Roads Projects - GRT	213,750	213,750
	Accumulated Cash	154,824	0
County Manager	Infrastructure Projects	213,750	213,750
COMBINED COUNTY/REGIONAL		\$8,550,000 (GRT)	\$4,275,000
		\$9,530,635 (Cash)	\$7,414,462
TOTAL FISCAL YEAR 2011 BUDGET		\$18,080,635 (All Sources)	\$6,391,173
			\$11,689,462

Corrections Operations Fund

The Corrections Operations Fund budget in Fiscal Year 2011 totals \$17.5M: a decrease from Fiscal Year 2010 from \$22.5M. This decrease is due to a number of factors. Primary among these is the “freezing” of a number of positions, many of which were vacant higher paid positions, especially within the Administrative and Medical Components. Also, reductions in the Administrative component resulted from a transition of the Administrative Office space, which is rented, to vacant space at the Juvenile facility, which the County owns. With these actions the Administrative budget was reduced by \$.4M. Another factor is the take-over of a number of direct inmate medical services from the County by the regional hospital. Reductions in the Inmate Medical Services component total \$2.2M. The Adult Detention Facility was able to implement some staff “freezes” and other cost saving measures that resulted in a \$1.7M budget reduction, as was the Youth Development Program which realized a \$0.4M budget reduction. Finally, the Correction Operations capital package was reduced by \$0.3M, opting to postpone certain desired upgrades to the facility. In Fiscal Years 2010 and 2011 Debt Service was budgeted from the Correctional GRT Fund, however, this transfer will come from the Corrections Operations Fund in the future. Due to internal accounting considerations, the Correctional GRT may transfer funds only to the Corrections Operating Fund. The Corrections Operations Fund will in turn make the debt service transfer.

Corrections Operations Fund 247	FY 2011	FY 2010	Variance
Administration	850,121	1,209,614	(359,493)
Adult Detention Facility	10,504,928	12,177,022	(1,672,094)
Inmate Welfare	100,000	100,000	0
Inmate Medical Services	2,932,983	5,121,426	(2,188,443)
Electronic Monitoring	703,647	746,230	(42,583)
Youth Detention Program	2,343,501	2,714,521	(371,020)
Capital Package	90,000	421,000	(331,000)
Transfer for Debt Service	0	0	0
Total Corrections Operations Fund	\$17,525,180	\$22,489,813	(\$4,964,633)

Health Programs and Sole Community Provider Commitment

Historically, the County’s Health programs were funded through the Indigent GRT, the EMS GRT and through third-party funding sources, which contracted for services. The Indigent GRT is a 1/8 cent gross receipts tax to support direct health and emergency services for indigent persons in Santa Fe County as well as the County’s Sole Community Provider commitment. The EMS GRT is another 1/8 cent gross receipts tax that has been used for healthcare initiatives, emergency medical services rendered by the County (including dispatch of medical calls), and the County’s Sole Community Provider commitment. With the elimination of 3rd party funding sources which supported the Santa Fe County Health Programs, the funding strategy for the County’s Health programs needed to be restructured and the Sole Community Provider commitment needed to be reduced to a level sustainable by the declining gross receipts taxes. Also, certain direct service programs could not be funded in Fiscal Year 2011. Fortunately, many of those unfunded services will now be provided by the regional hospital. Most significant of these are the Detox Programs’ services (Sobering Center/Care Connection).

FISCAL YEAR 2011 EXECUTIVE SUMMARY

The Sole Community Provider commitment was reduced from \$9,653,900 in Fiscal Year 2010 to \$6,861,795 in Fiscal Year 2011. The remaining Health programs are being funded by utilizing the savings in the Indigent and EMS GRTs that resulted from the reduced Sole Community Provider commitment, as well as through the use of cash reserves from four of the Health program funds (Indigent GRT Fund, Indigent Primary Care Fund, EMS GRT Fund, and EMS Healthcare Fund). Further, the Senior Services program was moved to the General Fund to ease the pressure on the various Health Funds. In future fiscal years the County will need to determine which Health programs are a priority for funding as the cash and other sources of funding currently available run out.

Capital Improvement Fund Budgets

Capital Improvement Funds are used to account for sources and uses associated with capital projects. Special appropriations for roads and other infrastructure and bond proceeds are segregated into their own capital improvement funds. In total Capital Improvement Fund budgets are \$1.2M higher in Fiscal Year 2011 than in Fiscal Year 2010. However, the source breakdown of those funds is significantly different. In Fiscal Year 2010 Santa Fe County budgeted \$28.5M in cash carry-over from bond proceeds and \$11.8M in intergovernmental grants for a total capital improvement budget of \$40.3M. However, Santa Fe County does not anticipate a large number of intergovernmental grants will be received in Fiscal Year 2011, thus intergovernmental grants are budgeted at \$4.2M. Cash carry-over from bond proceeds totals \$37.4M in the Fiscal Year 2011 budget.

During Fiscal Year 2010, Santa Fe County issued three Capital Outlay GRT Bonds. The 2009 CO GRT Revenue Bond (336) was issued for \$12.1M for water rights acquisition. The 2010A CO GRT Revenue Bond (337) was issued for \$21.2M, and the 2010B CO GRT Revenue Bond (338) was issued for \$10.2M. The two 2010 bonds were issued for construction of the Buckman Direct Diversion water facility. \$21.9M of the cash carried over from bond proceeds comes from the 2010A and 2010B CO GRT Revenue Bonds.

Fiscal Year 2011 to Fiscal Year 2010 budget comparisons on a fund by fund basis appear in the table below.

CHANGES IN BUDGETS OF CAPITAL IMPROVEMENT FUNDS FROM FY 2010 TO FY 2011		
FUND NAME	FY 2011 BUDGET	FY 2010 BUDGET
(301) HOUSING CAPITAL IMPROV (Capital Improvement to Public Hsg)	264,800	738,126
(311) ROAD PROJECTS FUND (Road Construction and Improvements)	187,535	1,228,710
(318) STATE SPEC. APPROPRIATION (Infrastructure Projects)	3,911,200	9,893,402
(330) GOB SERIES 2005 (1997 Series Refunding)	183,919	487,331
(331) GOB SERIES 2007 (Judicial Complex)	2,106,783	3,036,518
(332) GOB SERIES 2007B (Public Works and Water Projects)	32,381	34,699
(333) 2008 GRT REV BOND JUD COM (Judicial Complex)	4,410,027	4,410,027
(334) GOB SERIES 2008 (Buckman Direct Diversion project)	0	1,149,127
(335) GOB SERIES 2009 (Public Works, Fire, Utilities, Open Space)	5,487,702	14,725,076
(336) CAP OUTLAY GRT BONDS 2009 (Water Rights Acquisition)	1,596,191	
(337) CAPITAL OUTLAY GRT 2010A (Buckman Direct Diversion Project)	11,472,198	
(338) CAPITAL OUTLAY GRT 2010B (Buckman Direct Diversion Project)	10,404,305	
(353) GOB SERIES 2001 (Public Safety/ Public Works Complexes)	13,131	1,223,411
(370) FACILITY BOND 97 PROCEEDS (Public Safety Complex)	0	320,059
(385) GOB SERIES-OPEN SPACE (Open Space & Trails)	1,477,415	3,086,013

Debt Service Funds

Debt Service Funds are established to separately account for payments made for bond issues and other debt. The County has Debt Service Funds for general obligation debt, the jail revenue bond debt, other revenue bond debt and equipment loans. In any given year, debt service payments will vary from the previous year, even if new debt isn't issued. This is due to the

FISCAL YEAR 2011 EXECUTIVE SUMMARY

structure of the debt service payments established at the beginning of the bond issue as part of an overall plan for issuing debt to finance a long-term capital improvement plan.

Four new bonds were issued during Fiscal Year 2010. Three of those are revenue bonds and appear in the table of capital improvement funds above (336, 337, and 338). The fourth was a Refunding/Advance Refunding of two bond issues. A separate cost center was not created for the bond's proceeds as they go towards payoff of the bonds that are being refunded. Thus, the proceeds appear in the cash balance of the General Obligation Debt Service Fund (401) for use in paying the refunded bond(s). The refunding bond amount totaled \$13.5M. The GOB 2010 Refunding Series refunded the GOB 2001 Series principal balance of \$3,855,000, and "advance refunded" the GOB 1999 Series principal balance of \$9,880,000 as of 7/1/10 (not included in the payments noted below). This refunding series is expected to save Santa Fe County approximately \$1 million in interest payments over the life of its payment schedule.

Below is a summary comparison of Fiscal Year 2011 and Fiscal Year 2010 debt service payments.

\$ expressed in millions GENERAL OBLIGATION BONDS	FY 2011 PAYMENT	FY 2010 PAYMENT	MATURITY DATE
2010 Refunding Series (Refund 2001 & 1999 Series)	\$1.3	-	2020
2009 Series (PW, Utilities, Fire, Open Space)	\$1.3	\$0.4	2024
2008 Series (Buckman Direct Diversion)	\$2.8	\$3.5	2024
2007B Series (Roads, Water)	\$1.3	\$1.3	2028
2007A Series (Judicial Complex)	\$1.4	\$1.4	2027
2005 Refunding Series (Refund GOB 1997 Series)	\$1.1	\$1.1	2026
2005A Series (Public Works, Water)	\$0.7	\$1.0	2026
2001 Series (Public Safety, Public Works)	-	\$1.1	<i>Refunded</i>
2001A Series (Open Space)	\$0.7	\$0.7	2017
1999 Series (Open Space – advance refunded)	\$1.0	\$1.3	<i>Refunded</i>
SUBTOTAL GOB DEBT PAYMENTS	\$11.6	\$11.8	
REVENUE BONDS			
Capital Outlay GRT 2010B Series (Buckman Direct Diversion)	\$0.7	\$0.1	2031
Capital Outlay GRT 2010A Series (Buckman Direct Diversion)	\$1.5	\$0.2	2031
Capital Outlay GRT 2009 Series (Water)	\$0.9	\$0.5	2030
GRT 2008 Series (Judicial Complex)	\$1.4	\$2.6	2033
GRT 1997A Subordinate Series (Public Safety Complex)	\$0.4	\$0.4	2027
GRT 1997 Series (Adult Detention Facility)	\$2.2	\$2.2	2027
SUBTOTAL REVENUE BOND DEBT PAYMENTS	\$7.1	\$6.0	
TOTAL DEBT PAYMENT	\$18.7	\$17.8	

Enterprise Funds

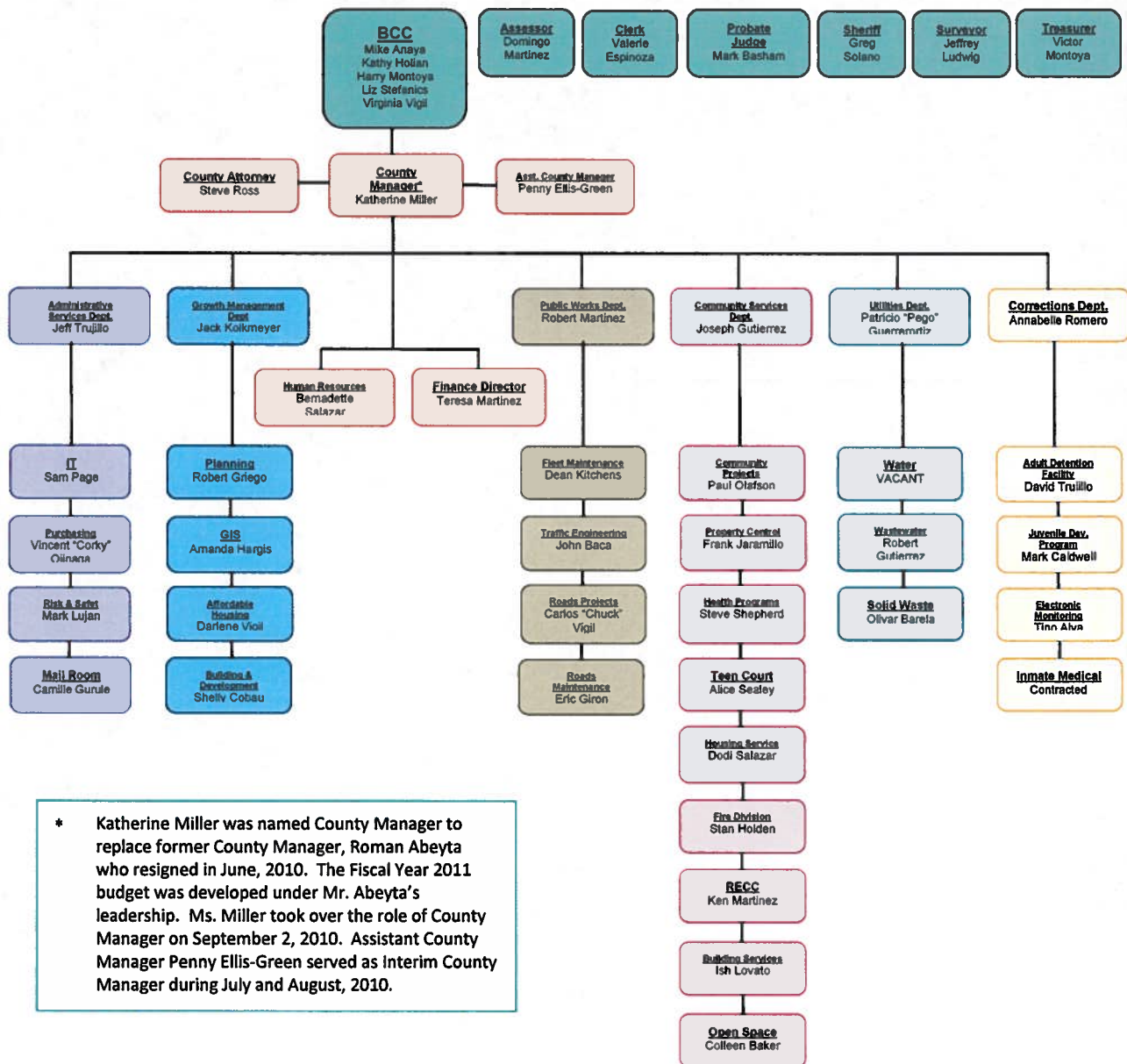
Enterprise Funds are established to account for those operations that derive significant revenue from charges for service. Santa Fe County currently has three Enterprise Funds. The Regional Planning Authority is supported by an agreement between the City of Santa Fe and the County who share equally in providing funding. The Water/Wastewater Enterprise Fund is supported by revenues charged for water and wastewater services provided by the Utility. The Public Housing Authority is funded through a subsidy by the federal Housing and Urban Development Department (HUD) and rent charged for housing units. These three funds are shown with comparative Fiscal Year 2010 and Fiscal Year 2011 information below.

CHANGES IN BUDGETS OF ENTERPRISE FUNDS FROM FY 2010 TO FY 2011				
FUND NAME	FY 2011 BUDGET	FY 2010 BUDGET	FY11 AMENDED FY10 ORIGINAL	GENERAL EXPLANATION
* REGIONAL PLANNING AUTHRTRY	93,723	173,000	(79,277)	Reduced Gen. Fund and City of SF support
* ENTERPRISE - WATER FUND	3,246,624	4,078,078	(831,454)	FY 2010 Infrastructure Expenses
* ENTERPRISE - HOUSING ADMIN	851,647	1,004,157	(152,510)	Reduced use of Cash Reserves

FISCAL YEAR 2011 EXECUTIVE SUMMARY

SANTA FE COUNTY FISCAL YEAR 2011 ORGANIZATIONAL STRUCTURE AND AUTHORIZED POSITIONS

The organizational structure depicted below will be utilized in Fiscal Year 2011. It differs somewhat from that which was used during Fiscal Year 2010 in that the County Attorney's Office will report to the County Manager in FY 2011, Growth Management was split into the Growth Management, Public Works and Utilities Departments. GIS and Building Services were moved out of Administrative Services to Growth Management and Community Services respectively. Affordable Housing was moved to Growth Management from Community Services/Housing Services. Risk Management was moved to the Administrative Services Department from the County Attorney's Office. Finally, Solid Waste was moved to Utilities from Public Works.



* Katherine Miller was named County Manager to replace former County Manager, Roman Abeyta who resigned in June, 2010. The Fiscal Year 2011 budget was developed under Mr. Abeyta's leadership. Ms. Miller took over the role of County Manager on September 2, 2010. Assistant County Manager Penny Ellis-Green served as Interim County Manager during July and August, 2010.

FISCAL YEAR 2011 EXECUTIVE SUMMARY

The Fiscal Year 2011 budget includes 977.5 authorized positions in Santa Fe County. Of those, 79.8 positions were frozen as of July 1, 2010, and no budget authority was appropriated for them. There were 986.2 positions authorized in Fiscal Year 2010. The difference can be attributed to the net of positions eliminated due to the closure of the Detox programs and the Student Intern Program, and new positions authorized, some of which are grant funded, and many of which were not funded. Some reclassification of authorized positions did take place during Fiscal Year 2010 in order to restructure the organization and address programmatic needs without needing to add positions. Detailed information on organizations and positions appears in Section VII – Organization Budgets.

The following changes comprise the net decrease of positions from FY 2010 to FY 2011:

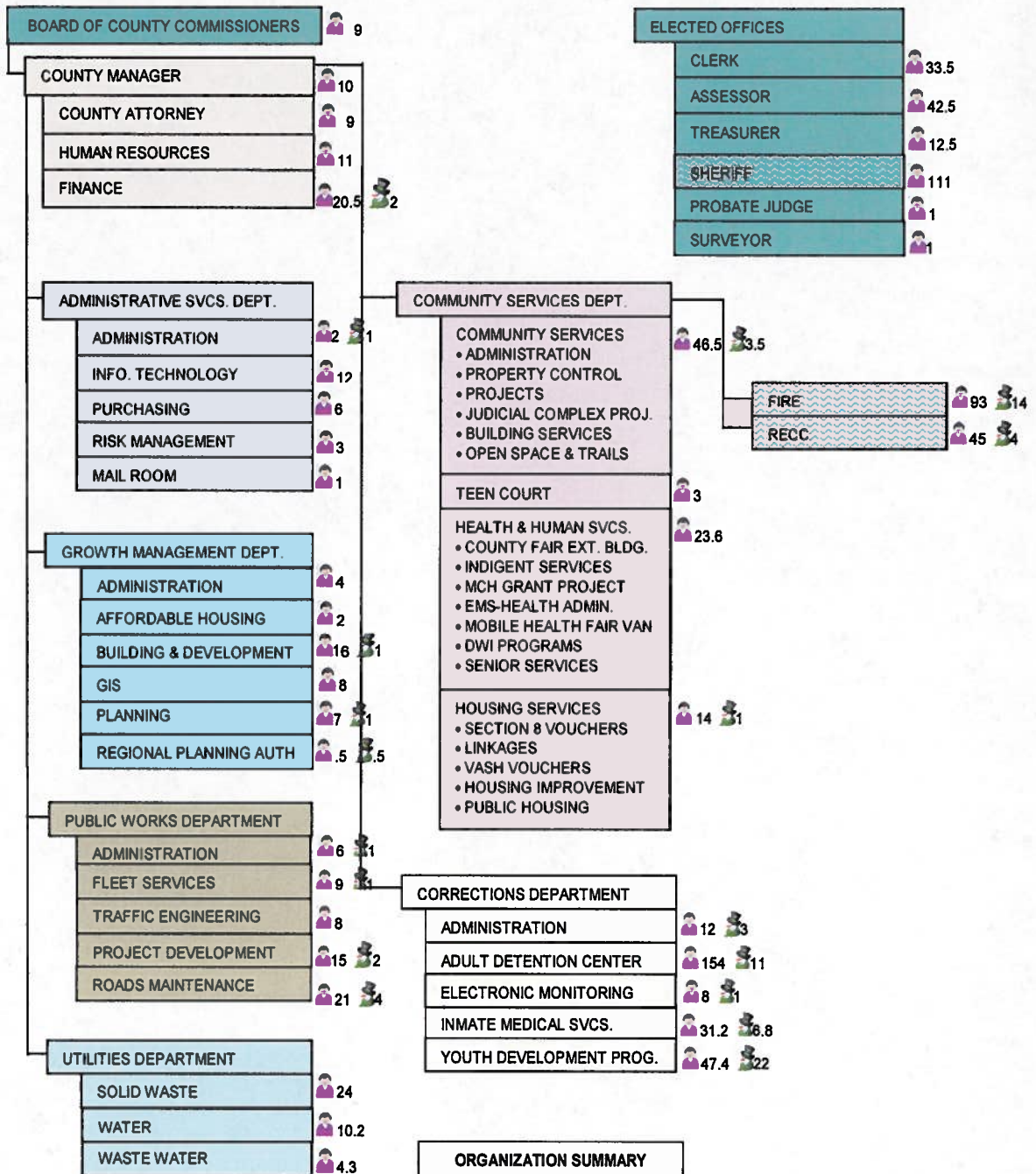
(22.4)	Positions eliminated as a result of closing the Detox Programs.
(.3)	Reduced partial FTE as part of grant funding allocation.
(3.0)	Eliminated the Student Intern Program.
1.0	Temp Security Guard authorized as Term when it was determined that the need for security at the Judicial Complex building site would be needed beyond the 6 month temporary employee time limit.
1.0	Utilities Maintenance Technician authorized by BCC.
1.0	Graffiti Prevention & Removal Specialist position authorized as permanent.
0.0	New FTE authorized by the BCC for Transport Deputy which was the cheaper alternative to procuring a contracted transport service.
1.0	New FTE authorized by BCC for the Region III Drug Enforcement Task Force Coordinator which was previously a contract position. The IRS determined the position should be classified as an employee. Funding for the position comes from a reduction in contractual services expenses and has no budget impact.
2.0	New FTEs authorized for Treasurer's Office to collect delinquent property taxes with the caveat that their collections would cover their salary.
<u>10.0</u>	New Fire Cadets authorized but not funded.
(8.7)	NET REDUCTION IN AUTHORIZED FTEs


In Fiscal Year 2008, 37 positions were added to the Fire Department staff as part of the "Project 48" mentioned above as well as needed administrative staff to support the expanded department. As with any new position, this places an additional burden on the Fire Department's budget in subsequent years. There was also a net increase of seven positions in the Fiscal Year 2010 over the Fiscal Year 2009 budget, mainly in the Assessor's Office (four), Fire Department (three), but also one Energy Specialist in Administrative Services and one Maintenance Technician in Community Services. The Corrections Department lost three positions.


The organizational structure of Santa Fe County underwent considerable change during Fiscal Years 2007 and 2008, wherein the existing departments were consolidated into four large departments. This structure was used in Fiscal year 2009 and the beginning of Fiscal Year 2010. However, during Fiscal Year 2010, it was determined that the Growth Management Department should be structured differently due to the broad range of responsibilities housed within it. Consequently, the Growth Management Department was divided into three Departments, the Growth Management Department, the Public Works Department and the Utilities Department.

There remains the possibility that additional changes will occur during Fiscal Year 2011, however, the structure and number of authorized positions as of July 1, 2010 are represented by the following graphic.

FISCAL YEAR 2011 EXECUTIVE SUMMARY



 Filled or can be filled position(s)

 Frozen position(s)

ORGANIZATION SUMMARY		
COUNTY MANAGEMENT	50.5	2.0
ADMINISTRATIVE SVCS. DEPT.	24.0	1.0
COMMUNITY SERVICES DEPT.	87.1	4.5
CORRECTIONS	252.6	43.8
GROWTH MANAGEMENT DEPT.	37.5	2.5
OTHER PUBLIC SAFETY	248.0	18.0
PUBLIC WORKS	59.0	8.0
UTILITIES	38.5	0.0
ELECTED OFFICES (inc. BCC)	99.5	0.0
TOTAL	897.7	79.8

CHALLENGES AHEAD

Future years will be marked by a variety of challenges. In the near term, challenges will be centered around structuring and funding the County operations in such a way as to meet the needs of the public with resources that continue to be limited by the “great recession.” There are, of course, a number of long-term challenges and objectives that the County must meet for a sustainable economy and environment to flourish in Santa Fe County. Below are examples of the challenges that lie ahead, both short- and long-term.

- Santa Fe County must define the “core” services that comprise its government. There are, of course, numerous functions that must be provided which are required by statute. Non-statutory services that are provided must be analyzed and prioritized for funding based on available sources. A citizen survey was conducted in late Fiscal Year 2010, the results of which were not yet available for the Fiscal Year 2011 budget process but will be critical to development of the Fiscal Year 2012 budget. Determining what “core” government services to provide will be an enormous challenge requiring a great deal of staff, management and public input.
- A great deal of analysis was conducted in Fiscal Year 2010 to determine what, if any, changes to the current County structure could be done to cut costs, and/or generate additional revenue. Many of these analyses were contemplated in the Fiscal Year 2011 budget and many were to be revisited in development of the Fiscal Year 2012 budget. Any restructuring of County government will create a variety of challenges for staff and the public as each struggles to adapt to the change.
- Existing staff and management are, and will continue to be, facing the burden of performing additional duties “not in their job description” as a result of the hiring freeze that has been in place since Fiscal Year 2010. Under this freeze, positions are frozen as they become vacant unless an adequate written justification for hiring can be provided to a committee of individuals who review and approve such requests. In most cases only public safety positions will be considered. With the extended hiring freeze the additional duties staff may be required to perform could ultimately lead to poor staff morale and increased absenteeism, which in turn may negatively impact services.
- A number of projects that are part of the County’s long range Capital Plan lost State funding in Fiscal Year 2010 as the State faced a large budget shortfall. Finding an alternative means of funding these projects will be an ongoing challenge for the County as it is unlikely that the State will appropriate any significant amount of funding for projects.
- Funding challenges for Health programs, the Sole Community Provider commitment, the RECC, the Fire Department and the Corrections Department were discussed above and will be need to be addressed head-on in the Fiscal Year 2012 budget. These programs compete for the same sources of funding in total or in part, and those sources are declining. The programs have already reduced expenses, and any further reduction may impact services. A funding strategy for these programs is a critical challenge.
- The “sunsetting” of the ¼ cent Fire Excise tax in December of 2008 has contributed to the funding challenges of the Fire Department. This tax was brought before the voters

FISCAL YEAR 2011 EXECUTIVE SUMMARY

in November of 2009 for reenactment but the effort failed. This County will continue to present this tax to the voters in an effort to re-enact the tax.

- The County continues to face the challenge of balancing the budget of the Corrections Department. Determining an appropriate balance between “paying beds” (inmates from other jurisdictions housed at the County facility for a fee) and “non-paying beds” (County inmates) at both the adult and juvenile detention facilities in order to minimize budget shortfalls, remains a challenge. Once that balance is determined there remains the challenge of marketing the facilities to draw the needed level of paying beds. If such a balance between paying and non-paying beds is not maintained, the General Fund must subsidize the detention facilities at the expense of programs that it currently funds.
- The need to provide an adequate and sustainable water supply for Santa Fe County residents and businesses in this high desert and drought-prone area is at the forefront of longer-term challenges. Completing the plans for financing and constructing the Buckman Direct Diversion water project is a big part of meeting this challenge. This should be accomplished in Fiscal Year 2011 as BCC construction should be completed and the facility brought “on-line.”
- Legislation to ratify a settlement in a decades old federal lawsuit will likely be passed and signed by the President. The suit is intended to address water rights of the Pueblos in the Pojoaque Valley. The settlement would require the construction of a regional water system in the Pojoaque Valley. The new system will cost in the hundreds of millions of dollars to construct and will significantly increase the customer base of the County’s water utility. Funding such a project will need to be addressed within the next 5 to 10 years.
- Santa Fe County plans to take over operation of five senior centers during Fiscal Year 2011, and a sixth center in Fiscal Year 2012. The County currently contracts with the City of Santa Fe to provide these services. Once under the County’s purview, the centers would increase the number of days that services are provided and will add certain additional services to the program. Ensuring that the cost of taking over these senior centers’ operations does not increase the amount of General Fund support that the Senior Services Program receives will be a challenge.

Because of the increasing demands on its resources, the County continues to seek innovative strategies for generating revenues, reducing costs and streamlining and structuring its operations to best meet the needs of the community. Long-range planning will continue to focus on sustainable funding for County services and conservative budgeting that will maintain the fiscal health of Santa Fe County.