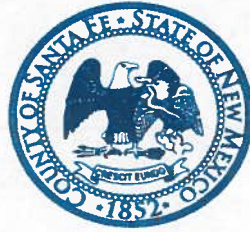


Daniel "Danny" Mayfield
Commissioner, District 1

Virginia Vigil
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

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

The budget for Santa Fe County for the fiscal year beginning on July 1, 2011 and ending on June 30, 2012 (fiscal year 2012) is presented within this document in its entirety. Also presented is historical, informational, comparative and statistical information to assist the reader in understanding the contents of this document, the context of the budget and the overall financial health of Santa Fe County.

The preparation of the annual budget was a five-month process wherein the County's governing body, management and staff participated in the creation of a financial plan for fiscal year 2012 which remains conservative, maintains most of the cost cutting measures implemented over the past three fiscal years, but avoids making major cuts to services or programs. The process also included the use of results from a citizen survey conducted in July of 2010 to determine a reallocation of resources based on the priorities revealed by the survey.

The FY 2012 budget contemplates fairly flat revenue (versus the reduced revenue in each of the past two years) based upon FY 2011 performance and other indicators that the local economy has leveled out. This cautiously optimistic, yet conservative approach led to a \$218.3 million final budget, of which \$44.4 million comes from operating transfers which are considered to be "double counted." Excluding these transfers the FY 2012 budget is \$178.8 million. This represents a \$14.0 million reduction from FY 2011 primarily attributable to a decrease in capital project expenditures resulting from the completion of the Buckman Direct Diversion project which was the County's largest capital expenditure in fiscal year 2011.

The FY 2012 budget also contemplates a reorganization of departments and divisions to capitalize on existing staff expertise, fill critical gaps in services, and improve areas where performance has not been at the desired level. The reorganization was accomplished with net zero impact to the budget and will be fully implemented early in fiscal year 2012.

Some small cuts were made to the FY 2012 operational budgets of programs funded entirely by the general fund, supported by the general fund in the form of operating transfers or budgets that rely upon gross receipts taxes as the primary revenue source. Grant funded programs and Enterprise Funds were not impacted, nor was the Road Maintenance Fund which, despite its significant general fund support, was determined to be the highest priority function for the citizens based on the July 2010 survey. These small cuts, referred to as "sanding" the budget, were across-the-board cuts of non-personnel operating budgets of 1%, 2% or 3% based on the size of the budget (largest budgets were cut by the highest percentage). This "sanding" exercise yielded a reduction in recurring expenditures of approximately \$330K. Further small cuts were made by altering the method of budgeting for vacant staff positions. This change yielded a reduction of approximately \$400K.

The FY 2011 Amended Final Budget required a use of approximately \$16 million in cash reserves as a short-term strategy for sustaining ongoing operations while the County could make necessary alterations to its structure, culture and philosophy. This was a difficult decision made in an effort to buy time to implement needed changes in a phased approach. The FY 2012 Final Budget was balanced by using just \$4.8 million in cash reserves for operations – evidence that the strategy utilized in FY 2011 was successful. As efforts to streamline County government continue and the economy continues to stabilize the need for using cash to balance operating budgets will become a “thing of the past.” We anticipate that this necessity will be eliminated by fiscal year 2014. However, should the economy dip again, a conservative use of cash may be necessary beyond that target date.

During this fiscal year Santa Fe County will be developing and implementing a priority-driven, results-accountable budgeting methodology for future fiscal years beginning with FY 2013. This will be a huge undertaking and major paradigm shift which will require input and cooperation from the public, governing body, management and staff. Through this process the County will determine which programs and functions are the most important to the citizens of Santa Fe County and have the most significant impact on their quality of life, and will allocate funds in order to achieve those priority results.

The following Executive Summary provides a high level view of the Santa Fe County’s budget. In it the primary issues facing Santa Fe County are highlighted as well as the County’s FY 2011 accomplishments, FY 2012 goals and priorities, FY 2012 budget highlights and summary information on the County’s budget, structure, staffing and challenges.

For more than a decade, Santa Fe County has produced conservative budgets and FY 2012 is no exception. This budgetary conservatism has allowed Santa Fe County to weather this long recession and the challenges that it has brought forth. We have done so with some sacrifice but ultimately little impact to existing staff and services. Our bond rating remains high and our financial health remains strong. We are proud to have been able to accomplish this while many other governmental entities, in New Mexico and nationally, have had to reduce staff and/or services. This success has taken the effort of employees, management and elected officials.

The challenges of the last three years have not disappeared but seem to be loosening their hold. However, this does not mean that we will become complacent. We will continue to work collaboratively with the community, other local governments and staff to address the ever changing needs of Santa Fe County and its residents and we will continue to seek innovative ways to conduct the business of government as cost effectively and productively as possible.

Respectfully submitted,


Teresa Martinez
Finance Director


Carole Jaramillo
Budget Administrator

SANTA FE COUNTY FISCAL YEAR 2012 FINAL BUDGET

EXECUTIVE SUMMARY

The following Executive Summary provides a high level overview of the Santa Fe County, New Mexico FY 2012 Final budget as approved by the Santa Fe County Board of County Commissioners on June 28, 2011 and certified by the State of New Mexico Department of Finance and Administration on August 30, 2011. Sections II through VII of this document provide a comprehensive view of Santa Fe County's demographics and economy, budget process and policies, fund level budgets and historical revenue and expense information, debt capacity and debt service, capital projects, and organizational accomplishments and budgets.

PRINCIPAL ISSUES CONFRONTING SANTA FE COUNTY

Community Health Services

Although Santa Fe County collects two 1/8th percent increments of gross receipts tax to support community health needs, we remain challenged with a shortage of adequate resources needed to attend to the health care needs of our community. The two tax increments combined are expected to bring in \$8.6 million in FY 2012. One half of that amount is dedicated strictly to healthcare for the County's indigent population. The other half is dedicated for emergency medical services and primarily supports the Fire Division which responds to thousands of medical calls per year.

A 16.5% decline in gross receipts taxes since the onset of the "great recession" in the summer of 2008 has meant that the County has had to make difficult choices for funding health programs. Santa Fe County has had to reduce support to local health care providers for indigent claims. We have also had to significantly reduce its support of the sole community provider program which leverages local dollars (Santa Fe County contribution) to obtain Federal matching dollars for local hospitals that participate in the program. This has created a hardship for the local hospital which historically has relied heavily on these funds.

Santa Fe County has been working with community leaders, hospital executives and the City of Santa Fe to seek solutions to the complex funding challenges that we face. However, more work is needed. Spending cuts have been made and we anticipate negotiating with the City of Santa Fe on a variety of issues that can free up funding for the sole community provider program, indigent and emergency health care and related health programs in Santa Fe County.

Water Utility

As a high desert region, Santa Fe County must keep in the forefront of its strategic planning, the sustainability of its water resources for future generations. As part of that goal, Santa Fe County has partnered with the City of Santa Fe and the Las Campanas subdivision of Santa Fe County to construct a river diversion, the Buckman Direct Diversion (BDD,) to pump and pipe water to users in Santa Fe County and the City of Santa Fe. The BDD went "on-line" in May, 2011 and has been contributing to the water supply to our residents and businesses since that time.

In spring of 2011, a water rate study was completed and a plan was developed for the expansion of the water utility to areas of the County not currently served. Other water projects are now underway to add infrastructure which will allow for the increased capacity need to expand the utility. In combination with the additional water supply now available as a result of the BDD, the utility will be able to carry out the expansion in a phased approach over the course of the next several years.

Additionally, Aamodt Settlement of water rights issues in the Pojoaque Valley was approved by Congress in the spring of 2011. This settlement requires that a regional water system be constructed in the Northern part of Santa Fe County. It is unclear the level of Federal funding will be provided for construction of the water system. Thus it is unclear as to the final cost to the County for compliance with the settlement agreement. Santa Fe County will complete its preliminary research to develop a funding plan for the project. Although the water system will take several years to construct the result will be a large increase to the customer base of the water utility and its revenue and expense.

Growth Management

As communities throughout Santa Fe County grow, demands for services and infrastructure have grown with them. Services and infrastructure are stretched and the economic uncertainties that we face make planning for expansion of these necessities difficult. Further, some types of growth are more costly than others from an environmental standpoint as well as a monetary standpoint. After a lengthy development and public input process, in FY 2011 Santa Fe County adopted its Sustainable Growth Management Plan (SGMP) to guide development and address issues surrounding growth in Santa Fe County for the next 20 years. The plan addresses environmental impacts, water resources, open space, emergency response services and financial strategies necessary to provide infrastructure and services to our growing communities. The SGMP is only a part of addressing the issue, albeit a critical part.

Santa Fe County plans to codify the objectives of the SGMP through the development of a corresponding Sustainable Growth Management Code (SGMC). The primary goals of these two efforts is to manage growth in such a way as to maintain the quality of life for Santa Fe County's residents while providing services and developing infrastructure in the most cost effective and efficient manner. The County anticipates completion of the SGMC in FY 2012. With the SGMP and SGMC in place, Santa Fe County will be equipped to address the needs of the community when heavy development returns to our area.

Economic Development

Santa Fe County relies heavily on Government (Federal, State, local) and tourism for its employment and economic base. During the construction "boom" years in the mid-2000s construction and related industries also contributed heavily. However, both tourism and construction related industries have been strongly impacted by the economic downturn and will remain driven by the ebbs and flows of the economic tides.

Santa Fe County is working to develop industry in the area with the goals to create well-paying jobs, will not cause harm to the environment, and will not adversely impact the "Santa Fe" way of life. The largest economic development initiative being undertaken by Santa Fe County is a partnership with a private company to build a film studio. The movie industry has become an important economic driver in other parts of New Mexico and for the State as a whole. The goal of Santa Fe County's partnership with Santa Fe Studios is to bring film jobs which will help to diversify the economy of the area with economic growth not tied to tourism, construction or Government. Through a loan guarantee, providing improvements to infrastructure around the studio site, and tying repayment of a land loan to job

creation and labor hours Santa Fe County is helping to build a foundation for new industry that meets the goals noted above. The Studio should be completed and operational in FY 2012.

Santa Fe County is also working with Bicycle Technologies International (BTI) through a grant from the State of New Mexico Economic Development Department to expand and relocate the BTI's facilities. BTI provides parts and services to the domestic and international bicycle industry and has outgrown its current facility. With its expansion BTI will be able to meet its current needs and will accommodate future growth. An additional 40 jobs will be added to the economy through this effort.

Finally, Santa Fe County is exploring plans for developing a large parcel of land that it purchased in the La Cienega area into an economic growth opportunity. Various ideas have been brought forward for economic uses of the property, such as commercial greenhouses, artist studios and galleries, renewable energy projects or a demonstration farm/ranch among others. A citizen survey regarding the property has been conducted and additional public input will be solicited before reaching a decision on the direction of the property. Such a decision is anticipated in FY 2012 and planning will begin thereafter.

Roads and Other Infrastructure Needs

When surveyed, a random sample of Santa Fe County residents listed roads as their highest priority. Santa Fe County maintains approximately 580 miles of road. Snow and mud removal along with grading and other repairs is of tremendous importance to County residents in addition to upgrading and improving the road system. Santa Fe County has been challenged by a decline in the taxes that support the road maintenance program over the past several years. Further, the State of New Mexico has reduced its special appropriations to Santa Fe County for its road construction as it struggles with its own budget issues. This decline in taxes and appropriations has placed an additional burden on the County's general fund which has had to increase its support of the road fund to compensate for the lost revenue from other sources. This is additional pressure to the general fund which is already experiencing pressure to support public safety and other priorities.

In Fiscal Year 2012 Santa Fe County is diverting personnel from new construction to road maintenance to better serve residents from that stand point. This shift will increase the general fund support of the road maintenance program, but savings will be realized in the road project development division which was directly funded by the general fund. The result is a budget neutral means of improvement road maintenance and no loss of jobs for road project staff. At such time as State appropriations become available, Santa Fe County will reallocate staff to road projects.

Santa Fe County is also reconstituting its Road Advisory Committee to include representation from each Commission district as the districts are re-drawn subsequent to the 2010 census. The Road Advisory Committee along with staff will begin developing the next 5-year road plan to address construction and improvements of the road system.

Other infrastructure within the County are aging and in need of upgrade, repair or improvement. With growth the need for such facilities as senior and community centers and fire stations has also grown. Santa Fe County has addressed the fire station needs with bond proceeds being allocated to their construction. In FY 2012 Santa Fe County took the step of allocating cash reserves to make needed improvements to a number of senior and community centers. It was determined that reserves are adequate for these improvements as well as to sustain the County in the event of further economic decline.

FISCAL YEAR 2011 ACCOMPLISHMENTS

Through careful financial planning and management Santa Fe County has sustained its operations throughout this recession. Despite a strategy of fiscal austerity, many significant goals were accomplished in FY 2011. Below are examples of these:

Water Supply

After a six-year development, design and construction process the Buckman Direct Diversion (BDD) project was completed and went on-line. This partnership between Santa Fe County, the City of Santa Fe and the community of Las Campanas began delivering water in May of 2011. The BDD has the capacity to deliver up to 15 million gallons of treated water to County and City water customers. This river diversion is a critically needed component of the water supply portfolio in the region. The construction (which began in 2008) included 26 miles of raw and treated water pipeline, raw water and diversion facilities, pump stations, and a treatment and storage facility was completed in December of 2010 and acceptance testing was completed in April of 2011. The total cost of the project was approximately \$217 million dollars split among the partners and is owned by Santa Fe County and the City of Santa Fe.

Judicial Court Complex

Environmental clean-up at the courthouse construction site was completed in FY 2011 and construction of the facility resumed. Remediation of petroleum contaminated soil as well as a large plume of petroleum stalled construction of the courthouse which began in FY 2008. Remediation included the excavation and removal of approximately 25,000 tons of contaminated soil equal to about 15,000 gallons of gasoline from the site, and in coordination with the New Mexico Environment Department, the installation of horizontal wells and soil vapor extraction systems. Santa Fe County also treated 5.5 million gallons of water to remove contamination and released it to the Santa Fe River in a condition that is habitable by fish. This effort was completed thus averting an environmental catastrophe as the petroleum plume was flowing directly towards the Santa Fe River, and allowing for the courthouse construction to move forward. Construction of the underground parking structure began in late FY 2011. Completion of the entire project is expected in December of 2012.

Completed and Adopted the Sustainable Growth Management Plan (SGMP)

On November 9, 2010 the Board of County Commissioners approved Resolution 2010-210 to adopt the 2010 Sustainable Growth Management Plan as the comprehensive plan of Santa Fe County and superseding the 1999 Growth Management Plan. The SGMP is a guiding document incorporating local community values, goals and strategies on how to best manage and sustainably utilize the County's limited natural, economic, and cultural resources. The SGMP is also a tool that addresses the existing and future needs of communities in Santa Fe County and serves as a guide for planning, land use, housing, resource and environmental protection, public and facility service, renewable and green development, fiscal responsibility, and administrative regulation. The SGMP will serve as the framework for the County's Sustainable Land Development Code.

The SGMP is based on input from more than 100 meetings including workshops, charrettes, public hearings and study sessions involving citizens, nonprofit organizations, community groups and other stakeholders. These meetings were conducted in all regions of the County during evenings, weekends and daytimes, offering opportunities for maximum community participation. The SGMP is aimed at meeting the needs of current residents while at the same time preserving the County's land, history, culture and natural resources for future generations. The SGMP will direct future growth to areas with

adequate public facilities such as roads, water and sewer systems, and public safety. In addition, a key feature of the SGMP will be the creation of more opportunities for community participation, including a number of different kinds of community-centered organizations through which citizens can actively participate in their community.

Ethics Ordinance

In September, 2010 Santa Fe County passed Ordinance Number 2010-12, the Santa Fe County Code of Conduct. Commonly known as the “Ethics Ordinance,” Ordinance 2010-12 outlines the responsibilities of public officials (elected, appointed, staff and volunteers) to carry out their duties faithfully and impartially without regard to personal considerations and with the public interest as the highest priority. Among other things the Ordinance dictates that all public officials avoid the appearance of impropriety, refrain from conduct (even lawful conduct) wherein the office is used for personal gain or even gives a reasonable inference of personal gain, limits the ability of a former public official from being employed to influence matters s/he participated in substantially while employed, strictly defines conflict of interest and the avoidance thereof, defines a public official’s duty to report wrong-doing, restricts the use of campaign funds, prohibits the use of County resources for personal or political gain, and establishes the County Ethics Board and civil penalties for violation of the Ordinance.

Transparency Initiatives

In FY 2011 Santa Fe County developed and implemented its “sunshine portal.” Through the portal which is a link on the County’s website information on positions, salaries, vendor payments and contracts is available to the public. The portal also has the County’s budget and financial statements, meeting minutes, agendas and packet materials, video and audio of meetings “on demand,” current bid solicitations, ordinances and resolutions. Also in FY 2011, Santa Fe County secured an A- grade from Sunshine Review, a non-profit dedicated to state and local government transparency (nationally). Only one New Mexico County received a higher grade while the rest of New Mexico’s 33 counties received a D or an F.

Senior Services

In FY 2011 Santa Fe County laid the groundwork to take over operations of the County’s senior centers. The five senior centers, which had previously been operated under contract by the City of Santa Fe, will begin operating directly under Santa Fe County on July 1, 2011. The County negotiated throughout FY 2011 with the Area Agency on Aging for funding and with the City of Santa Fe relative to the take-over. Through these efforts, Santa Fe County will take over operation of the senior centers while remaining “budget neutral” compared to the contracted operation, and without reduction to the services provided to the seniors.

Examples of other accomplishments are highlighted in the following press release excerpts:

July 7, 2010

THORNTON RANCH OPEN SPACE SUMMER TOURS

There will be four tours offered to the southern portion of the open space property; including the historic ruins associated with the former Kennedy Station on the New Mexico Central Railroad and a nearby archaeological site. Total hiking distance is approximately two miles over moderate to somewhat challenging terrain. This tour offers interesting railroad and ranching history, spectacular views of the Galisteo Basin, and an opportunity to hike in a remote part of the open space property. Each tour will be limited to 16 participants. Participants must sign up individually.

August 3, 2010

SANTA FE COUNTY TREASURER LAUNCHES NEW ONLINE PROPERTY TAX PAYMENT SYSTEM

Santa Fe – August 3, 2010 – Santa Fe County Treasurer, Victor A. Montoya, announced that he launched a new and improved online property tax payment system. The Santa Fe County Treasurer has entered into an agreement with Los Alamos National Bank and Value Payment Systems LLC to provide credit and debit card payment processing. The new site offers an easy and user-friendly alternative to making property tax payments in person or by mail.

July 22, 2010

COUNTY ENCOURAGES RESIDENTS TO USE DOWN PAYMENT ASSISTANCE

Santa Fe – July 22, 2010 – The Santa Fe Board of County Commissioners passed Resolution 2010- 115, amending housing assistance regulations to increase grant amounts. Down payment assistance is available for first time homebuyers and applied to homes located within Santa Fe County (unincorporated areas).

“We would like to encourage as many residents as possible to take advantage of this assistance. Currently five families have utilized the grant funding, we would like more to utilize it,” said Darlene Vigil, Santa Fe County Affordable Housing Administrator.

August 26, 2010

RIBBON CUTTING CEREMONY: BULK WATER DISPENSING FACILITY “OJO DE AGUA”

Santa Fe – August 26, 2010 –Santa Fe County Utilities Division invites Santa Fe County residents to the Ribbon Cutting Ceremony for the new Automated Bulk Water Dispensing Facility “Ojo de Agua” on Friday, August 27 at 10 a.m. The facility is located at 13 B Camino Justica (Off NM Highway 14 near the Santa Fe County Public Safety Complex).

“The facility will provide the public with easy access to safe water 365 days a year at any time, rain or shine,” said Patricio “Pego” Guerrerortiz, Utilities Division Director.

Santa Fe County residents will be required to set up an account at the Public Works Utility Division, 424 NM 599 before they can use the facility. The account will establish a three digit access numbers and a four digit pin number for each resident to use to activate the fully automated system. No card will be required to use the system.

October 1, 2010

SANTA FE DWI CADDY PROGRAM NATIONALLY RECOGNIZED

Santa Fe – October 1, 2010 – The Santa Fe County DWI CADDy program was selected as one of the noteworthy government programs and practices for the Bright Ideas program by the Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University. The CADDy program was one of 173 programs chosen out of nearly 600 applications submitted from across the nation.

November 19, 2010

FLASH FLOOD ON THE SANTA FE RIVER

Santa Fe- November 19, 2010 - Santa Fe County Open Space and Trails would like to invite residents to join them and the Santa Fe Art Institute as well as dozens of other local groups, organizations, and residents for FLASH FLOOD for a living Santa Fe River - a community art action on Saturday, November 20, 2010 from 9:30 a.m. to 11:30 a.m. The event will take place at the Santa Fe River between the Caja Del Oro Grant and San Ysidro river crossings. Residents are encouraged to bring anything blue to help

compose the visual Flash Flood. Blue sheets, towels, tarps, posters, cardboard boxes painted blue and blue clothing are all needed.

The Santa Fe Art Institute (SFAI), in coordination with Bill McKibben's 350.org, is spearheading the New Mexico Flash Flood for a living river project. The Santa Fe River is one of the most endangered rivers in America and Santa Fe is one of five U.S. sites out of 18 global locations to participate and demonstrate that people have the power to change the planet.

The aerial design will be visible and documented from outer space via satellite (and on Google maps), as well as from the air and the ground. The Flash Flood satellite images will be projected worldwide alongside the 17 other global aerial designs as part of the Cancun Climate Change Summit, November 29 to December 10, 2010.

December 7, 2010

LOCAL RAIL TRAIL FEATURED IN NATIONAL PUBLICATION

The Santa Fe Rail Trail was recently chosen as the featured trail for the winter 2011 issue of the national publication Rails to Trails magazine. The Santa Fe Rail Trail graces the cover of the publication and is featured in a six-page article. In addition, the trail was selected by the magazine's editors as the featured trail of the month for January in their limited edition 2011 calendar.

January 24, 2011

COUNTY ROAD 44 TREE REMOVAL

Santa Fe - January 24, 2011-Santa Fe County staff removed approximately two dozen Chinese Elm trees in a quarter mile stretch of County Road 44 during the week of January 17, 2011. The trees were located anywhere from 2 feet to 5 feet from the edge of the road. Santa Fe County removed the trees after staff received several safety concerns from motorists stating they had to drive in the middle of the road or in the opposite lane to avoid hitting tree limbs, in addition to sight distance concerns. Staff determined the trees of immediate concern to remove after they evaluated the road. Roads are required to have a shoulder for vehicles to pull off the road if in the case of an emergency, this is a highly traveled road and the need for a shoulder is of high concern.

May 9, 2011

RIBBON CUTTING CEREMONY FOR NEW SECTION OF TRAIL AT THE ARROYO HONDO OPEN SPACE

Santa Fe, NM – May 9, 2011 – The Santa Fe County Open Space and Trails Program would like to invite residents to the Ribbon Cutting for the new 1.5 mile section of trail at the County's Arroyo Hondo Open Space on Saturday, May 14 at 10 a.m.

Come ready to hike, bike or ride any or all of the 3 miles of trail on the property. Public officials will be present to introduce the recently completed project and refreshments will be provided. The 86-acre property is located along the Arroyo Hondo just west of Interstate 25.

"The Arroyo Hondo Open Space is a real jewel. It is close to town, has inspirational views and now it has 3 miles of trails. Our County Open Space and Trails staff have done a magnificent job of making this a welcoming place. I love to go there just for a mini-vacation of being in the peace and solitude of nature," said County Commissioner Kathy Holian.

Santa Fe County purchased the property in 2002 from the Reid Family with a great deal of community support and contributions. The Board of County Commissioners approved the Master Plan in 2008 after an extensive planning process. Since that time Santa Fe County Open Space and Trails has been working

to implement the master plan. The Santa Fe County Fire department completed a forest restoration project on the property in 2008. The upper parking area off of Old Agua Fria Road East was completed in December 2009 and the property was officially opened in the Spring of 2010.

The master plan and trail design specifies low impact to the environment, protection of sensitive resources, erosion control, maximizing views and interpretation of historical points of interest. Santa Fe County is planning interpretive signage to ensure the trail experience is not only recreational, but educational.

May 19, 2011

RIBBON CUTTING CEREMONY SOUTH MEADOWS ROAD AND BRIDGE PROJECT

Santa Fe, NM – May 19, 2011- Santa Fe County Commission Chair, Virginia Vigil would like to invite Santa Fe County Residents to the Ribbon Cutting Ceremony for the recently completed South Meadows Road and Bridge extension on Monday, May 23 at 10 a.m. The Ceremony will be held at the NM 599 Frontage Road and South Meadows intersection.

The South Meadows Road and Bridge project started in January 2010 and has an approximate distance of 0.92 miles. It begins at the intersection of South Meadows and Agua Fria Road and ends at the NM 599 frontage Road near CR 62.

"The need for a state of the art river crossing in District 2 no longer exists with the opening of South Meadows, which connects 599 to Airport Road. When I was first elected in 2003, many area residents utilized the river as a road and I am pleased this project eliminates that issue," said County Commission Chair, Virginia Vigil.

May 24, 2011

MADRID GRANDSTAND OPENING DAY CELEBRATION

Santa Fe, NM – May 24, 2011 – The Town of Madrid is hosting an opening day celebration for the newly renovated Grandstand in the Oscar Huber Memorial Ballpark on Monday, May 30, 2011. Entertainment will start at 10 a.m. with opening remarks at 11 a.m. from Master of Ceremonies Santa Fe County Commissioner Robert A. Anaya. Guest speakers include New Mexico State Representative Rhonda King and New Mexico Senator Phil Griego. There will be a presentation from the Madrid Landowners Association at approximately 11:45 a.m., followed by a ribbon cutting ceremony and color guard presentation at noon.

Following the presentations, the Madrid Miners and East Mountain Riff Raff will play in the 29th Annual Ballgame, which is an annual Memorial Day tradition in Madrid. The fields will be groomed and the teams will be dressed in traditional uniforms.

Santa Fe County staff has spent approximately nine months renovating the Grandstand structure, which mirrors the original structure built around 1920. The Grandstand is thought to have been the first electrically lit ballpark west of the Mississippi River. The new grandstand includes beams from the original structure and the original announcer's booth.

June 3, 2011

ESSENTIAL DEAD TREE REMOVAL IN VILLAGE OF TESUQUE

Santa Fe, NM– June 3, 2011 –Santa Fe County has contracted Allied Trees to begin necessary trimming and removal of dead trees and tree branches along the right of way on County Road 73 (Tesuque Village Road) and County Road 73A (Bishops Lodge Road) in the Village of Tesuque. The tree trimming will

begin on Tuesday, June 7, 2011 and will be complete on Thursday, June 9, 2011. Strict instruction has been given to this contractor that only dead trees shall be cut or trimmed back as part of this tree trimming effort.

This project will enhance the safety of all motorists, bicyclists and pedestrians utilizing both of these roadways by eliminating the dead trees with the potential to create a traffic or fire hazard.

June 10, 2011

FREE COUNTY GREEN WASTE DAY CLEAN-UP TO PROMOTE WILDFIRE PROTECTION, JUNE 25

Santa Fe County residents can take their green waste to the Buckman Road Recycling and Transfer Station (BuRRT), 2600 Buckman Road for FREE between 8 a.m. and 4:45 p.m. on Saturday, June 25, 2011. Green waste includes dried leaves, grasses, weeds, tree limbs and brush. Residents can gather and clean up items around their homes that would otherwise present a fire hazard. Non-flammable items such as household trash or appliances will NOT be accepted. This FREE event is sponsored by Santa Fe County and the Santa Fe Solid Waste Management Authority.

Tips to protect your home and neighborhood:

- Protect your property from wildfire and clean your yard to create a 30 foot defensible space to ensure ground fuels are well groomed so fire does not easily spread.
- Trim and limb trees and bushes if possible so the low ground fire cannot climb and spread by crowning in the tree tops.
- Keep yard waste picked up and dispose of waste properly.
- Ensure that propane tanks and grills are not within 30 feet of your home.
- Move wood piles away from homes and decks.
- Mow weeds and lawns and remove dried leaves, pine needles, weeds and other dead vegetation.
- Use nonflammable landscaping materials such as rock, pavers, annuals and high-moisture-content perennials within five feet of your home.
- If you live in a moderate to high hazard wildland area, consider fire-resistant patio furniture, swing sets and accessories.

June 27, 2011

SANTA FE COUNTY FIRE OFFICIALS ARE ASSISTING IN THE LOS CONCHAS FIRE

Santa Fe – June 27, 2011 - Emergency Managers from Santa Fe County, Sandoval County, Rio Arriba County as well as staff from Los Alamos National Labs and the State of New Mexico have been and continue to closely coordinate messaging, resources and response to the current severe fire situation. Based on these communications and the tiered evacuation of Los Alamos, a primary shelter site has been established at the Santa Claran in Espanola over flow sites have been determined and will be brought on as needed.

Santa Fe County Fire Officials are identifying structural protection assets to send as mutual aid should they be requested. This is being established with maximum sensitivity to keeping Santa Fe County Fire Department (SFCFD) response ready and available to react to any emergency. Additionally, SFCFD is mobilizing Emergency Medical Services (EMS) resources to assist evacuation of patients should they be needed. This will include the Special Mass Respiratory Response Vehicle, a mass transport unit with oxygen providing capacities. SFCFD has one fire engine with three personnel at the Los Conchas Fire and an additional three fire engines and nine personnel are on standby to be deployed at this time.

FISCAL YEAR 2012 BUDGET PRIORITIES

Santa Fe County government works with a variety of citizen advisory boards and committees in order to keep the needs and concerns of Santa Fe County's residents at the forefront of its budget priorities. Citizen input into policies and priority decisions has been accomplished via these boards and committees as well as other initiatives resulting from a "transparency audit" conducted in FY 2010. Two citizen surveys were conducted in FY 2011, one regarding general budget priorities and the other specific to potential uses of the Santa Fe Canyon Ranch. During FY 2012 Santa Fe County will begin soliciting direct public input into the budgeting process through a series of workshops for the public designed to educate the citizens on the County's budget development process and solicit input simultaneously. The results of this input will be a major factor for the development of the FY 2013 budget.

The Fiscal Year 2012 budget cycle began in February with a somewhat more optimistic view of the financial picture than in the past two budget cycles. However, knowing that we are not nearly fully recovered from the "great recession" difficult changes were painstakingly made. Having authorized the use of significant cash reserves in FY 2011 as a "stop gap" measure it was clear that additional programming changes were needed. In the FY 2012 budget and the method of budgeting for salaries was changed and budgets relying on the general fund for support or funded by gross receipts taxes were "sanded" by 1%, 2% or 3% depending on size. This "sanding" approach affected non-personnel operating budgets across line items. The results of those two changes reduced the budget by approximately \$.57 million. Positions that were "hard frozen" in FY 2011 remained frozen in FY 2012 and additional savings is being realized through "soft freezing" positions, the practice of not filling positions immediately upon becoming vacant thus realizing savings from the vacancy. These changes plus further restructuring of health programs has allowed Santa Fe County to maintain its goal of riding out the financial storms without impacting the level of services or the impact to staff.

Community Health Services

In FY 2010 funding of Health Programs was restructured and this continued in FY 2011 in an effort to find a sustainable level of program funding. The development of the FY 2012 budget contemplated a significant decrease in the amount of funding committed to the Sole Community Provider (SCP) program. This was a very difficult decision made after significant debate and discussion. The Sole Community Provider program leverages local dollars (Santa Fe County tax dollars) in order to receive three to four times those dollars in Federal matching funds for the local hospital. The amount committed to this program reached its peak in FY 2009 with \$9.7 million contributed. However with the sharp decline in gross receipts taxes (the source of revenue for the SCP commitment), that level of funding could not be sustained. The SCP commitment must share its funding source with the Indigent Primary Care program which serves the County's indigent population thus in order to continue to provide the same level of services through the Indigent Primary Care program the SCP commitment was reduced to \$2.1 million in FY 2012. If gross receipts tax collections increase significantly during the fiscal year, the County may consider a supplemental SCP commitment.

Corrections Department Funding

Finding the balance between operating safe, secure and effective detention facilities at a manageable level of funding has been a difficult task. A variety of revenue enhancing and expense reducing measures has been undertaken within the Corrections Department in an effort to reduce its reliance on other funds, specifically the general fund, for support. One area of potential change is in the means by which medical services to inmates is provided at the detention facilities. The use of a contractor to

provide some or all of the medical services has been a hot topic of debate, but remains at the forefront of discussion because of the significant cost of these services to the County.

In FY 2012 the County made a decision to cap the amount of general fund support given to the Corrections Department at \$6.0 million. This cap on general fund support made it necessary to develop an aggressive revenue generating plan for obtaining and retaining inmates from other jurisdictions which must pay Santa Fe County to house their inmates. In combination with the freezing of additional positions within the department, general fund support to the Corrections Department was successfully capped at \$6.0 million.

Expansion of the Water and Wastewater Utility

Santa Fe County maintains a water and wastewater utility which is an enterprise fund meaning that it receives the majority of its revenue from charges for service. The Utility has a relatively small customer base thus the fixed costs are relatively high with fewer customers between which to spread those costs. A water rate study was conducted during FY 2011 to determine a new rate structure for the utility in light of the addition of the Buckman Direct Diversion project, to make the utility self-sustaining. A plan was also developed to expand the Utility to include the addition, in phases, of customers currently not served. The first phase will consist of the addition of customers in areas where infrastructure exists, or can easily be completed. The FY 2012 Budget was developed with an expansion of the Utility from 1,830 water customers to 2,480 an increase of 650 customers, and an increase of the wastewater customers from 302 to 940, an increase of 638 customers. The budget reflects the addition of staff to support the larger customer base. Further expansion is anticipated in the coming years and a variety of projects are in various stages of development and construction. Funding from both bond proceeds and accumulated gross receipts taxes will be used to construct water/wastewater infrastructure in Northern Santa Fe County in Chimayo area, and in central Santa Fe County in the Eldorado, Glorieta and State Road 14 areas.

Regional Emergency Communications Center (RECC)

The RECC has been operated as a component unit of Santa Fe County since July 1, 2007. It provides emergency dispatch to the all of Santa Fe County for fire, medical and law enforcement calls for service, including incorporated and unincorporated areas of the County. Prior to July 1, 2007 the RECC was under the City of Santa Fe and the County paid for its share of emergency dispatch services under a contract with the City. The new arrangement does not require that the City of Santa Fe pay for its share of emergency dispatch services, only capital costs associated with the operation of the Center which can be significant. As a result of the current agreement with the City of Santa Fe, the RECC's operations are funded entirely by Santa Fe County and thus, it competes with other divisions for limited dollars. Among the competing divisions is the Fire Division which competes for Emergency Medical Services GRT (1/8th increment) and Emergency Communications and Emergency Medical Services GRT (1/4th increment). Throughout FY 2011 ideas were brought forth on how best to fund the operations of the RECC in the absence of meaningful support from other entities. The FY 2012 budget was developed using Emergency Communications and Emergency Medical Services GRT to fund the RECC operations and renegotiating the agreement with the City of Santa Fe is underway to determine an equitable resolution to the issue of the County's lopsided responsibility for funding the Center.

Fire Division of the Public Safety Department

Since the economic downturn which began in FY 2009, the Fire Division has had to limit its expansion of both staff and its five-year capital plan. In addition to the same reduction in gross receipts tax collections that has impacted other aspects of the County, the Fire Division also suffered a loss of

significant revenue for its capital expansion and apparatus replacement with the “sunsetting” of the Fire Excise Tax in December of 2008. This tax was taken to the voters to be re-imposed but failed at the polls, thus the Fire Division has been limited to the use of accumulated cash from grants and the “sunsetted” excise tax and the Emergency Communications and Emergency Medical Services GRT (EC & EMS GRT) to fund its capital projects and apparatus renewal and replacement. Further, the RECC is competing for the same GRT that the Fire Division has relied upon in the past. These competing demands have further hampered the expansion effort. The County plans to take the Fire Excise Tax to the voters again in 2012. The hope is that the tax can be reimposed so that collections can ease the burden on the other funds that support the Fire Division and other County functions and allow for the expansion of the Fire Division to continue.

Road Maintenance, Improvement and Construction

As a result of the citizen survey conducted in the summer of 2010 an emphasis on developing and improving the County’s road system and maintaining its existing roads became a focus. The survey made it clear that the citizens of Santa Fe County place roads as a very high priority for the use of County funds. The County Road Fund is a special revenue fund that receives its revenue from motor vehicle excise taxes and gasoline taxes, two sources that have been shrinking in the past few years. As a result of the level of priority placed on roads by the citizens, Santa Fe County restructured its road maintenance division, adding personnel and increasing the amount of support provided by the general fund as well. The Road Fund operating budget was not “sanded” as were the other budgets that are supported by the general fund, and funding was provided for the lease of new heavy equipment.

In the absence of significant state appropriations, new roads or road improvements are limited by the amount of bond proceeds and accumulated capital outlay GRT the County has. The most recent bond issue had \$4.3 million budgeted for road improvements and the capital outlay GRT has \$1.0 million for road improvements.

Asset Renewal and Replacement

FY 2010 and FY 2011 saw very limited funding for the replacement of computers and other IT needs, equipment, and vehicles as well as major facility repairs and renovation. Further, only a handful of the County’s departments have historically operated with a formal asset replacement schedule leaving needed equipment and capital repairs to be purchased when it becomes an emergency or “catch as catch can.” Santa Fe County began developing a formal Countywide asset renewal and replacement schedule in the FY 2012 budget. This served as the basis for funding an Asset Renewal and Replacement Package of \$4.2 million in FY 2012 and will allow for long-range planning for needed asset replacement and major repair of aging County facilities.

PRIORITY CHANGES FROM FISCAL YEAR 2011

Many of the County’s budget priorities remain the same in Fiscal Year 2012 as they were in Fiscal Year 2011. Funding for the Health Programs, Corrections Department, RECC and Fire Division were priorities in both years and will continue to create funding challenges for the foreseeable future.

Some of the priorities did shift. In FY 2012 expansion of the water/wastewater utility shifted to a higher priority than in the past as the capacity allowing for such an expansion was increased with the completion of the BDD and the plan developed in conjunction with the rate study. Also, as a result of the citizen survey, road maintenance, improvement and construction of new roads has become a higher priority than in past years. The funding of this priority is being handled largely through increased

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

general fund support for maintenance operations and the planned use of bond proceeds and capital outlay GRT for road improvements and construction. Finally, asset renewal and replacement has become a priority as such expenditures were practically eliminated from the past two budgets, but the need for the expenditures cannot be eliminated. Making the expenditures this year and developing a formal plan for future expenditures was an important priority in FY 2012.

One FY 2011 priority that was not a major funding priority for FY 2012 was the funding of infrastructure improvements related to the County’s economic development initiatives. This priority fell because of the near completion of the improvements during FY 2011 making the significant funding unnecessary in FY 2012.

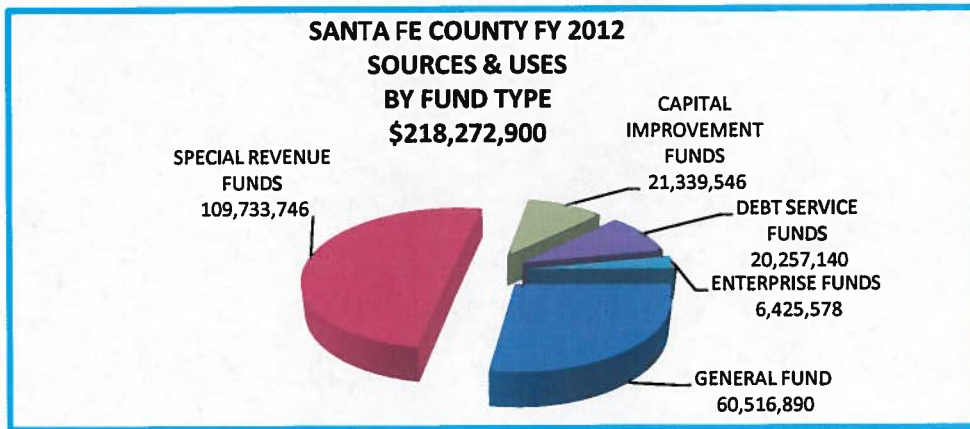
Although specific priorities may shift, Santa Fe County has seven key areas of focus with which all of its services and programs coincide. These are as follows: developing and improving infrastructure, going “green” and integrating “green” initiatives into the County’s culture, enhancing the community or improving the quality of life through all areas of service delivery, improving government transparency, creating efficiencies and reducing the cost of operating County government, creating a professional and motivated workforce through employee development and managing growth to ensure long-term sustainability of resources.

FISCAL YEAR 2012 BUDGET HIGHLIGHTS AND SUMMARY BUDGET INFORMATION

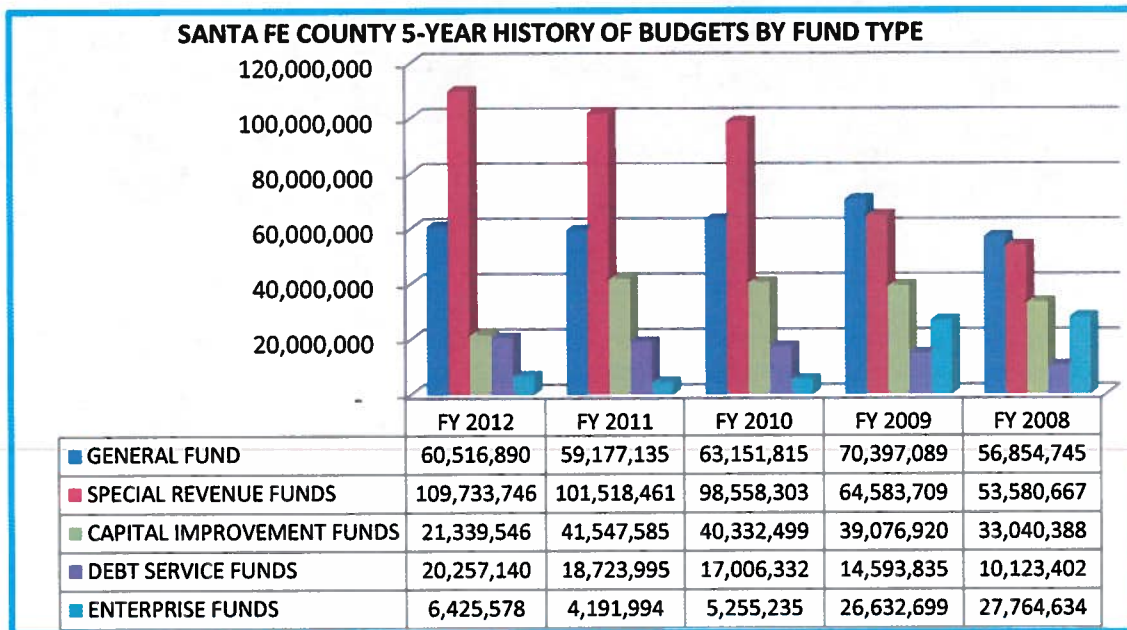
The fiscal year 2012 budget totals \$218,272,900 or \$173,825,048 excluding operating transfers between funds. This is compared to the FY 2011 budget of \$225,159,170 or \$187,821,577 excluding operating transfers. A consolidated budget for all Funds, both sources (revenue) and uses (expenses) appears below.

FISCAL YEAR 2012 SOURCES	TOTAL ALL FUNDS	FISCAL YEAR 2012 USES	TOTAL ALL FUNDS
PROPERTY TAXES	55,048,784	SALARIES & WAGES	42,035,875
GROSS RECEIPTS TAXES	40,558,000	EMPLOYEE BENEFITS	16,962,232
REVENUE FROM OTHER GOV.	15,941,193	TRAVEL	235,829
OTHER TAXES	2,101,300	VEHICLE EXPENSES	2,407,559
CARE OF PRISONERS	4,892,000	MAINTENANCE	2,773,039
ALL OTHER REVENUE	9,404,087	CONTRACTUAL SERVICES	12,715,347
CASH FROM BOND PROCEEDS	20,169,217	SUPPLIES	2,430,329
OTHER BUDGETED CASH	25,710,467	OTHER OPERATING COSTS	19,712,500
FUND TRANSFERS IN	44,447,852	SUBSIDIES & PASS THRU	580,000
		INSURANCE & DEDUCTIBLES	2,551,433
		CAPITAL PURCHASES	51,328,765
		DEBT SERVICES	20,092,140
		FUND TRANSFERS	44,447,852
TOTAL	218,272,900	TOTAL	218,272,900

The vast majority of Santa Fe County’s budget is within its special revenue funds totaling \$109,733,746 budgeted within 34 separate funds. A distant “second” majority is the General Fund totaling \$60,516,890. Special revenue funds are, by definition, restricted by statute or legal agreement to a specific purpose or purposes, thus they are accounted for separately. The General Fund can be used for any legal purpose needed for the operation of the County’s government. The remainder of the budget is comprised of capital improvement funds (\$21,339,546), debt services (\$20,257,140) and enterprise funds (\$6,425,578).



Occasionally a department or departments may need to shift from one fund type to another. This typically happens because the source(s) of funding for the department may change significantly enough to warrant the change. This was the case in FY 2010 when the Sheriff’s Office was moved from the General Fund to its own special revenue fund because of the *number* of restricted grants that it receives. In that same year the Corrections Department moved from an enterprise fund to a special revenue fund. This change was made because the *amount* of revenue received from charges for service was not adequate to qualify it as an enterprise fund and the County’s independent auditors suggested that the Department would not realize a majority of funding from charges for service in the foreseeable future.

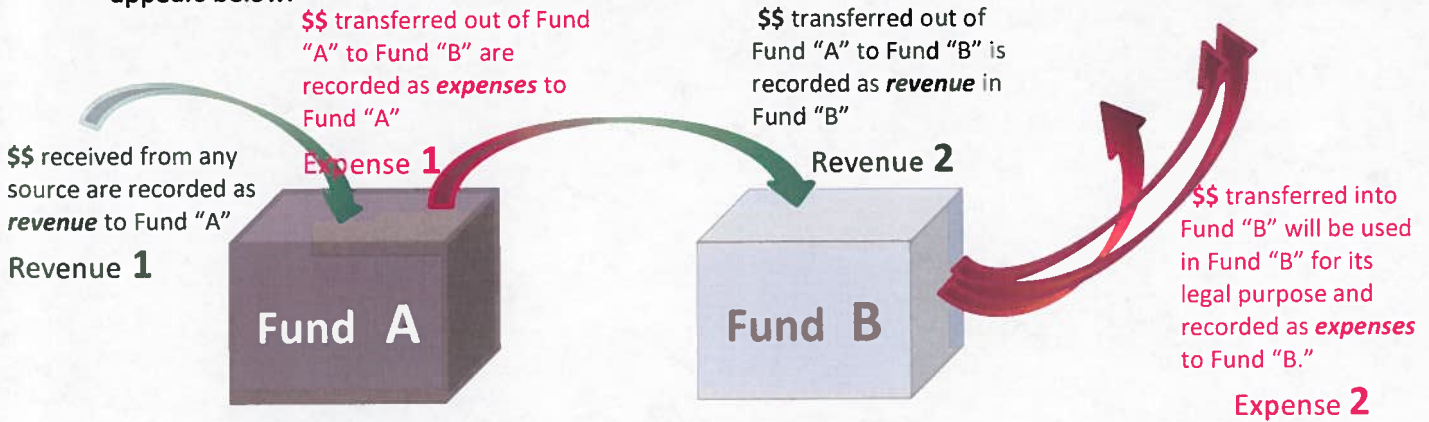


FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

The “absolute total” (total excluding operating transfers) difference between the FY 2012 budget and FY 2011 budget is (\$13,996,529). The change is due to the net difference between increases for programming changes (e.g. expansion of the Water/Wastewater Utility), changes in debt service schedules, etc. and decreases resulting from cost cutting measures and reduced capital expenditures due to the completion of the Buckman Direct Diversion which accounted for significant capital expenditures in FY 2011. Detailed information can be found in the narrative below as well as in the following sections of this document. A fund by fund summary appears in the spreadsheet below.

FUND NAME	FY 2012 FINAL BUDGET	FY 2011 ORIGINAL BUDGET	FY 2012 FINAL LESS FY 11 ORIG.	GENERAL EXPLANATION OF DIFFERENCE
* GENERAL FUND	37,632,263	36,988,798	643,465	Increased Senior Program budget, added Insurance deductible set-aside.
* REGIONAL TRANSIT FUND	3,845,000	4,702,500	(857,500)	FY 12 revenue reduced to FY 11 actual collections level.
* PROPERTY VALUATION FUND	1,694,145	1,142,772	551,373	Included funding for contracted countywide re-appraisal.
* ROAD FUND	3,862,866	2,638,938	1,223,928	Increased Road Maintenance staff to meet citizen priority.
* EMERGENCY MED SVCS FUND	118,165	121,203	(3,038)	
* FARM & RANGE FUND	5,000	700	4,300	
* FIRE PROTECTION FUND	1,868,832	1,711,809	157,023	Planned capital expenditures higher in FY 12 than in FY 11.
* LAW ENF. PROTECTION FUND	67,800	43,877	23,923	Full grant amount not budget in FY 2011.
* CAPITAL OUTLAY GRT	12,711,205	15,070,415	(2,359,210)	Reduced capital expenditures due to completion of BDD.
* LODGERS TAX FACILITY FUND	112,000	112,000	0	
* LODGERS TAX ADVERTISING	258,400	243,400	15,000	
* FIRE IMPACT FEES FUND	530,000	1,493,131	(963,131)	Reduced capital expenditures.
* CLERK RECORDING FEES FUND	230,000	213,600	16,400	
* INDIGENT FUND	2,109,007	3,350,000	(1,240,993)	Reduced Sole Community Provider payment commitment.
* FIRE TAX 1/4% FUND	1,419,951	3,454,641	(2,034,690)	Reduced capital expenditures.
* INDIGENT SERVICES FUND	2,165,993	1,835,548	330,445	Increased budget for payments to providers of indigent health care.
* ECONOMIC DEVELOPMENT	7,572,862	731,486	6,841,376	Grant received mid-FY 2011 and available for expenditure in FY 2012.
* FEDERAL FORFEITURE FUND	53,776	4,727	49,049	Grant funded budget increased.
* LINKAGES	195,000	173,280	21,720	Grant funded budget increased.
* SECTION 8 VOUCHER FUND	2,106,938	2,098,264	8,674	
* HOUSING ASST./HOME SALES	825,000	0	825,000	New foreclosure prevention program.
* DEVELOPER FEES FUND	951,994	528,729	423,265	Additional funds available for assistance and subsidy payments.
* EMS-HEALTH CARE	454,951	551,856	(96,905)	Restructured health program funding to reduce expenses in this fund.
* WILDLIFE/MOUNTAINS/TRAILS	202,966	278,186	(75,220)	Restructured funding to reduce expenses in this fund.
* EMS-HEALTH HOSPITAL	0	3,511,795	(3,511,795)	Reduced Sole Community Provider payment commitment.
* VASH VOUCHER	216,000	90,000	126,000	Grant funded budget increased.
* ALCOHOL PROGRAMS FUND	1,137,961	1,248,897	(110,936)	Grant funded budget reduced.
* DETOX PROGRAMS FUND	300,000	0	300,000	Grant funding received.
* FIRE OPERATIONS FUND	10,975,794	9,403,289	1,572,505	Increased capital expenditures for fire station construction.
* EMERGENCY COMM OPERATIONS	3,255,398	3,406,525	(151,127)	Reduced operating expenses.
* LAW ENFORCEMENT OPS FUND	10,578,277	10,182,457	395,820	Increased capital expenditures for replacement patrol vehicles.
* CORRECTIONS OPS FUND	18,345,240	17,525,180	820,060	Restructured funding for medical expenses and pharmaceuticals.
* CDBG GRANT FUND	0	500,000	(500,000)	No grant funding received.
* HOUSING CAPITAL IMPROV	285,604	264,800	20,804	Grant funding received.
* CAPITAL PROJECTS-FEDERAL	382,000	0	382,000	Grant funding received.
* ROAD PROJECTS FUND	60,294	187,535	(127,241)	Grant funded budget reduced.
* STATE SPEC. APPROPRIATION	442,431	3,911,200	(3,468,769)	Grant funded budget reduced.
* GOB SERIES 2005	110,544	183,919	(73,375)	Less bond proceeds available for expenditure.
* GOB SERIES 2007	200,000	2,106,786	(1,906,786)	Less bond proceeds available for expenditure.
* GOB SERIES 2007B	46,370	32,381	13,989	
* 2008 GRT REV BOND JUDICIAL	0	4,410,027	(4,410,027)	Less bond proceeds available for expenditure.
* GOB SERIES 2009	2,767,761	5,487,702	(2,719,941)	Less bond proceeds available for expenditure.
* CAP OUTLAY GRT BONDS 2009	0	1,596,191	(1,596,191)	Less bond proceeds available for expenditure.
* CAPITAL OUTLAY GRT 2010A	0	11,472,196	(11,472,196)	Less bond proceeds available for expenditure.
* CAPITAL OUTLAY GRT 2010B	0	10,404,305	(10,404,305)	Less bond proceeds available for expenditure.
* GOB SERIES 2001	0	13,131	(13,131)	
* GOB SERIES 2011 IMP/REFND	16,400,000	0	16,400,000	No bond issued in last quarter of FY 2011, available proceeds.
* FACILITY BOND 97 PROCEEDS	557,573	0	557,573	Investment income from bond proceeds available.
* FIRE TAX REVENUE BOND PRO	86,969	0	86,969	Investment income from bond proceeds available.
* GOB SERIES - OPEN SPACE	0	1,477,415	(1,477,415)	Bond fully expended.
* GEN OBLIG. BOND DEBT SVC	12,384,639	11,595,789	788,850	Change in debt service obligation.
* JAIL REV BOND DEBT SVC	2,252,005	2,251,380	625	
* GRT REVENUE BOND DEBT SVC	5,135,088	4,876,826	258,262	Change in debt service obligation.
* WTB LOAN/GRANT DEBT SVC	485,408	0	485,408	New debt service fund for Loan/Grant Sharing Agreements.
* REGIONAL PLANNING AUTHRTY	27,324	93,723	(66,399)	Eliminated vacant staff position.
* ENTERPRISE - WATER FUND	4,293,183	3,246,624	1,046,559	Increased due to expansion of the Utility.
* ENTERPRISE - HOUSING ADMN	2,105,071	851,647	1,253,424	Increased capital expenditures for road improvements.
"ABSOLUTE TOTAL" BUDGET	173,825,048	187,821,577	(13,996,529)	

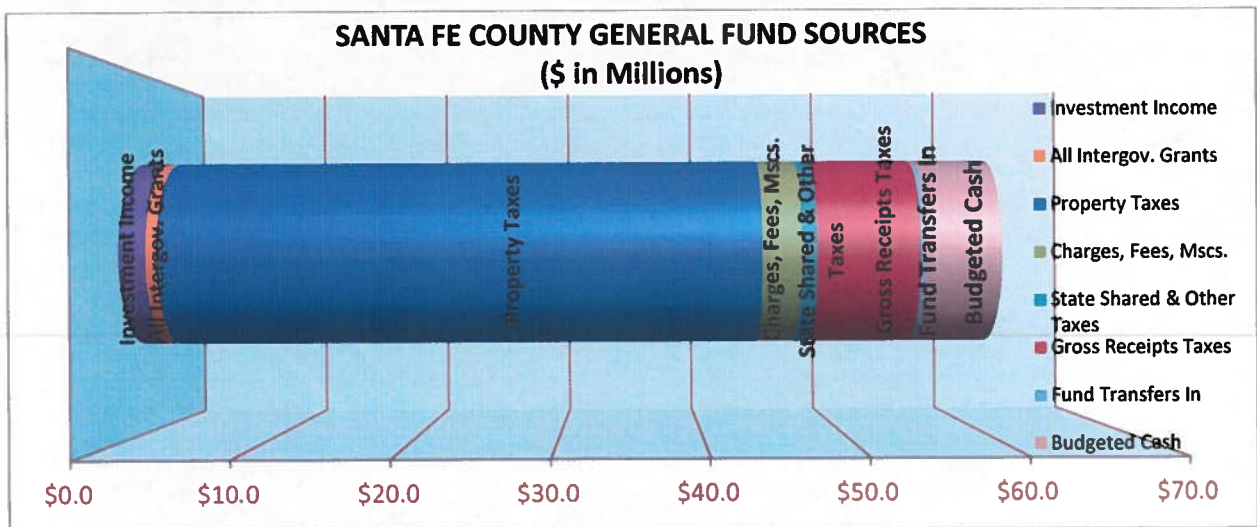
The “absolute total” is used because recognition of the fund transfers results in a “double counting,” of the transfers, first as an expense to the fund that makes the transfer out, then again when the fund receiving the transfer expends the transferred funds. An illustration of this double counting of transfers appears below.



General Fund

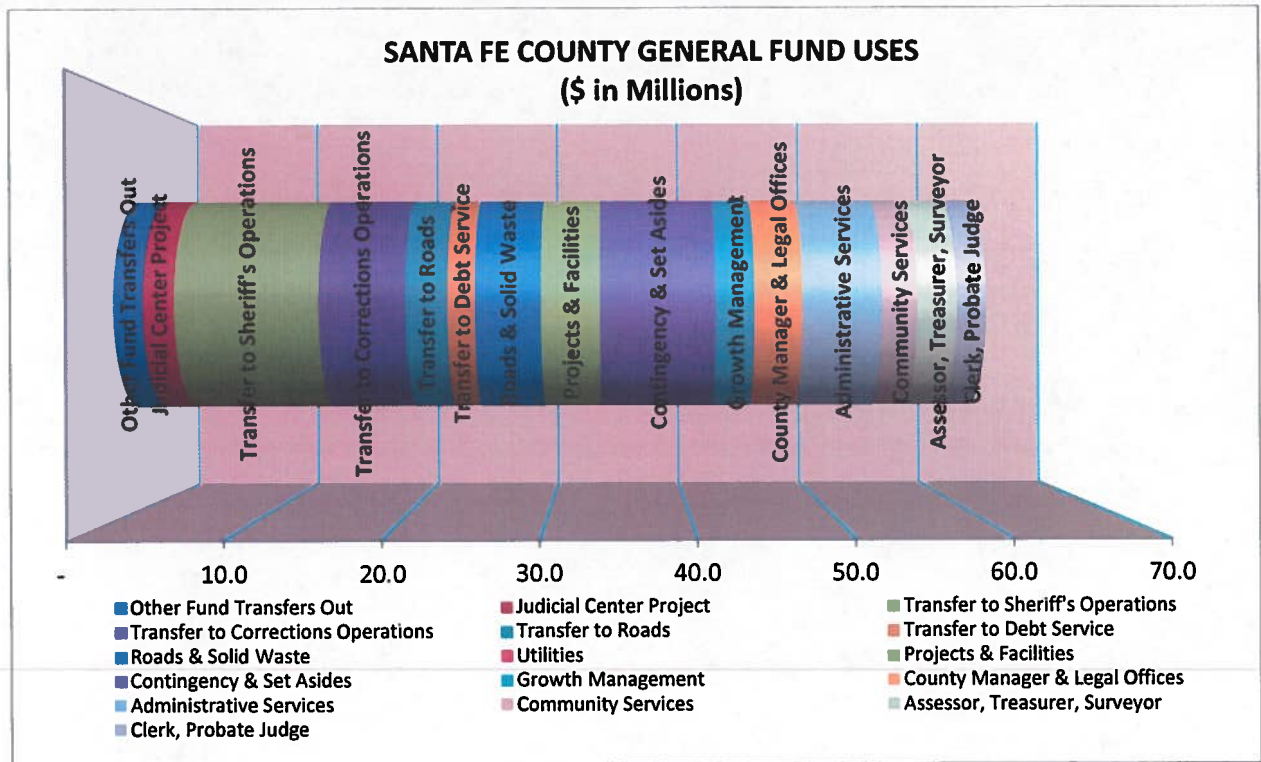
The General Fund provides funding for the operations of Elected Offices and many other County functions. Among those is land use, public works, senior services, operation and maintenance of County facilities such as open space and trails, community centers and office buildings. The General Fund also provides the funding for the County Manager’s and County Attorney’s offices as well as administrative support functions such as finance, human resources, information technology, purchasing and risk management. Further, through operating transfers the General Fund supports the functions of certain special revenue funds, capital improvement funds, debt service and enterprise funds.

In FY 2012 property taxes account for approximately 79% of the General Fund revenue or \$41.5 million (excluding transfers in from other funds and budgeted cash) this is 2% more than in FY 2011. Gross receipts taxes account for a much smaller percentage, about 12.9% or \$7.1 million (excluding transfers in from other funds and budgeted cash) this is down from 13.4% in FY 2011. Budgeted cash is \$5.2 million, or 9.4%. This is up from 8.3% in FY 2011, however, the General Fund budgeted cash is strictly for one-time expenditures, set asides and contingencies which increased in FY 2012. The total of all other sources shows a net decrease from FY 2011 of \$0.4 million. This decrease is in large part due to decreased investment income budgeted for FY 2012.

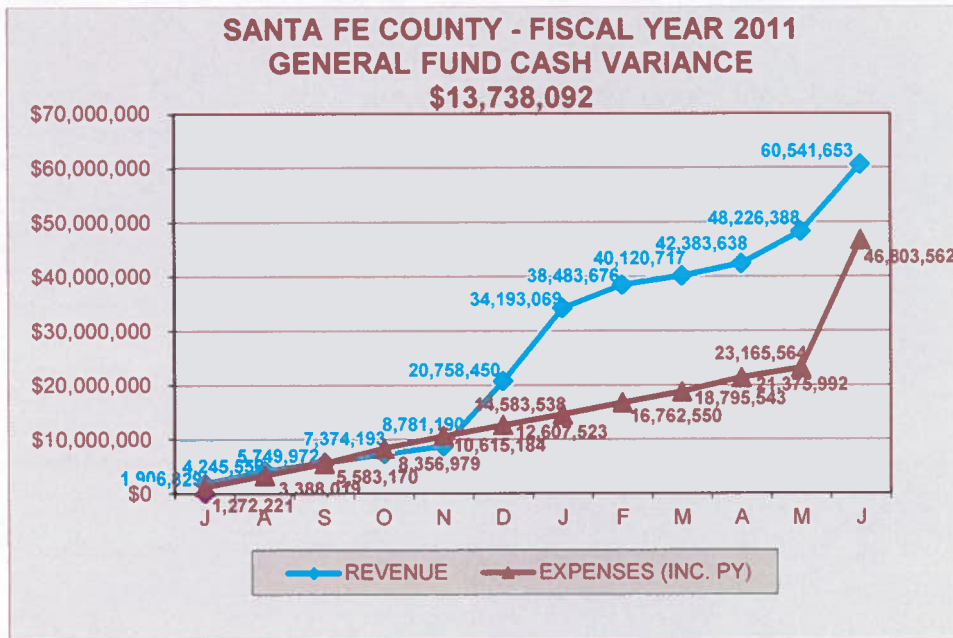


In Fiscal Year 2012 transfers out of the General Fund to other funds total \$22.8 million or 37.8% of the total uses. In FY 2011 the transfers out were 37.5% of the General Fund uses or \$22.2 million. During the budget process for FY 2012 Departments/Divisions and Elected Offices were instructed to submit budget requests that reflected a flat budget from FY 2011. Thus few significant changes occurred in the total operating budget for FY 2012.

Salaries and benefits continue to be a major portion of the general fund budget totaling \$19.3 million in FY 2011. This is an increase of \$0.5 million from FY 2011. This increase is due to the change of senior services operation from a contract to a County operation which necessitated the hiring of 14 additional staff. The “absolute” total (excluding transfers out) General Fund uses in FY 2012 was \$37.6 million, an increase of \$0.6 million from FY 2011. This increase can be attributed to a net of increases and decreases in the general fund operations and capital package. As noted above, Santa Fe County began operating its own senior services programs in FY 2012 which had previously been operated by a contract with the City of Santa Fe to provide those services increasing the overall senior services budget by \$0.3 million. In addition, the asset repair and replacement budget (formerly known as the capital package) was increased by \$0.7 million from FY 2011 to \$0.9 million. In response to a restructuring of the Roads Division of the Public Works Department, the overall general fund expenses of that Division were reduced by \$0.4 million, however support for the road maintenance function increased which is reflected in the General Fund transfers out and not in the “absolute” total expenses. A reorganization of the County as a whole is reflected in the FY 2012 budget. The two most obvious changes budgetarily are in the Community Services and Public Works Department. All facilities and open space operations and projects were moved from the Community Services Department (CSD) to the Public Works Department, and with them, approximately \$6.5 million in division budgets was shifted from CSD to Public Works.



Fiscal Year 2011 ended with a positive cash variance in the General Fund. This was particularly good news for two reasons. First, FY 2010 ended with slight negative cash variance, meaning that actual revenues did not meet actual expenses. Although that variance was insignificant (under \$100,000) and it was anticipated and planned, a negative cash variance is never a desirable outcome. Second, the FY 2011 budget included the use of \$4.5 million from General Fund cash reserves. Not only was using cash reserves not necessary, but Santa Fe County was able to add \$13.7 million to its cash reserves via this positive cash variance – a tremendous outcome given the current economic climate. The State of New Mexico requires that the General Fund maintain a cash reserve of 3-months operating expenses or 25% of the General Fund budget. In FY 2012 that requirement is \$15.1 million. Santa Fe County has more than \$30.0 million in excess reserves in its General Fund as of July 1, 2011.



Special Revenue Funds

Special Revenue Funds are funds that are established to account for sources that are restricted by law or agreement as well as the corresponding expenses. This fund type may be used for gross receipts taxes that have a restricted purpose, grant funding, state allotments for fire protection, emergency medical services or law enforcement, the 1% property tax administration fee known as the Property Valuation Fund and the Road Fund among others. The total of all Special Revenue Funds in the FY 2012 budget is \$109.7 million, up from \$101.5 in FY 2011. Although the total increased by \$8.2 million, the “absolute total” increased by only \$1.8 million from \$86.4 million in FY 2011 to \$88.2 million in FY 2012. The increase in transfers is due to a change in the method of funding the Fire Division and the Regional Emergency Communication Center (RECC) which necessitated additional transfers but not additional “absolute” expenses (excluding transfers out). In FY 2011 the RECC was funded by a transfer from the EMS-Health Fund, but it was determined that a better source of funds would be the Emergency Communications and Emergency Medical Care gross receipts tax which had been used exclusively for the Fire Division in past fiscal years. This change added a \$3.2 million transfer to the budget. Further, the Fire Division did not receive a transfer from the EMS-Hospital Fund in FY 2011 but this transfer was necessary in FY 2012 because the source previously used for the Fire Division operations in past years was split with the RECC. This change added a \$3.3 million transfer to the budget in FY 2012.

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

The overall increase to the “absolute total” (excluding transfers out) in the Special Revenue Funds can be attributed to increases and decreases to individual fund budgets. The explanation for these changes can be found in the table on page I-17 in which special revenue funds appear in the tan shaded area. The most significant reductions were in the County’s Sole Community Provider Commitment by \$4.8 million impacting the Indigent Fund and the EMS Health Hospital Fund and a reduction in capital expenditures of \$5.9 million across multiple funds. The most significant increases include increased grant funding of \$7.0 million, increase road maintenance activities of \$1.2 million, increase to public safety related budgets of \$3.0 million and an increase of \$1.2 million in affordable housing and foreclosure prevention activities.

FUND NAME	FY 2012 FINAL BUDGET	FY 2011 ORIGINAL BUDGET	SOURCES	USES
* REGIONAL TRANSIT FUND	3,845,000	4,702,500	Regional Transit Gross Receipts Taxes	Pass-through to the Regional Transit District
* PROPERTY VALUATION FUND	1,694,145	1,142,772	1% Administrative Fee from Property Taxes	Assessor's valuation plan and associated costs
* ROAD FUND	3,862,866	2,638,938	Vehicle and Gasoline State Shared Tax, GF transfe	Road Maintenance Division Activities
* EMERGENCY MED SVCS FUND	118,165	121,203	State Allotment	EMS Expenses for Fire Districts
* FARM & RANGE FUND	5,000	700	State/Taylor Grazing Fees	Water and Soil Conservation
* FIRE PROTECTION FUND	1,868,832	1,711,809	State Allotment	Fire Protection Expenses for Fire Districts
* LAW ENF. PROTECTION FUND	67,800	43,877	State Allotment	Sheriff's Office Training, Materials and Capital
* CAPITAL OUTLAY GRT	12,711,205	15,070,415	1/4th cent Gross Receipts Taxes	Water, Open Space, Roads, Other capital projects
* LODGERS TAX FAC. & ADV. FUNDS	370,400	355,400	4% Hotel/Motel Room Tax	Efforts to Increase tourism
* FIRE IMPACT FEES FUND	530,000	1,493,131	Fees imposed on new developments	Fire Division capital purchases
* CLERK RECORDING FEES FUND	230,000	213,600	\$4 document recording fee	Clerk's Office recording equipment
* INDIGENT FUND	2,109,007	3,350,000	2nd 1/8th increment Gross Receipts Taxes	Sole Community Provider, Indigent Health Care
* FIRE TAX 1/4% FUND	1,419,951	3,454,641	1/4th increment Gross Receipts Tax (unincorporate	Fire Department Capital Purchases
* INDIGENT SERVICES FUND	2,165,993	1,835,548	transfer in from indigent GRT Fund	Indigent Primary Care
* ECONOMIC DEVELOPMENT	7,572,862	731,486	Intergovernmental Grants	Activities specific to grants
* FEDERAL FORFEITURE FUND	53,776	4,727	Court ordered fines and forfeitures	Region III Drug Enforcement Task Force activities
* LINKAGES	195,000	173,280	NMFA Affordable Housing Grant	Affordable Housing
* SECTION 8 VOUCHER FUND	2,106,938	2,098,264	HUD Subsidy	Low income rental assistance
* HOUSING ASST./HOME SALES	825,000	0	Affordable Housing loan repayment	Foreclosure prevention program
* DEVELOPER FEES FUND	951,994	528,729	Fees imposed on new developments	Down payment assistance, developers' subsidies
* EMS-HEALTH CARE	454,951	551,856	Transfer from the EMS Health Hospital Fund	Health Programs
* WILDLIFE/MOUNTAINS/TRAILS	202,966	278,186	Accumulated cash	Open Space and Trails operations
* EMS-HEALTH HOSPITAL	0	3,511,795	3rd 1/8th increment Gross Receipts Taxes	Emergency Medical Services
* VASH VOUCHER	216,000	90,000	HUD Subsidy	Low Income rental assistance specific to veterans
* ALCDHOL PROGRAMS FUND	1,137,961	1,248,897	State Grant, Liquor Taxes, Court Fees, JPAs	DWI Programs, Teen Court, DWI Enforcement
* DETOX PROGRAMS FUND	300,000	0	State Grant	Detox Assessment
* FIRE OPERATIONS FUND	10,975,794	9,403,289	EC & EMS GRT, transfer from EMS Health Hospital F	Fire Division operations, transfer to RECC
* EMERGENCY COMM OPERATIONS	3,255,398	3,406,525	Transfer from EC & EMS GRT Fund, JPA	RECC Operations
* LAW ENFORCEMENT OPS FUND	10,578,277	10,182,457	Transfer from General Fund, State and Federal Gra	Sheriff's Office, Region III Task Force Operations
* CORRECTIONS OPS FUND	18,345,240	17,525,180	Corrections GRT, Care of Prisoners, Grants, Transfe	Corrections Department Operations
* CDBG GRANT FUND	0	500,000	Federal Grant	Expenses specific to grant
"ABSOLUTE TOTAL" SPECIAL REVENUE FUNDS	88,170,521	86,369,202		

* This GRT "sunsetting" in December of 2008. Budget is from accumulated cash and minor collections from taxes owed prior to the tax sunsetting.

Capital Outlay GRT (213)

In Fiscal Year 2002 a gross receipts tax to support capital projects was passed by the voters of Santa Fe County. The Capital Outlay Gross Receipts Tax is a 1/4 cent tax imposed countywide. This tax was initially dedicated to be used 50% for county projects and 50% for regional projects, and 75% would be allocated to water/wastewater projects, 15% to open space projects, and 10% for roads and other projects as allowed by the authorizing statute NMSA 1978 Section 7-20E-21. This dedication was in force until December 2010 when it was changed to eliminate the percentages for county vs. regional projects as well as the water/wastewater, open space, roads and other restrictions. The dedication in Santa Fe County Ordinance 2010-15 passed on December 14, 2010 closely reflects the allowable uses outlined in the authorizing statute which, in addition to the above uses, includes public buildings or facilities, correctional facilities and airport facilities. This change allows Santa Fe County flexibility in its use of the funds in areas most in need of capital outlay.

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

Throughout its history the Capital Outlay GRT fund has accumulated a cash balance for use in constructing several large projects. In FY 2011 some accumulated cash was used, as planned, for large projects. One of these was the Buckman Direct Diversion which encumbered \$6.0 million of accumulated cash for completion of the project. In FY 2012, the Capital Outlay Gross Receipts Tax Fund will use a significant amount of accumulated cash for open space and trails projects. Primary among these is the Santa Fe River Trail (\$2.2 million), the Rail Trail (\$0.9 million), Mt. Chalchihuitl Open Space (\$1.0 million), South Meadows Open Space (\$0.5 million) Edgewood Open Space (\$0.4 million), and the Santa Fe River Greenway (\$0.4 million). Other projects using significant accumulated Capital Outlay GRT cash are the Valle Vista Wastewater Treatment Plant (\$1.3 million) and various roads totaling \$0.4 million. Various previously committed small open space and water projects will utilize accumulated cash in FY 2012 as well.

Of current year Capital Outlay GRT collections, \$3.7 million will be transferred to service debt on a revenue bond that supported the purchase of water rights and revenue bonds and loan/grant sharing agreements that supported the BDD construction. Approximately \$0.6 million in current year collections will be used to fund the Santa Fe River Trail (\$0.5 million) and the Dale Ball Trail Extension (\$0.1 million). The remaining collections have not yet been allocated to specific projects.

CAPITAL OUTLAY GRT FUND PROJECT NAME	FY 2011	FY 2012	VARIANCE
OPERATING TRANSFERS OUT TO DEBT SERVICE	3,010,220	3,727,629	717,409
County Manager - County	213,750	3,789,208	3,575,456
County Manager - Regional	134,754		(134,754)
County Manager - Phase I Annexation -Roads (0181)	78,996		(78,996)
Public Works - County	213,750		(213,750)
Public Works - County - CR 98 (6170)		39,001	39,001
Public Works - County - CR 17 Marlin Road (6172)	154,824		(154,824)
Public Works - County - Verano Roads (6173)		82,863	82,863
Public Works - County - Agua Fria Phase II/Design		103,757	103,757
Public Works - County- South Meadows Road (0661)	213,750	213,750	0
Open Space - County	641,250		(641,250)
OS - County - Galisteo Community Park (7101)	1,314		(1,314)
OS - County - SF River Scenic Byway (7120)	35,000	35,000	0
OS - County - Arroyo Hondo Open Space (7700)	55,242	190,095	134,853
OS - County - Arroyo Hondo Trail (7701)	284,000	254,000	(30,000)
OS - County - Cerrillos Hills State Park (7702)	25,436	5,436	(20,000)
OS - County - El Panasco Blanco Open Space (7703)	10,195		(10,195)
OS - County - Little Tesuque Creek Open Space (7704)	10,000	10,000	0
OS - County - Los Potreros Open Space (7705)	7,926	7,926	0
OS - County - Chalchihuitl - C Gravel Acq (7706)	12,524	988,499	975,975
OS - County - Santa Fe Rail Trail (7707)	79,190	925,177	845,987
OS - County - Santa Fe River Greenway (7708)	557,762	378,116	(179,646)
OS - County - Spur Trail (7709)	19,066		(19,066)
OS - County - Talaya Hill Open Space (7710)	10,000	22,000	12,000
OS - County - Thornton Ranch Open Space (7711)	66,350	60,874	(5,476)
OS - County - Bennie J Chavez Park (7712)	15,000	15,000	0
OS - County - Open Space Strategic Plan (7714)	20,000	20,000	0
OS - County - Edgewood Open Space (7715)	42,674	356,326	313,652
OS - County - South Meadows Open Space (7716)	462,132	462,132	0
OS - County - Madrid Open Space (7718)	481	481	0
OS - County - Burro Land Park (7719)	173,291	217,406	44,115
OS - County - Camino Azul Trail (7720)	2,128		(2,128)
OS - County - NM Central Trail (7721)	68,362	68,187	(175)
OS - County - Agua Fria Park (7722)	3,276		(3,276)
OS - County - Rio En Medio Park (7726)		20,000	20,000
OS - County - San Pedro Open Space (7727)		5,410	5,410
OS - County - Dist. 1 Gateway Project (7728)		200,000	200,000
OS - Arroyo de la Piedra (7729)		1,366	1,366
OS - Regional - Santa Fe River Trail (7801)	1,977,726	2,235,854	258,128
OS - Regional - Rail Trail (7802)	577,702	513,106	(64,596)
OS - Regional - Arroyo Charriso (7803)	160,000		(160,000)
OS - Regional - Rail Yard Park (7804)	200,000		(200,000)
OS - Regional - Dale Ball Trail extension (7805)	258,330	125,000	(133,330)
OS - Regional - Regional Trail Inventory	20,000	20,000	0
Water - County	310,704		(310,704)
Water - County - Sombrillo/Cuatro Villas (1463)	21,771		(21,771)
Water - County - Valle Vista Wastewater Treatment (1463)	1,976,793	1,319,722	(657,071)
Water - Rancho Viejo Water Service Improvements		25,515	25,515
Water - Regional (Buckman Direct Diversion Project)	5,954,966		(5,954,966)
COST CATEGORY EXPENSES	16,070,416	12,711,206	(2,369,210)
TOTAL COUNTY CAPITAL OUTLAY FUND USES	18,080,636	16,438,834	(1,641,801)

Fire Operations Fund (244)

The total Fire Operations Fund budget for Fiscal Year 2012 is \$14.2 million: an increase from FY 2011 of \$4.8 million. Of that increase \$3.2 million can be attributed to a transfer out to the RECC that was not in the FY 2011 budget but is necessary in FY 2012 because of a change in the funding sources of the Fire Division and the RECC. The \$1.6 million increase in the “absolute total” of the Fire Operations Fund is due to a \$0.9 million higher level of grants, JPAs and subsidies revenue budgeted in FY 2012 than in FY 2011. Capital projects were not budgeted in this Fund in FY 2011 but were in FY 2012, thus increasing the budget by \$0.4 million, and asset renewal and replacement and professional staff changes increased the budget by \$0.3 million.

Fire Operations Fund 244	FY 2011	FY 2012	Variance
TRANSFER OUT TO FUND 245		3,180,398	3,180,398
Non-Departmental & Finance		257,911	257,911
Fire Department			0
Fire Administration	3,576,901	3,375,839	(201,062)
Fire Regions	5,468,109	5,743,518	275,409
Volunteer Firefighters	224,908	225,000	92
HAZMAT Grant	5,000	15,000	10,000
Emergency Preparedness Grant	95,186	76,323	(18,863)
Forest Restoration Grant		350,613	350,613
FEMA Grant		506,590	506,590
Fire Division Capital Projects		425,000	425,000
Fire Districts	33,185		(33,185)
COST CATEGORY EXPENSES	9,403,289	10,975,794	1,572,505
TOTAL FIRE OPERATIONS FUND USES	9,403,289	14,156,192	4,752,903

Health Programs and Sole Community Provider Commitment

Early in FY 2010, third party funding for its health programs was eliminated. This significant loss of revenue precipitated a change in the funding structure of the County’s health programs which included significant cuts in spending. Change continued in the FY 2011 and FY 2012 budgets for the health programs as well.

Santa Fe County receives two 1/8 cent increments and one 1/4 cent increment in gross receipts taxes that are, or can be, used for medical services as currently dedicated by County Ordinance. The Indigent Gross Receipts Tax and the Emergency Medical Services Gross Receipts Tax (EMS GRT) had been used to fund the health programs and the Regional Emergency Communications Center (RECC), and the Emergency Communications and Emergency Medical Services Gross Receipts Tax (EC & EMS GRT) was used exclusively to fund the Fire Division operations until the FY 2012 budget. As noted above, in FY 2012 the EC & EMS GRT was called upon to fund the RECC. To make up that lost revenue, the EMS GRT was utilized to help fund the Fire operations.

In addition to those changes the County’s commitment to the Sole Community Provider (SCP) payment was reduced to \$2.1 million from \$6.9 million in FY 2011. This reduction in the SCP commitment stabilized the funding for the County’s health programs. It has, however, created funding challenges for the regional hospital which was the primary recipient of funding from the County’s Sole Community Provider funding with its corresponding Federal match. However, the County’s funding priorities were established and FY 2011 was a transitional year wherein the County utilized cash reserves to fund Health Programs knowing that changes would take place for FY 2012. The planned transition was successfully implemented and Santa Fe County has created a more sustainable structure for its health programs.

Corrections Operations Fund

Significant changes took place in the funding structure of the Corrections Department as well. In FY 2012 a decision was made to reduce the General Fund transfer to the Corrections Department to a flat \$6.0 million from \$9.1 million in FY 2011. In order to maintain Corrections Operations and with reduced support from the General Fund the Corrections Department was directed to make a \$2.0 million change in its budget either by cutting expenses, increasing revenue or a combination of both. A combination of revenue enhancement and expense reductions was proposed and approved for the FY 2012 budget. Other significant changes in the Corrections Department were specific to the Inmate Medical Division which saw an elimination of support from the Indigent Fund in the amount of \$2.0 million, and saw increased expenses for pharmaceuticals and certain medical services which had been provided by the regional hospital.

In order to accomplish the net \$2.0 change to the budget the Corrections Department revenue budget was increased by \$1.2 million and the expense budget was decreased by \$0.7 million. This was a total net change of \$1.9 million or \$0.1 million shy of the goal. In order to accomplish that change a plan was developed to aggressively seek Care of Prisoner revenue at both the Adult Detention Facility and the Youth Development Program facility. This will entail securing contracts with outside entities that are either experiencing an overcrowding at their own facility or they lack their own facilities to house inmates. The expense reduction was accomplished largely by “hard freezing” additional positions bringing the total of frozen positions in the Corrections Department in FY 2012 to 47.8 full-time equivalents (FTEs). Subsequent to the Corrections operating budget being developed, it was determined that there was a need for asset renewal and replacement at the facility. This increased the budget by \$0.6 million.

Also in FY 2012, debt service was transferred from the Corrections Operations Fund. This effectively increased the expenses, however, in FY 2011 debt service had been budgeted with a transfer from the Correctional GRT. In FY 2012, the Correctional GRT is budgeted to be transferred in its entirety to the Corrections Operations Fund. So, although the Corrections Operations Fund budget did increase due to the debt service payment, in reality there was no effect on the budget.

With the above changes, the Corrections expenses will still exceed its revenue by \$4.1 million. The Corrections Department cash reserves will be utilized to cover the variance. This use of cash will allow for a transitional period to implement addition changes to the funding structure and to determine if there is a more cost effective method of providing medical care to the inmate population. Additional changes to the funding structure will likely take place in FY 2013 or FY 2014.



FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

CORRECTIONS OPERATIONS FUND 247 REVENUE	FY 2011	FY 2012	VARIANCE
Corrections - Finance & Capital Package	125,000	141,600	16,600
Corrections - Administration	0	0	0
Corrections - Adult Jail	2,750,000	4,048,100	1,298,100
Corrections - Inmate Welfare	100,000	36,000	(64,000)
Corrections - Medical Services		10,125	10,125
Corrections - Electronic Monitoring	150,000	100,000	(50,000)
Corrections - YDP	1,000,000	1,034,680	34,680
TOTAL CHARGES FOR SERVICE, GRANTS AND MISC. REVENUES	4,125,000	5,370,505	1,245,505
Transfer from General Fund (101)	9,101,560	6,000,000	(3,101,560)
Transfer from Indigent Hospital Fund (220)	2,000,000	0	(2,000,000)
Transfer from Corrections Fund (201) to Adult Fac	275,000	515,000	240,000
Transfer from Corrections GRT Fund (219) to Adult Fac	2,023,620	4,575,000	2,551,380
OPERATING TRANSFERS IN	13,400,180	11,090,000	2,310,180
BUDGETED CASH	0	4,136,740	4,136,740
TOTAL SOURCES	17,525,180	20,597,245	(3,072,065)
CORRECTIONS OPERATIONS FUND 247 USES	FY 2011	FY 2012	VARIANCE
OPERATING TRANSFERS OUT TO (405) DEBT SERVICE FUND	0	2,252,005	2,252,005
Corrections - Finance & Capital Package	90,000	670,710	580,710
Corrections - Administration	850,121	794,734	(55,387)
Corrections - Adult Jail	10,504,928	10,266,863	(238,065)
Corrections - Inmate Welfare	100,000	36,000	(64,000)
Corrections - Medical Services	2,932,983	3,625,847	692,864
Corrections - Electronic Monitoring	703,647	681,870	(21,777)
Corrections - YDP	2,343,501	2,269,216	(74,285)
COST CATEGORY EXPENSES	17,435,180	18,345,240	3,072,065
TOTAL USES	17,435,180	20,597,245	5,324,070

Capital Improvements Funds

Capital Improvement Funds are used to account for sources and uses associated with capital projects funded by grants, special appropriations or bond. Special appropriations for roads and other infrastructure projects are segregated into two funds, one for roads and one for infrastructure. Federal grants for improvements to our public housing inventory and other Federal grants are also segregated into two different funds, one for housing and one for other federal grant funded projects. Each bond issuance is accounted for in a Fund designated for that specific bond.

In total, Capital Improvement Funds budgets decreased by \$20.2 million. The decrease was experienced in several areas. The largest of these is in the Utilities Division which saw a \$16.4 million decrease from \$23.9 million in FY 2011 to \$7.5 million in FY 2012. This is due to the completion of the \$217 million Buckman Direct Diversion project. Another large decrease was for the Judicial Court Complex project which went from \$6.5 million in FY 2011 to \$0.6 million in FY 2012, a \$5.9 million decrease. Although the Judicial Court Complex will not be completed in FY 2012, nearly all of the capital improvement funding has been encumbered in previous fiscal years and thus new budget authority is not needed. Open Space projects are budgeted down \$2.4 million from \$5.9 million in FY 2011 to \$3.5 million in FY 2012. Road projects total \$4.9 million in FY 2012, up \$0.6 million from the FY 2011 level of \$4.3 million. Other areas of increase include Fire Divisions budgets which were \$0.3 million in FY 2011 but increased to \$3.1 in FY 2012, a \$2.8 million difference, and Solid Waste which had no budget in FY 2011 but \$1.0 million was included in the FY 2012 budget for the construction of the San Marcos transfer station to serve residents of the San Marco and Turquoise Trail areas.

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

During Fiscal Year 2011, Santa Fe County issued one General Obligation Bond (GOB) series. The 2011 Series GOB (Fund 339) was issued for \$17.5 million to fund roads, solid waste, water/wastewater and open space projects. In addition the 2011 Series also refunded the 2001A Series GOB which was for open space. The refunding of the 2001A Series GOB will save Santa Fe County \$0.4 million in interest expenses over the life of the bonds.

Fiscal Year 2012 to Fiscal Year 2011 budget comparisons on a fund by fund basis appear in the table below.

CAPITAL IMPROVEMENTS FUNDS			
Fund Name	FY 2011	FY 2012	Variance
301 - HOUSING CAPITAL IMPROVEMENT (Capital Improvements to Public Hsg.)	264,800	285,604	20,804
305 - FEDERAL PROJECTS FUND (Projects funded by Federal Grants)	0	382,000	382,000
311 - ROAD PROJECTS FUND (Spec. Appropriations for Road Projects)	187,535	60,294	(127,241)
318 - STATE SPEC. APPROPRIATIONS (Infrastructure Projects)	3,911,200	442,431	(3,468,769)
330 - GOB SERIES 2005 (Refunding of 1997 Series GOB)	183,919	110,544	(73,375)
331 - GOB SERIES 2007 (Judicial Court Complex)	2,106,783	200,000	(1,906,783)
332 - GOB SERIES 2007B (Public Works and Water Projects)	32,381	46,370	13,989
333 - 2008 GRT REVENUE BOND SERIES (Judicial Court Complex)	4,410,027	0	(4,410,027)
335 - GOB SERIES 2009 (Public Works, Fire, Utilities, Open Space)	5,487,702	2,767,761	(2,719,941)
336 - 2009 CO GRT REVENUE BOND SERIES (Water Rights Acquisition)	1,596,191	0	(1,596,191)
337 - 2010A CO GRT REVENUE BOND SERIES (BDD)	11,472,196	0	(11,472,196)
338 - 2010B CO GRT REVENUE BOND SERIES (BDD)	10,404,305	0	(10,404,305)
353 - GOB SERIES 2001 (Public Safety and Public Works)	13,131	0	(13,131)
370 - FACILITIES REVENUE BOND (Public Safety Complex)	0	557,573	557,573
380 - FIRE TAX REVENUE BOND (Fire Facilities)	0	86,969	86,969
385 - GOB SERIES - OPEN SPACE (Open Space & Trails)	1,477,415	0	(1,477,415)
339 - GOB 2011 SERIES (Public Works, Fire, Utilities, Open Space, Refunding)	0	16,400,000	16,400,000
TOTAL CAPITAL IMPROVEMENT FUNDS	41,547,585	21,339,546	(20,208,039)

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 FY 2012 another debt service fund was established to account for the payments made on two and possibly three loan/grant sharing agreements between Santa Fe County and the City of Santa Fe for the Buckman Direct Diversion project. The loan/grants were provided by the New Mexico Finance Authority-Water Trust Board (NMFA-WTB) to the City of Santa Fe who then offered to share the loan/grants with Santa Fe County. Since these agreements are debt that does not fall into any of the existing debt service fund categories, a new fund was established to account for the payments. Under the NMFA-WTB loan/grant agreements \$5.0 million in funding was provided. Of that, \$1.0 million (plus a .25% administration fee) is in the form of a loan and the \$4.0 million is in the form of a grant. Under the sharing agreements, Santa Fe County will pay 50% of the loan amount (\$0.5 million) and the administration fee. It is anticipated that a third loan/grant sharing agreement will be made with the City of Santa Fe. The third agreement would require a \$405K payment from Santa Fe County.

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 structure of the debt service payments established at the beginning of the bond issue as a part of an overall plan for issuing debt to finance a long-term capital improvement plan. In particular Santa Fe County tries to keep its general obligation debt service payments fairly flat from year to year. In this way, the property tax mill rate for debt service remains stable from year to year, thus

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

property owners in Santa Fe County do not see large fluctuations in their property tax rates due to debt service.

Below is a summary comparison of Fiscal Year 2012 and FY 2011 debt service payments.

DEBT SERVICE PAYMENTS (expressed in \$ million)				
GENERAL OBLIGATION BONDS	Maturity	FY 2011	FY 2012	Variance
2011 GOB Series (Public Works, Fire, Utilities, Open Space, Refunding)		\$ -	\$ 0.3	\$ 0.3
2010 Refunding Series (Refund 2001 & 1999 Series)	2020	\$ 1.3	\$ 2.1	\$ 0.8
2009 GOB Series (Public Works, Fire, Utilities, Open Space)	2024	\$ 1.3	\$ 3.5	\$ 2.2
2008 GOB Series (Buckman Direct Diversion)	2024	\$ 2.8	\$ 2.1	\$ (0.7)
2007B GOB Series (Roads, Water)	2028	\$ 1.3	\$ 1.2	\$ (0.1)
2007A GOB Series (Judicial Court Complex)	2027	\$ 1.4	\$ 1.2	\$ (0.2)
2005 Refunding Series (Refund GOB 1997 Series)	2026	\$ 1.1	\$ 1.1	\$ -
2005A GOB Series (Public Works, Water)	2026	\$ 0.7	\$ 0.7	\$ -
2001A GOB Series (Open Space)	Refunded	\$ 0.7	\$ -	\$ (0.7)
1999 GOB Series (Open Space - advance refunded)	Refunded	\$ 1.0	\$ -	\$ 1.0
SUBTOTAL GENERAL OBLIGATION BOND PAYMENTS		\$ 11.6	\$ 12.2	\$ 2.6
REVENUE BONDS				
CAPITAL OUTLAY GRT 2010B Series (Buckman Direct Diversion)	2031	\$ 0.7	\$ 0.7	\$ -
CAPITAL OUTLAY GRT 2010A Series (Buckman Direct Diversion)	2031	\$ 1.5	\$ 1.6	\$ 0.1
CAPITAL OUTLAY GRT 2009 Series (Water)	2030	\$ 0.9	\$ 0.9	\$ -
GRT 2008 Series (Judicial Court Complex)	2033	\$ 1.4	\$ 1.5	\$ 0.1
GRT 1997A Subordinat Series (Public Safety Complex)	2027	\$ 0.4	\$ 0.4	\$ -
GRT 1997 Series (Adult Detention Facility)	2027	\$ 2.2	\$ 2.3	\$ 0.1
SUBTOTAL REVENUE BOND PAYMENTS		\$ 7.1	\$ 7.4	\$ 0.3
LOAN/GRANT SHARING AGREEMENTS				
Agreements 1 and 2 (Buckman Direct Diversion)	2029	\$ -	\$ 0.1	\$ 0.1
Agreement 3 (Buckman Direct Diversion)	2012	\$ -	\$ 0.4	\$ 0.4
SUBTOTAL LOAN/GRANT SHARING AGREEMENT PAYMENTS		\$ -	\$ 0.5	\$ 0.5
TOTAL DEBT SERVICE PAYMENTS		\$ 18.7	\$ 20.1	\$ 3.4

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 (RPA) which is a joint effort with the City of Santa Fe develop projects and provide other planning activities with a regional scope. It is supported by an agreement between the City of Santa Fe and Santa Fe County who share equally in providing funding. The second Enterprise Fund is the Water/Wastewater Enterprise Fund. This enterprise fund is where the Water/Wastewater Utility is accounted for and is supported by the fees charged for providing water and wastewater services to customers in the unincorporated areas of Santa Fe County. With the planned expansion of the Utility's service area it is expected that this fund will be completely self-supporting within the next three years. The final Enterprise Fund is the Public Housing Authority and receives a significant amount of its revenue from rent charged for its public housing units. Additional funding is provided by a Federal subsidy from the Department of Housing and Urban Development.

These three funds are shown with comparative FY 2012 and FY 2011 information below.

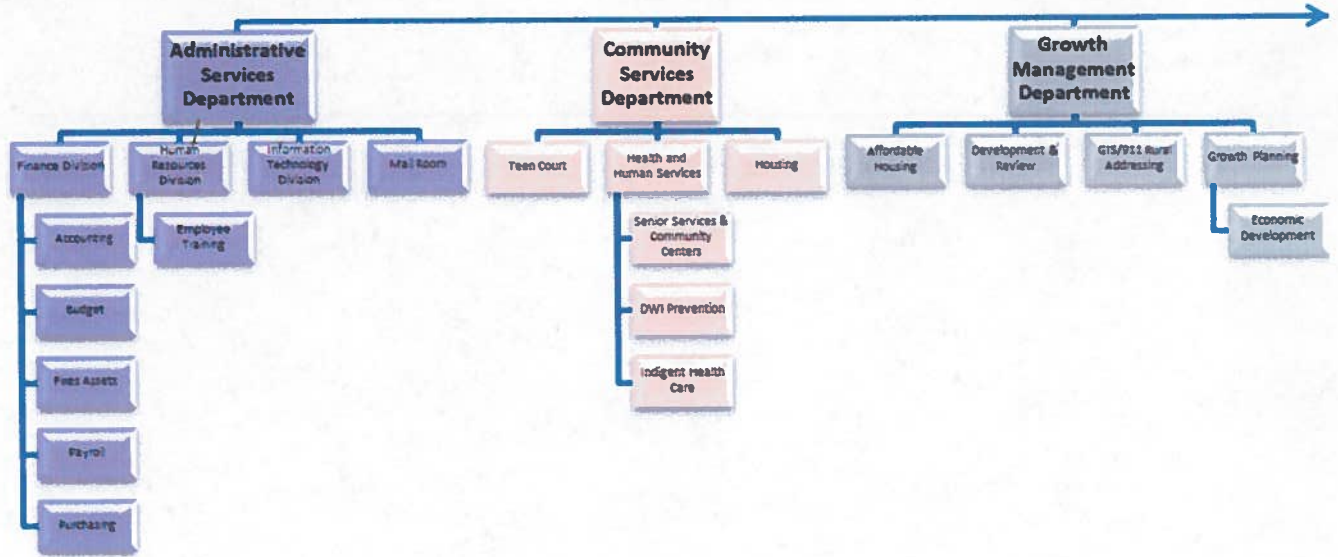
ENTERPRISE FUNDS				
Fund Name	FY 2011	FY 2012	Variance	Explanation of significant changes
501 - REGIONAL PLANNING AUTHORITY	93,723	27,324	(66,399)	Staff position frozen. Land Use staff support provided.
505 - WATER/WASTEWATER ENTERPRISE FUND	3,246,624	4,293,183	1,046,559	Full year of BDD operations and planned expansion
517 - HOUSING ENTERPRISE FUND	851,647	2,105,071	1,253,424	Major road improvements in public housing neighborhoods
TOTAL ENTERPRISE FUNDS	4,191,994	6,425,578	2,233,584	

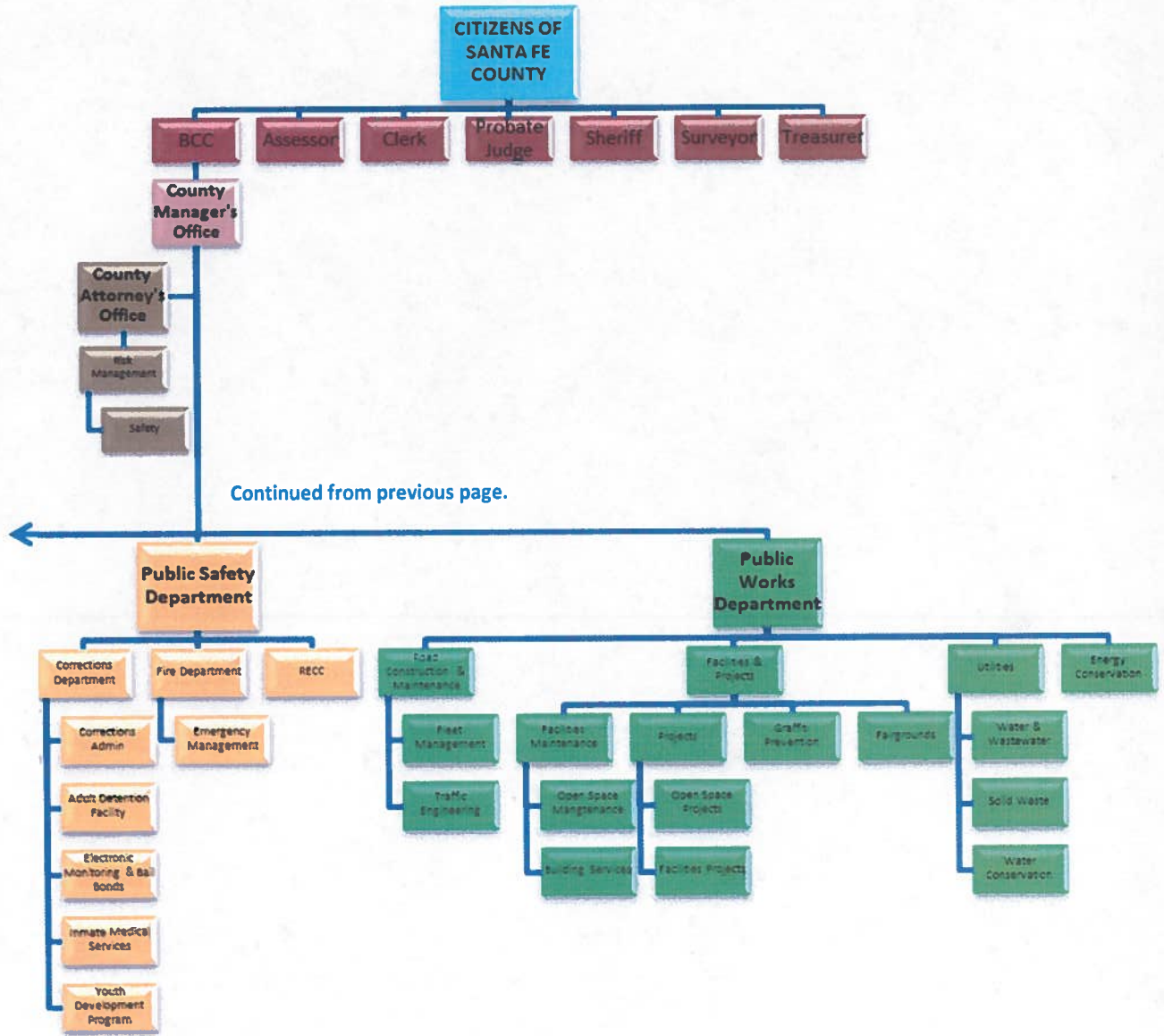
SANTA FE COUNTY FISCAL YEAR 2012 ORGANIZATIONAL STRUCTURE AND AUTHORIZED POSITIONS

The organizational structure depicted below was used as the basis for the FY 2012 budget. Major changes involve splitting the open space, facilities projects and maintenance function from the Community Services Department and placing it under Public Works Department, returning Utilities to the Public Works Department, and creating a Public Safety Department which will include the Fire Division, RECC and Corrections Department and coordinate public safety efforts with the Sheriff’s Office. Other shifts include moving Finance and Human Resources under the Administrative Services Department and moving Risk Management under Legal.

The detailed structure of each department is highlighted in Section VII of this document.

Continues on next page.





FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY

The Fiscal Year 2012 Budget includes 994.4 authorized positions in Santa Fe County. Of those 103.8 were frozen as of July 1, 2011. The number of authorized positions increased from 977.8 in FY 2011. This increase can be attributed to the transitioning the Senior Services Program from a contracted operation to an in-house operation and to eliminating unneeded authorizations. Additional positions were also authorized in the Sheriff's Office, Utilities Division and Assessor's Office. A number of positions were reclassified and transferred between departments and divisions during FY 2011 and in the FY 2012 budget process. Detailed information on organizations and positions appears in Section VII of this document.

The following changes comprise the net change in authorized positions from FY 2011 to FY 2012:

General Fund

Manager's Office	(1.0) (1.0) 1.0	Department Administrator position abolished due to reorganization. Project Specialist position abolished due to reorganization. Constituent Liaison position to assist new Commissioner.
Senior Services	2.0 1.0 1.0 1.0 1.0 3.6 <u>5.0</u>	Activities Coordinators to provide services formerly provided by contractor. Secretary Senior to provide support to new program staff. Clerical Assistant to provide support to new program staff. Nutrition Inventory Specialist to provide services formerly provided by contractor. Driver/Cook's Assistants to provide services formerly provided by contractor. Cooks to provide services formerly provided by contractor.
Subtotal	12.6	

Special Revenue Funds

Assessor	2.0	Assessment Specialists to clear back-log of data processing and assist with quality control.
Sheriff's Office	(3.0) 1.0 <u>1.0</u>	Deputy positions formerly grant funded and eliminated at end of grant. Deputy II position to provide prisoner transport services formerly provided by contractor. Property Control Technician to assist Property Control and Evident Clerk with inventory control and monitoring of inventory and evidence.
Subtotal	1.0	

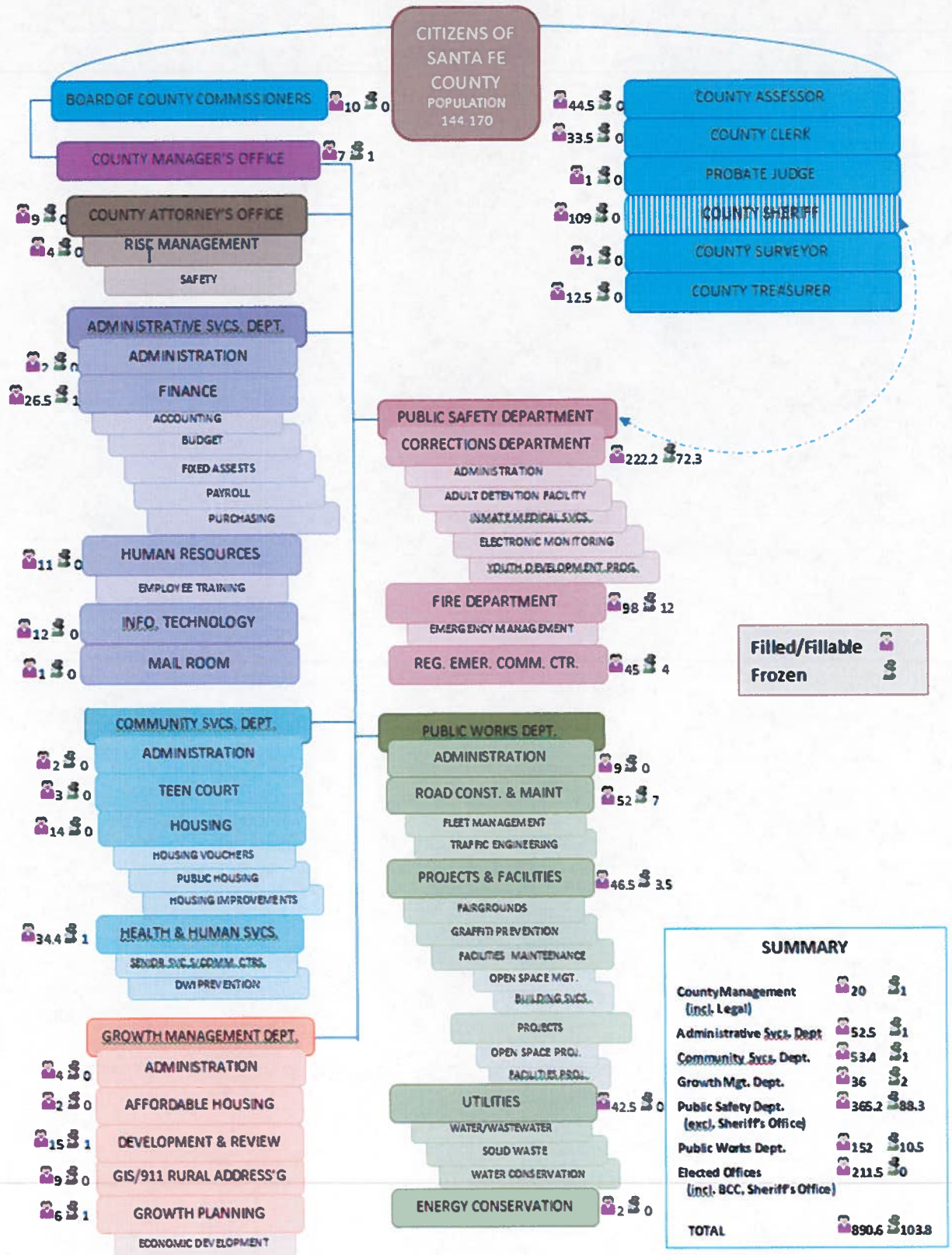
Enterprise Funds

Housing	(1.0)	Administrative Assistant position abolished due to reorganization.
Utilities	1.0 1.0 1.0 <u>1.0</u>	Utilities Maintenance Technician Lead to service expanding utility customer base. Water Operator II to service expanding utility customer base. Wastewater Operator I to service expanding utility customer base. Wastewater Utility Worker to service expanding utility customer base.
Subtotal	3.0	

Total Changes 16.6 Full-Time Equivalents

A considerable change in the organizational structure took place in the FY 2012 budget and there remains the possibility that additional changes to the structure will take place during FY 2012. The structure and number of authorized FTEs as of July 1, 2011 are represented by the following graphic.

FISCAL YEAR 2012 – BUDGET MESSAGE - EXECUTIVE SUMMARY



CHALLENGES AHEAD

Santa Fe County faces a variety of challenges in future years. Within the next one to two years Santa Fe County must complete its movement towards a more stable funding structure for the Corrections Department and additional source of funding for other public safety services. In addition, there are many long-term challenges that the County must face to draw business to the County while protecting the varied interest of County residents. As the “great recession” is slow to release its hold on the economy these challenges become even more difficult to conquer. Below are examples of these challenges, both long and short-term.

- ◆ Santa Fe County must develop a sustainable funding structure for the Corrections Department which balances the amount of support it must receive from the General Fund and charges for service with the need to provide services that maintain security and the safety of staff and inmates and other clients. This must be done while funding needed equipment replacement and upgrades and “large ticket” repairs of the facility and infrastructure.
- ◆ Finding additional sources of funding for the Regional Emergency Communications Center which currently “shares” its funding source with the Fire Department. Under the current agreement to operate the RECC, the City of Santa Fe must contribute to capital purchases only. This agreement does not take into consideration the ongoing and ever-increasing operational costs which must be shouldered entirely by the County, despite the majority of calls are for emergency services within the City of Santa Fe. A new agreement must be negotiated with the City of Santa Fe to ensure additional revenue for the RECC and an equitable split for operational costs.
- ◆ A re-appraisal of all property countywide is needed in order to comply with State statute to ensure that property valuations are “current and correct.” The County Assessor’s Office has been working to ensure that all properties are on the tax rolls and that the database of properties contains accurate information. This has been a long and painstaking process. Due to the work necessary to perform a project of this magnitude, a private contractor will be procured. This is expected to cost approximately \$1.0 million. The County Assessor’s Office will pay for ½ of the needed amount out of the Property Valuation Fund. The General Fund will be called upon to fund the balance.
- ◆ Santa Fe County residents have indicated that Roads are of key importance to them. In order to improve the road system and to better maintain the roads for which the County is responsible, additional funding will be needed. Over the past several years the State shared taxes that support the Road Fund, the Motor Vehicle Tax and the Gasoline Tax, have been declining. With the decline in those taxes the Road Fund looks to the General Fund to support it to a greater degree, putting additional pressure on the General Fund to fund yet another function.
- ◆ A variety of capital projects are in various stages of planning and construction with varying levels of funds. Developing a rational plan for completing projects already in progress and reevaluating the feasibility and priority of projects “on the drawing board” as well as those on a “wish list” presents a challenge for the BCC and the staff. This plan must balance the County’s limited resources with the needs of the community.

- ◆ An ongoing challenge for staff and management has been to “do more with less” as resources have shrunk and as a result of the hiring freeze which began in FY 2011. In addition, no salary increases have been budgeted for the second year in a row which is similarly challenging. These factors contribute to declining morale and increasing absenteeism as the staff is being pushed to do more by management.
- ◆ Also facing management is recruiting and retaining qualified public safety staff. Staff in the Corrections Department and RECC have a very high turnover rate, in large part because of the stressful environment in which they work coupled with wages and benefits that may not be at the level they are in close jurisdictions. The true cost of this employee turnover is not easily quantified, however we know that it has a detrimental impact on the budget, the morale of remaining staff and at some point may impact public safety. This challenge is intensified by the funding issues that are being experienced in both the Corrections Department and the RECC.
- ◆ The need to provide an adequate and sustainable water supply for Santa Fe County residents and businesses in this drought-prone area is at the forefront of long-range challenges. Completing the Buckman Direct Diversion last fiscal year was a major step, but there are still large areas in the County that rely on community wells for their water supply. The drain on the aquifer of these wells and the potential for well failure places expanding water service to those areas at a very high priority and an equally high challenge.
- ◆ Linked to the above challenge is the collaborative construction of another large river diversion project which resulted from legislation that ratified a decades old federal lawsuit. The legislation addresses water rights with the Pueblos in the Pojoaque Valley. This settlement requires 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 the construction of the project will need to be secured within about five years if not sooner. Once constructed the additional water system and customer base will impact the water utility’s budget in ways that have yet to be determined.

As shown in this executive summary, Santa Fe County has implemented a conservative approach to budgeting and restructuring the funding of large programs to stabilize the entire budget. Further, utilizing a limited amount of cash reserves has aided in a transition to the new structure while maintaining services and minimizing the impact to staff. Although there are many challenges ahead, Santa Fe County is in a good position to meet those challenges and provide residents with a safe and vibrant community.