

Santa Fe County

Fiscal Year 2014 Budget



Financial Policies and Budget Process

OVERVIEW

A budget can be defined as the written expression or estimate of an organization's income and expense and a plan of operations based on such an estimate. Based on a projection of financial resources, an annual budget is developed by evaluating the organization's structure and its programmatic priorities in order to establish the goals and objectives for the upcoming year. The budget is a plan by which the Board of County Commissioners (BCC) sets financial policies and authorizes the allocation of resources and expenditures to accomplish the County's goals and objectives. The budget expressed in this document, along with budget resolutions and adjustments approved throughout the fiscal year, provide the basis for the control of expenditures.

Santa Fe County's annual budget is prepared in accordance with the requirements for New Mexico government entities and financial policies as established by State statute and the guidelines set forth by the New Mexico State Department of Finance and Administration (DFA), Local Government Division. It is an annual fiscal year (July 1 – June 30) budget wherein initial appropriations must be approved by the Board of County Commissioners and the DFA. Budget adjustments within a fund, between cost centers, or between line items do not require BCC action but must be administratively approved.

ACCOUNTING BASIS FOR BUDGETING

Santa Fe County uses the current financial resources measurement focus and the modified accrual basis of accounting for its governmental financial statements, wherein revenue is recognized in the year when it is earned and expenses are recorded when the related liability is incurred. Depreciation on property and equipment are not included in the budget, but will appear in the Comprehensive Annual Financial Report (CAFR). The budget does include proceeds from long-term financing and capital grants. Revenue and expenditures include capital outlay and bond payments. For budget comparisons, the actual amounts reported on the budgetary basis differ from the modified accrual basis for government fund types and accrual basis for the Enterprise Funds. Differences between the budgetary basis and generally accepted accounting principles (GAAP) include the following:

- ✧ The budget includes encumbrances as actual expense. GAAP does not include encumbrances as expenditures.
- ✧ Capitalized lease obligations are budgetary expenditures when paid, and
- ✧ The budget does not include certain liabilities, receivables and depreciation expense for enterprise funds. The GAAP basis financial statements do include those transactions.

SUMMARY OF BUDGETARY FINANCIAL POLICIES AND PROCESSES

Santa Fe County financial policies are expressed in detail at the end of this section of the budget. Generally, the County's budgetary financial policy requires a balanced budget by fund. Further, it limits spending of a recurring nature to levels sustainable by recurring revenue, particularly in the General Fund, and the funding of capital equipment and one-time expenses through the use of positive cash balances and non-recurring revenues. Policies also prescribe fund cash balances (reserves) and debt limitations.

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The County Finance Division maintains extensive revenue records to enable accurate budget forecasts of revenue. Property tax revenue, being the principle source of general fund revenue, is projected using an analysis of property valuations formulas and historical trends analysis. Gross receipts tax budgets are determined from trend data and from an economic analysis of business activity underlying the receipt of these taxes. Property taxes and gross receipts taxes revenues are usually quite conservatively estimated in the budget.

Revenue is recognized in the budget for Capital Outlay Gross Receipts Taxes, and available funds from bond proceeds are budgeted. If there is a specific plan for expenditures against these revenues they will be budgeted in a unique cost center for the project. If there is not a specific plan for expenses will be generically budgeted. Specific projects and their budgets may be defined during the course of the fiscal year as well.

Up until fiscal year 2012 budgeted operating expenses have been developed through a baseline approach, with zero-based detailed explanations required for contractual services and capital purchases and other line items with significant budgets. Any programming changes or additional staff positions are submitted in the form of a "building block" to be prioritized and funded as revenues permit. Significant "building blocks" had not been funded since FY 2009, prior to the onset of the "great recession." Capital equipment and other one-time asset renewal and replacement budgets had been developed and managed as a capital package within the requesting funds wherein funds are released to the purchasing organization as purchases are made for specific items detailed in the budget. Requested staff additions are associated with building blocks and are considered for funding on a case by case basis. Recommendations are made by management to the Board of County Commissioners for additional staff as programmatic demands become clear during the fiscal year.

The fiscal year 2013 budget was developed using a different approach than in past years, using a results-accountable/ performance and priority based methodology. Fiscal year 2014 is the second year in the transition to this methodology and was developed using the strategy that organizational units within the County first determine what results each desires to achieve, based upon citizen and Commission priorities, and then determine funding and staffing needed to achieve the desired result. Key to the process was to look at each Department within Santa Fe County and break it down into major functions, determine the desired outcome of each function (function outcome statement), develop measures to gauge progress towards the desired outcome(s), set goals for fiscal year 2014 and determine the cost to perform the function and meet the desired goal. This process formed the basis for the funding request.

This was a very enlightening process for staff as well as management and was met with enthusiasm from some and skepticism from others. Regardless of the reception to the process, a more citizen focused, performance oriented budget paradigm was created and continues to evolve.

The fiscal year 2014 capital equipment and other one-time asset renewal and replacement budget requests and staffing requests were handled in much the same way as in prior years however, priority was given to the areas of citizen and/or commission focus and what is needed to achieve desired outcomes.

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During fiscal year 2014 the third phase of the transition to using a results-accountable/ performance and priority based methodology is planned for the fiscal year 2015 budget. Included in this phase will be developing an equitable method of evaluating and ranking funding requests based on citizen and Commission priorities as well as statutory requirements, funding restrictions and other criteria. The process will also include points for collaboratively developing programs and may also include a “request for proposal” (RFP) process for competitively bidding for funding certain programs. The goal of this transition is to ensure a transparent, equitable and citizen-focused funding mechanism for a responsive and efficient Santa Fe County government. A citizen survey will be conducted early in FY 2014 to help guide the budget and prioritization process.

Santa Fe County is committed to developing a sound financial plan for operations and capital improvements. As part of this commitment the County utilizes conservative growth forecasts, and,

- ✧ permits the County Manager and Departmental Directors to manage the operating budget with the Board of County Commissioners deciding allocations.
- ✧ appropriates the budget in accordance with County policy and New Mexico State Department of Finance and Administration guidelines.
- ✧ adjusts the budget through departmental budget amendments and a county-wide, mid-year budget review to reflect changes in the local economy (positive and negative), changes in service priorities, and receipt of unbudgeted revenue or revenue shortfalls as they may occur.
- ✧ organizes the budget so that revenues are related to expenditures as much as possible.
- ✧ provides department staff with immediate on-line access to current revenue and expenditure information to facilitate easy control of expenditures against appropriations.

A BALANCED BUDGET

The State of New Mexico requires a “balanced budget” for each fund, in that budgeted cash balances for each fund at the end of the fiscal year must not be less than zero or a reserve amount that meets statutory requirements. The statutory reserve requirement for the General Fund is 25% of budgeted expense not including transfers out. For the Road Fund, it is one month, or 8.33% of budgeted expense. Also, a financial objective of the County is that each fund that is the direct source of operational expense should also have a reserve of one-month’s budgeted expense like the statutory requirement for the Road Fund. Such other funds would include the Indigent Services Fund, the EMS Health Fund, the Fire Operations Fund, the Housing Enterprise Fund and the Jail Operations Fund to name a few.

Santa Fe County imposes this balanced budget standard in conjunction with the standard that recurring expense in each fund be sourced with recurring revenue. Non-recurring expense is defined as one-time expenditures for capital items or for operational revenue not foreseen to be a part of the expense base in the following year’s budget requirements. A non-recurring source is defined as budgeted cash or other one-time revenue such as bond proceeds, most grants and reimbursements. These two critical budgeting

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standards facilitate the ability of the County to fund non-grant organizations and programs, while minimizing the possibility of over-extending County resources in the future.

BASIS FOR DETERMINING REVENUE

The County Finance Division reviews revenues as part of the budget process. Principal sources for ongoing revenue for the County are property taxes, gross receipts (sales) taxes, fees and charges for services, intergovernmental grants, Joint Powers Agreements, and income from investments. Monthly receipts of revenue in all line items within each of these categories are recorded and utilized to forecast trends in revenue receipts.

- ✧ Property taxes which constitute 71% of General Fund revenue are estimated from calculations of existing and new valuations of residential and commercial property, the economic growth rate, as well as from trends derived from monthly receipt data. Property tax revenue budget estimates are quite conservative, as a budget shortfall in tax receipts would have a serious impact on various County operations, many of which are required by Statute.
- ✧ Gross Receipts taxes are estimated from trend data and from economic analysis of the business activities in the areas of construction, wholesale, retail and service sectors. This methodology generally results in highly accurate gross receipts tax budgets which are monitored as tax revenues are received from month to month.
- ✧ County fee schedules for services consist mainly of building and development fees, utilities fees such as for solid waste disposal, water and sewer services, document recording fees, fees arising from ambulance services and the maintenance of out-of-jurisdiction inmates in County corrections facilities. Impact fees are based on the operational and capital requirements which are the consequence of new development and increased population. Service fees are based on the cost of the delivery of services. Analysis of the impacts of new development and costs of services are jointly made by the service departments and Finance and new fee schedules are presented to the Board of County Commissioners as part of the budget approval and amendment process. Most fee schedules are established by County Ordinance although many are statutory. The budget for fee revenue is determined from the current fee schedule and an analysis of monthly revenue over the past three years.
- ✧ Budgeted investment income is the product of the analysis of invested monies and the economy supporting investment rates. Investment income depends on the quantity of available money to be invested, the length of time an investment can be made and the interest rate at which money can be invested. A base investment income figure that can be considered as recurring is budgeted. Any additional actual income is considered to be non-recurring or the result of unusually high rates that cannot be depended upon to be maintained in an economic downturn. An analysis of these parameters is especially important in volatile market conditions as have been experienced in the recent past.

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CASH CARRYOVER – LAPSED APPROPRIATIONS

All appropriations not spent or encumbered at the end of the fiscal year lapse into the cash balance applicable to the specific fund. Cash is carried over to a “prior-year budget” to cover dedicated or encumbered expenses. In cases of grants with unspent monies which, because of the difference in the fiscal years of the county (June 30 end) and the Federal Government (September 30 end), may be spent, current year carryover budgets may be created. In project budgets and bond proceed funds of a nature where proceeds may cover expense over several years, lapsed appropriations will be re-budgeted from cash in subsequent fiscal years. The re-budgeting of long-term projects prevents determination of the total appropriations by simply adding up annual budgets through the years of the projects. The necessity to include capital project budgets within the framework of an annual budget rather than in a separate multi-year capital budget is a shortcoming in the budget requirements prescribed by the State to the counties and municipalities. Historical analysis aided by multi-year worksheets must be maintained to determine total project budgets.



PLANNING AND BUDGET DEVELOPMENT

The fiscal year 2014 budget was developed as the second phase of the transition to a results accountable/ performance and priority driven funding process. In addition, the long range plan for capital improvement and infrastructure developed for the FY 2013 budget process was updated to address shifts in priorities. The FY 2014 portion of updated plan was budgeted in the original budget along with the re-budgeting of FY 2013 projects that were not yet completed. Development of the long-range capital improvement plan was also driven by citizen and

Commission priorities as well as known and likely funding availability, the ability to leverage funding and to obtain funding from grant and non-traditional sources.

In addition, the projects were also prioritized by the requirements of the County’s Sustainable Growth Management Plan (SGMP) to ensure that priority was given to projects in “sustainable development areas.” The SGMP is the framework for directing growth in Santa Fe County until the year 2030. Within this framework is the requirement that development pay for itself. The framework also is intended to direct growth to areas wherein the cost of infrastructure and service provision can be contained rather than allowing “sprawl” to occur. The Sustainable Land Development Code (the Code) associated with the SGMP will codify the framework outlined in the plan as well as a framework for imposing impact fees. The Code underwent an extensive public review during FY 2013 and is anticipated to be completed during FY 2014.

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VISION	SEVEN KEY AREAS OF FOCUS	FY 2014 COUNTY PRIORITIES	FY 2014 COUNTY SERVICES
<p>Santa Fe County government strives to be a responsive, cutting-edge organization which has integrated the vision of its citizens, employees and elected officials. Santa Fe County is strongly committed to protecting and preserving our cultural traditions, pristine resources and diverse communities. Our administration is dedicated to the health, safety and welfare of the public we serve and to ensure the quality of life and preservation of resources for future generations. Citizen involvement is an essential and integral component to the success of Santa Fe government. Santa Fe County is committed to working collectively with constituents to solve problems confronting our communities as we progress in the twenty-first century.</p>	<p>INFRASTRUCTURE The County has a well maintained and adequate infrastructure system for an ever-growing population.</p>	<p>Maintaining established infrastructure and constructing new infrastructure to satisfy the growing demand on systems. Expansion of the water and wastewater systems to accommodate growth in the customer base. Evaluation of the solid waste program to maximize service for residents.</p>	<p>Public Works Project Development Project Delivery Road Maintenance Water Wastewater Solid Waste Open Space and Trails Water Resources Buckman Direct Diversion</p>
	<p>TRANSPARENCY Government is transparent, ethical and accountable; every element of government contributes effectively to meeting public needs.</p>	<p>Implementation of the results-accountable budget methodology, determining current and correct property valuations; conducting a legal and fair election, maintaining an extensive transparency program and website.</p>	<p>County Manager Board of County Comm. Finance Human Resources Legal County Clerk-Elections County Treasurer County Assessor</p>
	<p>COMMUNITY ENHANCEMENT Citizens are safe, secure and are able to enjoy a good quality of life with access to open space and recreational activities, quality healthcare, clean air and water and a strong economy.</p>	<p>Maintaining the Public Safety infrastructure, assuring adequate staffing in Fire, Sheriff, Emergency Communications and Corrections facilities. Develop and maintain open space and trails programs, community health programs and economic development initiatives.</p>	<p>County Sheriff Fire & EMS Services Regional Emergency Communications Ctr. Corrections-Adult & Youth Community Services Public Works Open Space & Trails Mgt. Water Resources</p>
	<p>GOING GREEN Conserve and protect the natural environment through energy efficiency initiatives, recycling programs and water conservation activities.</p>	<p>Developing energy conservation and renewable energy initiatives including solar projects and an energy district, "Lead by Example" initiative for County departments, water management programs.</p>	<p>Public Works Energy Programs Water Resources Solid Waste Land Use Countywide</p>
	<p>GROWTH MANAGEMENT The County's natural environment is protected; Growth is managed to protect the environment and the County's economic vitality.</p>	<p>Managing population, environment and commercial growth in the County. Sustainable Land Development Code will be developed to go hand-in-hand with the Sustainable Growth Management Plan.</p>	<p>Growth Management Planning Development Review Permits & Inspections GIS & Rural Addressing Economic Development Public Works Open Space & Trails Energy Programs</p>
	<p>SAVINGS & EFFICIENCY Identifying and correcting inefficiencies within county government and implementing ways to streamline government functions to accomplish savings.</p>	<p>Implementation of the results-accountable budget methodology and determining citizen priorities; implementing merit based compensation where possible.</p>	<p>County Manager's Office Finance Human Resources Countywide</p>
	<p>EMPLOYEE DEVELOPMENT Develop a knowledgeable and professional workforce, improve retention rates among staff members.</p>	<p>Expand NM Edge program, increase appropriation for tuition assistance, reward employees for attainment of specific certifications, increase training opportunities in general.</p>	<p>County Manager's Office County Commission Human Resources Finance Countywide</p>

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The County's vision and strategic goals are reflected in the fiscal year 2014 county priorities noted in the Budget Message and Executive Summary of this document. These are all related to the objectives of the various county organizations and services detailed in *Section VII-Organization Budgets* of this document.

PLANNING AND BUDGET DEVELOPMENT

Short Term Planning – Developing Service Priorities

Prior to the start of the formal budget process for the next fiscal year, the County Manager meets with the Board of County Commissioners, Department Directors and Elected Officials in extended meetings and budget study session(s) to discuss issues facing the County and determine priorities for service and initiatives proposed by members of that meeting. Prior to the fiscal year 2012 budget, these issues and service priorities were linked to budget requests and became part of the criteria for strengthening baseline budgets and funding new or expanded services expressed in the building block requests. In the fiscal year 2012 budget process, the results of the citizen survey conducted in the summer of 2010 were utilized to ensure priority areas received appropriate resources as identified by citizens. Then beginning with the fiscal year 2013 budget process and continuing in the fiscal year 2014 budget process the Budget Office along with the County Manager transitioned to the results-accountable/performance and priority driven budget that was ultimately approved.

As part of the formal budget process, meetings with individual Commissioners are conducted to review County issues and Commission priorities District by District as identified by each Commissioner. The issues and priorities defined in these meetings formed the basis for the FY 2014 appropriations. During fiscal year 2014 Santa Fe County will conduct a new citizen survey through which management hopes to learn how citizens view Santa Fe County services and the overall quality of life in Santa Fe County. With this information in hand for the fiscal year 2015 budget process, the County will be better able to prioritize its services and its resources to achieve the results citizens desire most.

The priorities were listed and a ranking structure was developed. Many of these priorities are recurring in nature and are part of long range planning to ensure recurring revenue is sufficient to fund recurring expenses. Below are some of the priorities funded in fiscal year 2014:

- ✓ Increase the operating contingency (recurring).
- ✓ Restructured county share of health insurance for employees, funded employee development opportunities, and salary adjustments and increases for non-probationary staff (recurring).
- ✓ Funded a merit pool for performance-based salary increases (recurring).
- ✓ Increase maintenance for all County assets including roads, facilities, open space, trails and parks (recurring).
- ✓ Expand the Utility to become a self-supporting enterprise.
- ✓ Expand library and youth services throughout Santa Fe County (recurring).
- ✓ "Lead by Example" environmental conservation and recycling initiative (one-time).
- ✓ Invest in economic development initiatives (one-time).
- ✓ Develop an asset replacement and renewal schedule and fund a significant level of asset renewal and replacement (one-time).

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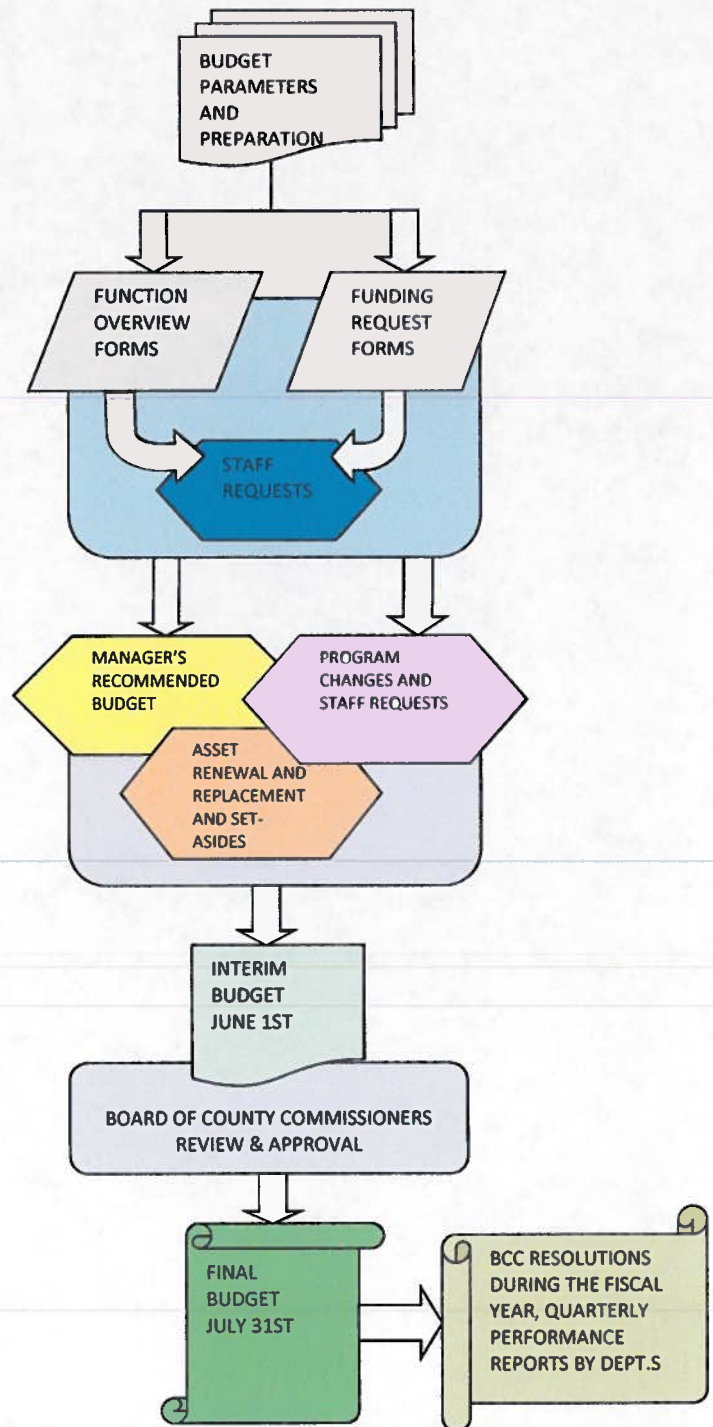
From Baselines & Building Blocks to Performance Budgeting

Until fiscal year 2012 the standard budget methodology used in preparing budgets consisted of the submission and review of baseline and building-block budgets. Baseline budgets included necessary expenses for established County services, programs and supporting organizations at existing levels of service. Each County organization submitted a baseline budget request with a detailed explanation of expenses within each budget line item. Budgets were established at an organizational unit level (division or project within each department) and expenditure line items were summarized into category levels as follows:

- ✧ Salary and Wages
- ✧ Employee Benefits
- ✧ Vehicle Expenses
- ✧ Travel
- ✧ Maintenance
- ✧ Professional Services
- ✧ Supplies (office, field, educational, employee uniforms, etc)
- ✧ Operating Costs (utilities, employee training, insurance, etc)
- ✧ Insurance Premiums and Deductibles (not related to employee benefits)
- ✧ Capital Purchases (equipment, vehicles, buildings, etc.)
- ✧ Debt Service and other Commitments

Baseline budget requests were evaluated in a zero-based perspective modified by expenditure history for certain expenses.

For the FY 2013 budget, a transition from a baseline budget to a results-accountable/ performance and priority driven budget was required of all departments and divisions within the County and was voluntary for the Elected Offices. Only the Sheriff's Office opted to transition to the new budget methodology. The other Elected Offices continued to use the baseline budget process as in the past.



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To transition to a results-accountable budget, management asked the staff to give up the status quo way of thinking in favor of thinking in terms of the “end game.” i.e. what each department/division wishes to accomplish and how it will positively affect the community. To do this, training on performance management principles was provided, and these principles were applied to each function within each department and division. Desired functional outcomes were required to tie, either directly or indirectly, to Commission priorities, community priorities and the County’s seven key areas of focus, infrastructure, going green, community enhancement, growth management, transparency, savings/efficiency and employee development. Further, progress towards these outcomes must be articulable and measurable so that staff, managers, elected officials and citizens can use the data to evaluate the services that the County provides. Detailed information on desired outcomes and measurements can be found in **Section VII-Organization Budgets** of this document.

Measurements of progress towards a desired outcome were developed by asking the following questions:

- ❖ How much did we do (output)?
- ❖ How well did we do it (efficiency)?
- ❖ Is anyone better off (outcome)?

Once measurements were established, goals were established. Progress was measured and reported to management quarterly throughout fiscal year 2013.

The fiscal year 2014 budget process was similar to that of 2013. However, instead of each Division within each Department establishing desired outcomes, goals and measurements Departments were asked to establish outcomes that required collaboration between divisions. Once desired outcomes were known measurements and goals according to those outcomes were developed. This change was intended to foster discussions between divisions so that new ideas for streamlining government processes and/or services could be conceived and developed and subsequently the desired outcomes can be achieved more efficiently.

Once goals were established department staff was tasked with determining the level of funding needed to accomplish those goals. Once the funding needs were determined information was provided to the Budget Office with justification required for travel and training, telephones, vehicle maintenance, professional services and capital purchases and other line items with a request in excess of \$10,000. Each request then competed with all other requested amounts for funding with the highest priority functions being recommended for full funding. Budgets are established at the organizational unit level as described above and expenditure line items are organized into the categories used in prior years.

Additional staff requests and asset renewal requests (equipment, vehicles, computers, etc.) were tied to specific functional outcomes and were reviewed and recommended according to those that tie to citizen or Commission priorities.

The fiscal year 2015 budget process will again change as the transition to a results-accountable/ performance and priority driven budget continues. The process established for the fiscal year 2014 budget may be modified to add some or all of the following components:

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- ✧ Cross-departmental collaboration on outcomes, goals and measures.
- ✧ Additional citizen input to update service priorities through a new citizen survey as well as focus groups and/or town hall meetings.
- ✧ A competitive bidding process wherein departments submit proposals for providing services based on a specific scope of work similar to the contract procurement process.
- ✧ A committee of evaluators which include staff and management that will be tasked with ranking proposal responsiveness to scopes of work.
- ✧ Use of a ranking algorithm similar to the one used for the Capital Improvement Plan (CIP) to determine funding levels. The algorithm would account for measurable progress towards functional outcomes in fiscal years 2013 and 2014, thus rewarding those functions that are successful in achieving established goals.
- ✧ A system of rewards that encourages “outside-the-box” thinking to solve County problems.

Long-Range Planning

The onset of the “great recession” significantly impacted the County’s ability to complete various planned program expansions. The focus in the recent past has been ensuring that services and employees were not adversely impacted as revenues flattened out or declined. Through careful planning and analysis Santa Fe County succeeded in maintaining all services as well as sustaining staffing without furloughs, layoffs or reductions in employee pay or hours. Beginning in fiscal year 2013, Santa Fe County has been able to expand some priority community enhancement services and fund employee development. These are two of the County’s seven key areas of focus.

The Santa Fe County Assessor’s Office recently completed a re-appraisal of all properties countywide, the results of which will be reflected in the 2014 tax year. Although a significant number of values have dropped over the past several years, the County Assessor is of the opinion that there are a large number of properties with improvements that have never been included on the tax rolls. The addition of these previously unreported improvements could result in new recurring revenue as well as one-time revenue generated by billing for past years of unreported improvements. As property taxes make up 71% of general fund revenue, this re-appraisal is key to long-range financial planning. Another benefit of the re-appraisal is to ensure accurate and up-to-date information is populated in the Computer Aided Mass Appraisal (CAMA) system which will allow for more accurate projections of future property values and thus property tax revenue which is essential for long-range planning for the operating budget.

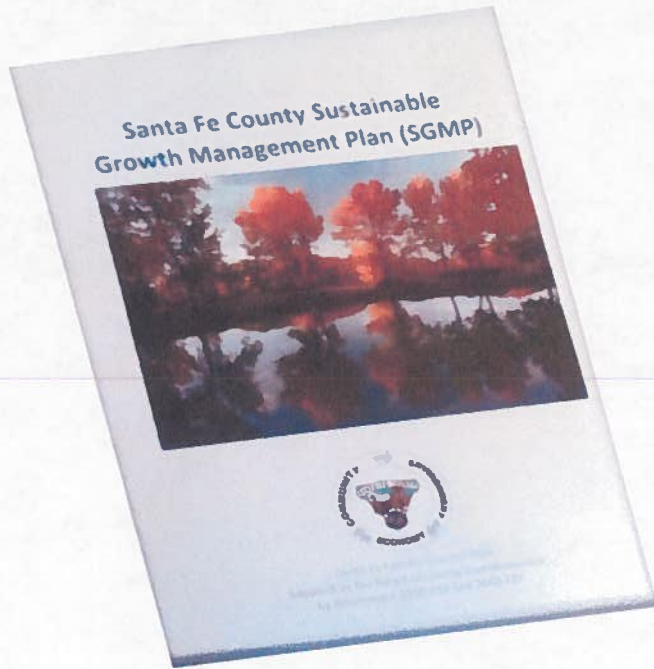


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Santa Fe County Sustainable Growth Management Plan (SGMP)



A component of long-range planning for Santa Fe County is managing growth in a sustainable manner. Sustainable growth is a key area of County focus and the subject of the Sustainable Growth Management Plan (SGMP) adopted by the Commission in fiscal year 2011. The SGMP serves as a guide to growth in Santa Fe County for a period of 20 years. Areas of concern in the SGMP are being codified in the Sustainable Land Development Code (SLDC). The Plan outlines the philosophy and methodology to be used when issuing permits for development throughout the County. It will serve as a guide to growth incorporating local community values, goals and strategies on how to best manage and sustainably utilize limited natural, economic and cultural resources. This is intended to guard against “sprawl” in development as well as to ensure mechanisms for funding infrastructure needs and additional service needs to developing areas. Specifically in the SGMP are the following:

Adequate Public Facilities and Financing

Santa Fe County’s policy is to direct growth in such a manner as to ensure that the building of infrastructure and additional operating costs associated with growth are offset by the increased revenue associated with new development. Directing growth to the primary “sustainable development areas” (SDAs) allows for the most efficient provision of new infrastructure and the most cost effective means of providing services possible. The funding of the additional infrastructure will be addressed through a variety of funding mechanisms such as “pay-as-you-grow” planning or special assessment districts. As part of the SGMP the “cost of sprawl” was thoroughly analyzed, and policies were established to inhibit “sprawl” and promote sustainable growth.

Land Use and Growth Management

Santa Fe County’s land use and growth management policy is to promote development that avoids sprawl, protects open space and maintains the diverse character of the County through creative development design solutions. It is also desirable to ensure the availability and affordability of housing and economic opportunities within the County while preserving the traditional communities and their economic structures.

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Natural Resources and Open Space

Santa Fe County's open space policy is to protect significant open space, ecologically sensitive and cultural areas and the connections between them through creative design, voluntary dedication, incentives, purchases and regulations. Through a community and district planning process, residents and property owners will identify the sensitive and cultural areas, open spaces and connections that are important to be protected in communities and Districts, while still allowing for the reasonable use and enjoyment of property.

Environment

Santa Fe County's environmental policies are intended to protect the health and safety of people, the reasonable use and enjoyment of property and to maintain the natural beauty and fragile environment of areas of the County through regulations, education and code enforcement.

Water Availability and Conservation

Santa Fe County's water policy is to protect and extend the available water resources of the region by requiring water conservation, developing imported renewable water sources and supply systems and guiding growth through the planning process. The County conservatively manages the acquisition, distribution and use of the local groundwater resources based on detailed hydrologic studies of the County to ensure that water is available for present and future generations while working towards sustainable water usage.

Community Character and Design

Santa Fe County's design policy is to maintain the rural, unique and diverse character of the different geographic locations within the County. The County should ensure that communities develop in a manner consistent with their character or in a manner consistent with the standards developed through the community and district planning process in such a way that they incorporate mixed uses and rely on the locally accepted models for development patterns.

Housing

Santa Fe County's policy on housing is to provide diverse and affordable housing opportunities integrated within communities that meet the needs of all residents.

Utilities, Transportation and Public Services

Santa Fe County's policy is to assure that adequate utilities, transportation and public services are in place to serve existing community areas and that the location of existing and planned infrastructure guides the development of new communities.

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Public Safety

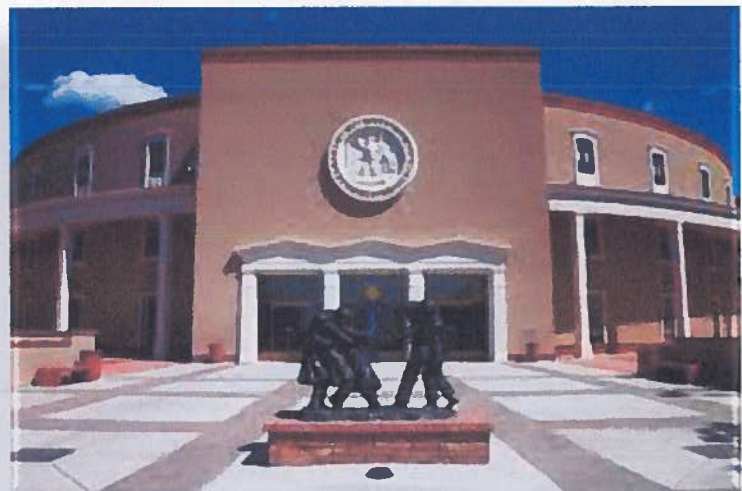
Santa Fe County's policy is to develop and maintain a level of public safety coverage consistent with the amount of development being permitted in the County. This includes fire and emergency medical personnel, fire stations and law enforcement (including dispatch services).

Capital Projects

In FY 2013 Santa Fe County established a rigorous and transparent capital improvement planning and programming process that allocates resources to the highest priority need, meets constituent and elected officials' concerns, and complies with state statutes and performance-based budgeting principals.

The process starts with the SGMP described above. The SGMP identifies levels of service and desired outcomes for the full range of County services. Comparing the SGMPs levels of service with the actual conditions of the County infrastructure allows staff to identify deficiencies. Further using growth projections the County can anticipate future needs and requirements to maintain levels of service in growth areas. Also, public outreach efforts are used to identify needs as identified by communities. Projects are rolling into a master capital needs list. The capital needs list contains an estimated cost, planned funding sources and projected year of project execution for each project on the list. A ranking algorithm is used to evaluate the projects based upon multiple factors including location in a sustainable development area (SDA) per the Sustainable Growth Management Plan (SGMP), citizen priorities, Commission priorities, funding availability and/or restrictions and availability of leveraged funding among other factors. Projects are ranked and re-ranked as new needs arise, keeping a "running list" of capital project needs. These needs can then be addressed based on order of priority. A 4-year plan for completing priority capital projects along with a capital financing plan that considers the County's bonding cycle, accumulated Capital Outlay Gross Receipts Taxes, and any other available sources of funding was developed and approved by the BCC in July 2012.

The capital needs list also serves as the basis for the Infrastructure Capital Improvements Plan (ICIP) which must be submitted to the State on an annual basis. The ICIP is a five-year plan that is designed to show the status of existing capital projects as well as to identify new capital projects and their funding sources. Because of its long-range focus, the ICIP allows management the opportunity to communicate capital needs to State Legislators who apportion State funds to counties and municipalities for capital projects. An extensive public input process is conducted in the late summer to assist



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in identifying capital projects within each Commission district and those that are of Countywide benefit. The Legislature meets in January-February each year and appropriates capital monies to New Mexico counties. State appropriations have been reduced significantly since the economic downturn began and in fiscal year 2010 a number of grants for ICIP projects were rescinded by the State severely limiting the County's ongoing capital improvements and forcing a reprioritization of capital projects.

In addition to the ICIP, the capital needs list also serves as the basis for a decision to issue general obligation bonds (such as those approved by voters in November, 2012) and the starting point for grant applications used to fund capital projects.

At present, the County has approximately \$500 million in projects on its capital needs list. While the County lacks the resources to meet all of these needs at once, it can expect to fund 5% - 10% of the capital needs list each year.

FISCAL YEAR 2014 BUDGET DIFFERENCES FROM THE PRIOR YEAR

Changes from the fiscal year 2013 budget resulted in a decrease across all funds from fiscal year 2013 to fiscal year 2014. Recurring expenses from FY 2013 to FY 2014 increased by \$3.1 million. Capital improvement projects and other non-recurring expenses decreased by \$6.8 million.

- ✧ Major changes in the General Fund (101) are:
 - Increased the Asset Renewal and Replacement package (formerly known as the capital package) and set asides (\$2.2M).
 - Increased General Fund support of the Road Fund (\$0.9 M, \$0.7 of that increase is for Asset Renewal and Replacement as noted above).
 - Increased General Fund support of the Law Enforcement Operations Fund (\$1.0 M).
 - Increased General Fund support of the Corrections Operations Fund (\$0.5 M).
 - Increased funding for Library and Youth programs (\$0.1 m).

- ✧ The Capital Outlay GRT Fund was reclassified from a special revenue fund (213) to a capital improvement fund (313). In FY 2013 the Capital Outlay GRT Fund budget was \$25.4 M but was decreased by \$7.8 M in FY 2014 to \$17.5 M.
- ✧ Increased funding for the Sole Community Provider program (\$0.5 M).
- ✧ The Fire Operations Fund (244) budget decrease by \$0.9 M.
- ✧ The Regional Emergency Communications Center (RECC) Operations Fund (245) remained flat at approximately \$3.5 M. Since this fund has no significant funding of its own, it is reliant upon transfers from other funds. In FY 2014 the Fire Operations Fund will transfer \$3.4 M to the RECC. Funding for the RECC is of major concern due to its reliance upon other funds for support.
- ✧ The Corrections Operations Fund (247) budget increased by \$0.4 M.
- ✧ Bond proceeds from the 2011 Series GOB were budgeted at \$8.8 M across all project categories. This is a decrease of \$4.6 M from the FY 2013 budget.
- ✧ A newly issued 2013 Series GOB was budgeted at \$8.4 M.
- ✧ Total debt service for Santa Fe County decreased by \$1.6 M.