

Santa Fe County

Fiscal Year 2014 Budget



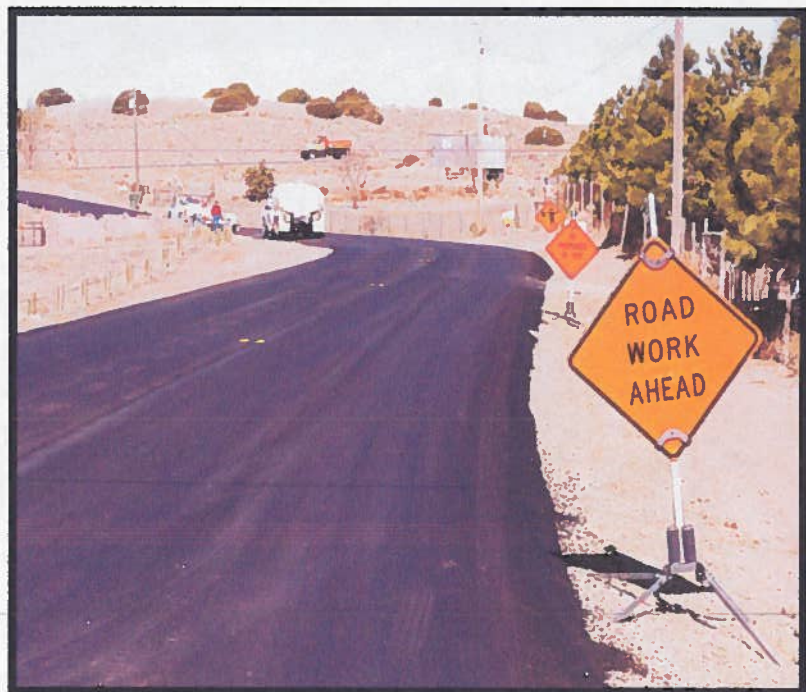
Capital Budget

Capital expenditures are the result of capital asset purchases, both tangible (i.e. land, buildings, building improvements, vehicles, equipment, machinery and infrastructure) and intangible (i.e. easements, water rights). The County defines capital assets as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased after construction. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital projects are funded through a variety of sources including General Obligation Bonds, Revenue Bonds, the Capital Outlay Gross Receipts Tax and State legislative action.

CAPITAL NEEDS AND FINANCING PLANS

During fiscal year 2012 Santa Fe County developed a new process for project prioritization and the financing of the highest priority projects over a four to five year cycle. Starting in FY 2013 the annual budget contains projects as determined through the new process as well as funding for projects already in funded prior to the start of the new process.

One of the first steps in the new process was to compile a list of all capital needs countywide. This list contains capital needs regardless of type (roads, water systems, open space, etc.) Next, the entire list was run through an algorithm which accounted for and weighted various factors including current status (shovel ready, design, pre-design, etc.), presence or absence of leveraged funding, Sustainable Development Area (SDA) per the Sustainable Growth Management Plan, asset lifecycle, qualification as economic development, required by law or regulation, to name a few. Projects are ranked and may be re-ranked as new needs arise thus the capital needs list is a "running list" of potential capital projects. Once ranked via the algorithm, a plan was developed to fund the highest ranked priorities. In addition to accumulated cash, existing bond proceeds, grants and other leveraged funding, three general obligation bond questions were developed and taken before the voters in the November of 2012 general election. All three bond questions were approved by the voters and the proceeds of the newly issued general obligation bonds are a critical component of the capital improvement program.



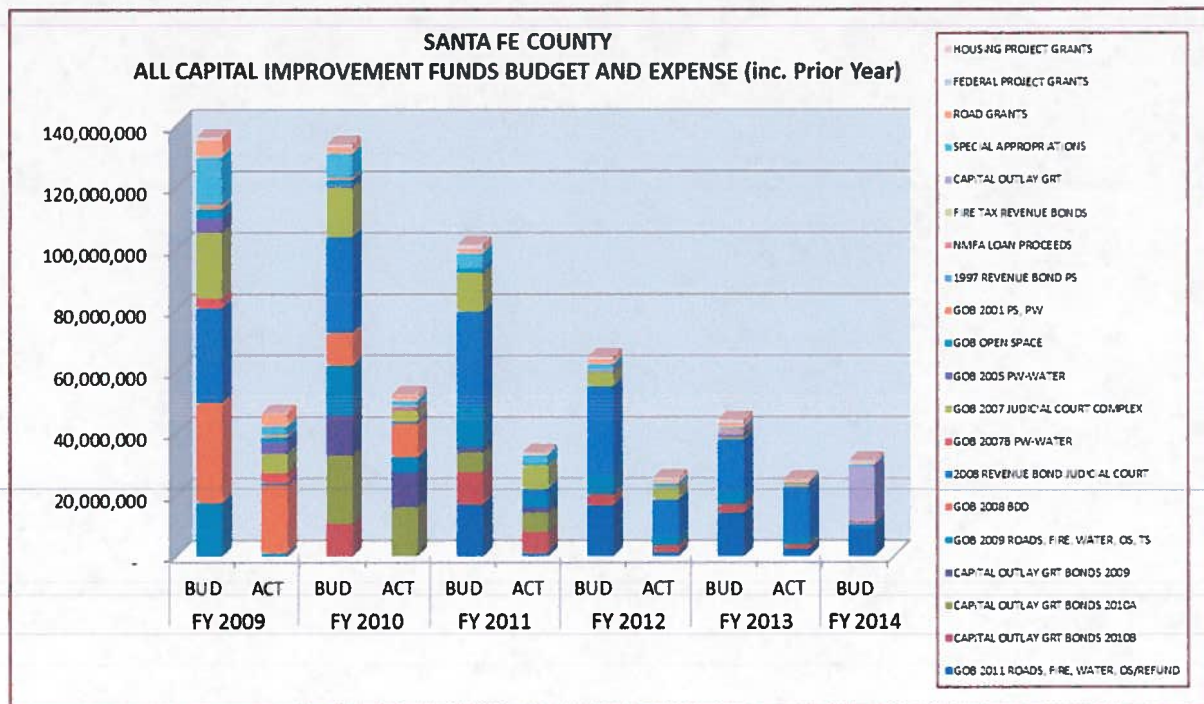
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INCREASES AND DECREASES IN CAPITAL IMPROVEMENT PROJECTS

In total, current year capital improvement funds budgets increased by \$16.3 million. This increase is primarily due to the reclassification of the Capital Outlay Gross Receipts Tax (CO GRT) fund from a special revenue fund (which it historically had been) to a capital improvement fund beginning in FY 2014. This accounts for \$14.2 million of the capital improvements budget increase from FY 2013 to FY 2014. Aside from the CO GRT fund, the remaining increase is net of increases and decreases across the various capital improvement funds. Most significant is the addition of the new bond fund to account for the recently issued 2013 Series General Obligation Bonds (GOB). This represents a budget increase of \$8.4 million. Another significant change is in the 2011 general obligation bond fund which saw a budget decrease of \$4.5 million. The 2009 Series GOB decreased from a budget of \$2.1 million in FY 2013 to a budget of \$1.4 million in FY 2014. Other smaller decreases in the capital improvement funds budgets make up the balance of overall net change.



Included in the chart above are large projects such as the \$60.0M Judicial Complex and a total of approximately \$105.4 million for the Buckman Direct Diversion project, the total cost of which was shared with the City of Santa Fe and the Las Campanas subdivision. In Fiscal Year 2012, capital projects accounted for about 30.6% of the adjusted budget or \$91.1 million of a \$297.3 million adjusted budget. However in FY 2013 this amount decreased to 16.3% or \$45.2 million of a \$276.3 million budget. Both the FY 2012 and FY 2013 figures noted include the budget for prior year encumbrance roll-overs. A majority of the proceeds from bonds sold late in fiscal year 2011 and all of the proceeds from the bonds

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sold in late FY 2013 remain unspent at the beginning of fiscal year 2014. Smaller projects comprise the Housing, Road and State Special Appropriations funds.

The fiscal year 2014 budget for State Special Appropriation Fund projects remains very conservative due to decreased revenues from the State of New Mexico. Since fiscal year 2010 the State has appropriated much smaller grants to local governments and other entities to offset the State's budget issues. In FY 2008, prior to the great recession, Santa Fe County received in excess of \$17.2 million in State special appropriations. That amount has declined to a fraction of that amount, \$1.7 million in fiscal year 2012 and \$0.8 million in fiscal year 2013. Revenue from these legislative appropriations is realized through reimbursements for work completed and cash expense incurred. Expense in this section is therefore expressed in the project detail on a cash (rather than cash and encumbrance) basis. Unrealized appropriation revenue budgets are re-budgeted each fiscal year, whereas unspent bond proceeds are handled as budgeted cash rather than being re-budgeted as bond proceeds.

The budget document concentrates on the history and growth of capital projects which is a significant part of the County's annual budget. Prior to the fiscal year 2012 budget document, projects with multiple sources were separated by source. Beginning in fiscal year 2012, multiple sourced projects are shown with all sources for the preceding five (5) fiscal years' expenditures and allocations within the original fiscal year budget.

As the result of strengthened project management in the county, project budgets are shown in this document with a description of the project, funding objectives, an estimate of the total project cost, estimated ongoing operating and maintenance expenses, and the amount funded. In the case of state facility appropriations, each appropriation is shown. In most cases, the State Legislature appropriates the entire cost of a project over several fiscal years. With State-appropriated projects recovery of the cost of the project is on a reimbursement for work done basis so actual revenue is what has been recovered from the State appropriation, whereas "Actual Expense" is cash expense incurred by the County in constructing the project.

Again, if expenses are not incurred on a project, the unspent balance will be re-budgeted in successive fiscal years so the total cost of a project cannot be determined by adding up the budgets in all the fiscal years. Appropriation totals and actual cash expense are the best guides to total project cost.

The State of New Mexico has no requirement to report multi-year project budget/ costs nor basic project data such as start and end dates. The format here was developed by the Public Works Department and the Budget Office to provide the users of this document with a clear picture of the cost of the County's many projects.

The projects displayed in this section of the document are those which have budgets in the original FY 2014 budget. Individual project budget figures displayed in this section are meant to be viewed only in regard to the project.

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In addition to the above, projects are separated by Commission district to assist the public in finding projects of specific interest to them. The projects are further separated by type (i.e. facilities, open space, utilities, roads, etc.) within each district, again as a means of organizing the projects in a more "user friendly" manner.

Finally, the County's Asset Renewal and Replacement Schedule (also referred to as the Capital Package) appears at the end of this section. The fiscal year 2014 Asset Renewal and Replacement Schedule is again significantly larger than in fiscal year 2012 or fiscal year 2011 as was the FY 2013 budget, due to a decision to expend non-recurring revenue (cash) to make needed replacements or upgrades of equipment, vehicles, buildings, etc.

