



Agenda Item Number: 2008-5-9B

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: May 29, 2008

Department: County Manager **Contact:** Thaddeus Lucero, County Manager
Dan Mayfield, Deputy County Manager Finance/Budget
Tom Zdunek, Deputy County Manager, Public Works
John Dantis, Deputy County Manager, Public Safety
Julie Baca, Deputy County Manager, Community Services

TITLE: Biennial Budget for Fiscal Years 2008-2009 and 2009-2010

ACTION: Motion to:

1. Approve Financial Resolution **FR- -2008** establishing the County of Bernalillo fiscal year 2009 new budget appropriations totaling \$385,600,887.
2. Approve Financial Resolution **FR- -2008** establishing the County of Bernalillo budget plan for fiscal year 2010 new budget appropriations totaling \$354,240,879.
3. Approve Administrative Resolution **AR- -2008** approving the Bernalillo County Valuation Plan fiscal year 2009 budget pursuant to State Statute 7-38-38-1, totaling \$5,300,000.
4. Approve Administrative Resolution **AR- -2008** approving the Bernalillo County Valuation Plan fiscal year 2010 budget pursuant to State Statute 7-38-38-1, totaling \$4,100,000.
5. Approve Financial Resolution **FR- -2008** adjusting FY 08 budget in the amount of \$2.3 million as a result of contribution reduction of MDC operating costs by the City of Albuquerque.
6. Approve Administrative Resolution **AR- -2008** in support of 2008 Legislative capital appropriations.
7. Authorize the County Manager to negotiate, award and execute all agency contracts and cooperative agreements on behalf of the Board for fiscal year 2009 and 2010.

SUMMARY:

Presented for Bernalillo County Commission approval is the Bernalillo County Biennial Budget for Fiscal Years 2009 and 2010. The resolutions presented for the Board's consideration address recurring revenues, operating expenditures, projected life-to-date balances forward, debt service and reserve requirements, cash transfers and fund closeouts. Approval of the resolutions will permit the County to expend funds during Department of Finance and Administration (DFA) review of the budget.

Development of this plan was guided in large part by current economic conditions. General Fund Gross Receipts Tax revenue has flattened through the first nine months of FY 08 compared

to the prior fiscal year with growth of only 0.6%. Although property taxes also contribute significantly to the County's overall revenue, existing property is limited to a cost of living growth based on a growth index for state and local governments. Physical changes (such as home improvements and additions) and changes in allowable uses, such as zoning changes, are not subject to yield control only in the year of the change. As a result, County departments were asked to submit budgets reflecting FY 08 level and have been given very little leeway to carryover prior year funding. Despite these challenges, this plan balances revenues and expenditures for each year of the biennium.

In FY 08 the City of Albuquerque committed \$9 million to support operations of the Metropolitan Detention Center, per the direction of City legislation, R-07-257, and a signed agreement between the City of Albuquerque and Bernalillo County. To date, the City has paid \$4.5 million. The City of Albuquerque has now notified Bernalillo County that its total commitment has been reduced to \$6.7 million. Since it is not possible to reduce the MDC budget by \$2.3 million at this late date Bernalillo County proposes subsidizing the FY08 General Fund budget from the Stabilization Reserve in the General Fund Balance. Additional City contribution for jail operations is not expected in FY 09 or in the future.

Departments were instructed to submit base operating budget requests for FY2009 and FY2010 that were limited to base budget amounts from fiscal year 2008 including adjustments made during the year that were approved by the Board through a financial resolution. Revenues and expenditures will continue to be monitored throughout fiscal year 2009 and any additional adjustments will be presented to the County Commission for approval. The implementation of a countywide Enterprise Resource Planning (ERP) system continues with a July 7, 2008 date for phasing in the various modules of that system. As a result, changes in fund structures may be made during the biennium.

The County Manager has identified broad goal statements for each of the functional areas—General Government, Public Works, Public Safety, Culture and Recreation, and Health and Welfare. These functional areas are in accordance with governmental accounting, auditing and financial reporting standards and the development of broad County goals is identified by the Government Finance Officers Association evaluation criteria for its Distinguished Budget Presentation award. Goal statements are included in the program summaries for the applicable departments. These goal statements form the framework for future development of outcome measures, which will be included in future budget documents.

The following items provide a summary of the FY09 and FY 10 budget:

Fiscal Year 2009 – General Fund

The fiscal year 2009 General Fund operating budget is \$203,382,647, which includes a funding contribution from the Health Care Tax totaling \$2,612,396. In addition, GRT debt service payments totaling \$25,500,950 are included. A refunding of the Series 2008 issue is planned in late FY09, reducing the debt service requirements to \$14,238,467. Overall, General Fund revenue in FY 09 represents a decrease of \$6,655,266 or -3% from FY08 projected year end revenues. The decrease is due to elimination of funding from the City of Albuquerque for MDC and a decrease in investment income. Property tax and Gross Receipts Tax comprise 90% of projected General Fund revenues with each source contributing approximately 45% of the total.

MDC Sub-Fund Fund 11002 (currently BC 87)

- Price increases in contracts with Canteen (\$677,997) and Corrections Medical Services (\$753,079) for services at the MDC.
- MDC base operating costs for FY 09 will be \$55,499,657 which includes recommended expansion requests in the amount of \$1,431,076. Additional costs associated with MDC operations are included in other departments resulting in total MDC operating costs of \$58,598,053. Total increase from FY08 to FY09 is 3.5%.

General Fund 11001 (currently BC01)

- Increases in the cost of building utilities: Building Fuel increase of \$33,730 (7.38%), Water increase of \$54,852 (13.5%) and electrical service in the amount of \$291,456 (16.9%) for a total increase of \$380,038 in utility costs for the 150 buildings maintained by the County.
- Increase in budget for automobile fuels in the amount of \$150,000, an 8.25% increase.
- Increase in legal expenses for the McClendon lawsuit totaling \$250,000. This MDC-related cost will be budgeted in the Legal Department budget.
- Enhancements to the Electronic Justice System totaling \$236,000. This MDC-related cost will be budgeted in the Information Technology Department budget.
- Fire Department prioritized list of needs totaling \$583,885 to replace funding requirements due to a reduction in EMS State of New Mexico Department of Health grant funding and depletion of ERDA funding. Funding will be utilized for medical supplies, medical services contracts, materials, bunker gear, fire suppression equipment, radio systems, equipment and supplies and ladder and fire extinguisher inspections. ERDA funds represented settlement of a dispute between the State of New Mexico and the federal government regarding gross receipts tax by three defense contractors who did business within New Mexico.
- Projected 12% increase in health insurance premiums, an increase of \$1,350,000.
- Blue Collar and BCSO 2nd year union contract negotiated employee increases totaling \$1,099,242.
- Increase in overtime expenses for Animal Control, \$35,000.

Fiscal Year 2010 – General Fund (includes Funds 11001 and 11002) Currently BC01 and BC87

- Projections for fiscal year 2010 include the following increases:
- Projected 3% increased funding for the Metropolitan Detention Center and Health Services Unit operating costs.
- Projected 12% increase in health insurance premiums, an increase of \$1,473,600.
- The fiscal year 2010 General Fund operating budget is \$208,940,143. In addition, debt service payments totaling \$14,988,579 is budgeted for FY 10.

Assessor Valuation Plan Fiscal Year 2009 and 2010

- Expenditures from the County Property Valuation Fund BC49 may be made pursuant to a property valuation program presented by the County Assessor and approved by the majority of the County Commissioners.
- An Administrative Resolution is presented to the County Commission with the final budget totaling \$5,300,000 and as a plan to provide for payment to the General Fund for the Valuation Fund's share of certain costs. The FY09 budget includes allocated costs of

\$709,698 for the Valuation Fund's share of debt service and maintenance for the Assessor system, information technology support, rent payments and City mainframe and software maintenance charges. This adjustment is based on an agreement between the Assessor and Management.

- The budget plan for FY10 totaling \$4,100,000 provides allocated costs of \$701,156 for the Valuation Fund's share of debt service and maintenance for the Assessor system, IT support, rent payments and City mainframe and software maintenance charges.

Special Revenue Funds Fiscal Year 2009 and 2010

Budget amounts for several Special Revenue Funds are individual project budgets authorized by the County Commission for the entire length of the project. Remaining balances at June 30, 2008 will carry forward into fiscal year 2009. See Attachment III for balances as of February 29, 2008. Estimated carry forward in FY 09 is \$58,272,634.

- Public Works Grant Fund 12901 (currently BC03) new budget totaling \$2,558,270 which includes new Legislative Grants totaling \$2,233,270 and June 30, 2008 carry forward balance from existing grant funds. The February 29, 2008 balance remaining is \$15,303,708.
- Recreation Fund 12001 (currently BC04) new budget totaling \$1,700. Funding in this program is used for recreational purposes and revenue is derived from the State Cigarette Tax Act.
- Environmental Services Gross Receipts Tax Fund 12002 (currently BC06) – new fiscal year 2009 budget totaling \$801,387 and a cash transfer of \$1,727,675 for the MDC water and sewer system debt service. The FY 10 planned budget is \$683,510 and a cash transfer of \$1,845,550 for the MDC water and sewer system debt service.
- Grant Fund 12901 (currently BC07) - new grants totaling \$4,597,678 and new legislative appropriations totaling \$9,052,500 for a total FY 09 appropriation of \$13,650,178 to which June 30, 2008 carry forward balances will be added. The February 29, 2008 remaining life to date balance is \$42,137,936.
- Fire District Fund 12101 (currently BC11) – State Appropriation totaling \$937,343. Funding is provided by allotments from the New Mexico State Fire Marshall's Office.
- EMS Fund 12102 (currently BC22) – State Appropriation totaling \$106,736. Funding is provided from the State of New Mexico Department of Health to be utilized for equipment, supplies, and training for emergency medical services program. The State of New Mexico changed the distribution calculation resulting in an estimated revenue loss to Bernalillo County of \$118,838. Additionally, General Fund expansion funding in the amount of \$583,885 is recommended as a replacement source of funding for medical supplies, equipment, medical services contracts and materials previously purchased with the resources from EMS and ERDA funds. Similar funding is anticipated for FY10.
- ERDA Fund 12103 (currently BC24) – FY 09 budget is \$0. The fund has been depleted.
- Community Services Fund 12201 (currently BC29) – new FY09 budget totaling \$64,725. The FY10 budget is \$64,238. The Community Services Fund provides funding for social service programs.
- Farm and Range Fund 12202 (currently BC30) – FY 09 and FY10 budget totaling \$100.
- Clerk Recording & Filing Fund 12204 (currently BC48) – new budget totaling \$751,973 including expansion request of \$265,000 for workspace improvements. The FY10 budget is \$486,973. The fees collected in this fund are restricted in that they can only be expended for

rent, lease/purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk.

- Valuation Fund 12004 (currently BC49) – new budget in FY 09 totaling \$4,100,000 with an additional \$1,200,000 in expansion for computerized assessment system upgrades and contractual services. The FY10 budget is \$4,100,000. This department maintains current property records of all residential and non-residential properties and is responsible for the re-valuation of all properties in Bernalillo County.
- Law Enforcement Protection Fund 12151 (currently BC52) – FY09 State Appropriation totaling \$195,000. The FY10 budget is \$195,000. This grant is restricted to equipment purchases and training programs to enhance law enforcement effectiveness.
- Housing Authority 21004 (currently BC59) – FY09 budget \$13,109,158. General Fund (Fund 11001, currently BC01) expansion request of \$313,478 is recommended to continue the current level of operations which include contractual services and salary and benefits.
- Indigent Fund 12203 (currently BC61) – new budget totaling \$1,000,000 for FY09 and \$1,000,000 for FY10. The Partners in Health (PIH) program provides primary medical and dental care for residents of the County who qualify as medically indigent. Funding is from the Bernalillo County Indigent Fund which receives \$1 million in revenue each year from a gross receipts tax established in 1988.
- Regional Correction Center Fund 31004 (currently BC64) – FY09 budget totaling \$12,908,699. The FY10 budget is \$10,611,596. This fund was established to provide for the lease agreement between Bernalillo County and Cornell Companies, Incorporated.
- Department of Substance Abuse Programs Fund 12901 (currently BC90) budgeted at \$7,413,757 in FY09 and \$7,734,859 in FY10. The majority of this funding comes from state liquor excise taxes that are distributed to every county for DWI services and programs. Funding from ValueOptions for operation of a methamphetamine crisis response team also is included in this amount.
- IRB PILT Fund 12005 (currently BC92) – FY09 budget totaling \$859,557. Funding is for specific purposes so as to ensure that specific community needs that are of concern to the Bernalillo County Commission are met. The IRB PILT Fund FY 10 budget is projected at \$854,997.
- 1/16 Health Care GRT Fund 12003 (currently BC93) – FY 09 budget of \$10,000,000. Funding is for programs and services that address the various needs of indigent persons in Bernalillo County, including funding for MDC.

Internal Service Fund Fiscal Year 2009 and 2010

- The Risk Management Fund 22001 (currently BC08) budget totaling \$6,240,027 plus the MDC insurance requirements pays for the annual premium to the Workers Compensation and Multi-line Pools for general insurance coverage. This fund maintains adequate insurance coverage, identifies risk and exposures, implements loss control and prevention programs and manages and administers claims against the County.
- The Risk Management Fund 22001 fiscal year 2010 budget is projected at \$6,413,024

Enterprise Funds Fiscal Year 2009 and 2010

- Solid Waste Fund 21001 (currently BC10) – FY09 budget totaling \$4,720,070. This program provides solid waste collection, transfer and disposal, community cleanups, and recycling programs.
- Solid Waste Fund 21001 – FY10 budget plan totaling \$4,720,070

- Regional Juvenile Detention Center 21002 (currently BC51) – FY09 budget totaling \$1,062,223. FY10 budget totaling \$1,065,065. A joint powers agreement between Bernalillo County and Sandoval County was approved on July 1, 2007.
- Housing Authority 21004 – FY 09 and FY10 budget plan totaling \$1,803,470 each year.

Capital Project Funds

Budget amounts for Capital Project Funds are individual project budgets authorized by the County Commission for the entire length of the project. Projects are created and maintained at various departments of the County. Major portions of the projects are capital in nature and cover infrastructure such as roads, streets, bridges, storm drainage, buildings, and parks. Many of the projects are multi-funded and involve multiple entities. In the new system (SAP/ERP) to maintain control, cash transfers will be made between bond funds, grant funds, special revenue funds and general fund to a capital project fund. In addition to the new budget, remaining life to date balances at June 30, 2008 will carry forward into FY 09. See Attachment III for balances as of February 29, 2008. Estimated carry forward in FY 09 is \$91,818,196.

- Road Construction Fund 13001 (currently BC 12) FY 09 appropriation of \$600,000 in Federal funding for Edith Boulevard reconstruction project.
- Parks and Recreation Bond Fund 13001 (currently BC37) FY 09 interest appropriation of \$300,000.
- The Open Space Fund 13003 (currently BC57) FY 09 funding totaling \$1,199,842.
- Impact Fee Fund 13002 (currently BC28) new appropriation in FY09 and FY 10 totaling \$2,785,794. The revenues from this fund are received from developers and used for infrastructure improvements in the service area in which the fees were collected.

Agency Funds

- Comanche Griegos Special Assessment District Fund 31101 (currently BC65) FY09 and FY10 budget totaling \$17,400 each year.

Debt Service Funds

- The total FY09 debt service requirement for General Obligation Bonds is \$11,904,979.
 - \$2.7 million in remaining GO bonds will be issued for public safety prior to June 20, 2008.
 - Bernalillo County anticipates selling \$20 million in General Obligation Bonds to obtain favorable interest rates while staying within the established 0.95 mill levy.
- The total debt service requirements for Gross Receipts Tax Revenue Bonds are \$25,500,950 with a planned refunding in late 2009 adjusting the annual requirements to an estimated \$14,988,580.
 - On April 1, 2008 the County closed on an \$11 million refunding of the Series 2004 GRT bonds
- Comanche Griegos Special Assessment District Fund 31102 (currently BC67) FY 09 budget of \$222,994 and FY 10 budget of \$215,381.
- The total FY09 debt service requirement for Tax Anticipation Notes is \$57,094,805 and the FY10 debt service requirement is \$61,950,000.

Staffing Change Proposals

The following staffing expansion requests are recommended for approval:

Six (6) New Permanent Full-Time Positions Requested (*amounts shown include benefits*):

- Animal Control Officer in the amount of \$31,315.
- Pilot position for the Sheriff's Department Metro Air Unit in the amount of \$85,864.
- Storm Drain Maintainer position for the Public Works Division in the amount of \$46,485.
- TID/PID Project Coordinator for the Finance Division in the amount of \$74,643 to be funded through proceeds from TID/PID applicants.
- Two (2) additional Case Manager positions for the Department of Substance Abuse Programs in the amount of \$98,750 funded with DWI grant funds.

Eighteen (18) Conversions from Full-Time Term to Full-Time Permanent Positions Requested:

Conversion of term positions to permanent status is recommended. The work requirements of these positions are ongoing commitments of effort and retaining the staff is important to the mission of the respective department. No additional funding is required.

- 11 Community Case Manager positions. This program is part of the County's ongoing service enhancements and discharge planning improvement efforts driven in large part by the McClendon settlement and funded with DWI grant funds.
- Administrative Assistant Sr. in the Human Resources Department.
- Systems Analyst position in the Human Resources Department.
- PC Systems & Support Analyst II position in the Information Technology Department.
- Environmental Health Scientist Trainer in the Zoning, Building, Planning and Environmental Health Department.
- Utility Worker position in the Fire Department.
- Administrative Assistant in the Budget Department.
- Public Information Specialist in the PIO Department.

The final steps in the process, according to guidelines established by DFA's Local Government Division, are to approve the budget by resolution, adjust the budget and set the mill levy. The adjustment will incorporate carryovers, any modifications resulting from the County's June 30, 2008 fiscal account closing, and adjustments recommended by DFA. DFA's comments and recommendations will be incorporated into the adjusted budget resolutions for fiscal years 2009 and 2010, and this resolution will be presented to the Board at a later date.

DFA will provide its recommended changes and the mill levy computation after receiving the Certificate of Valuation from the County Assessor. The Certificate of Valuation is due to DFA on June 30, 2008.

ATTACHMENTS:

1. **FR -2008** establishing the County of Bernalillo **Fiscal Year 2009** new budget appropriations totaling \$385,600,887 including:
 - Attachment I – FY 2008 Legislative Appropriations
 - Attachment II – FY 2009 Grant Appropriations
 - Attachment III – Life to Date Special Revenue and Capital Project Balances
2. **FR -2008** establishing the County of Bernalillo **Fiscal Year 2010** new budget appropriations totaling \$354,240,879.
3. **AR -2008** approving the Bernalillo County Valuation Plan **Fiscal Year 2009** budget pursuant to State Statute 7-38-38-1, totaling \$5,300,000.
4. **AR- -2008** approving the Bernalillo County Valuation Plan **Fiscal Year 2010** budget pursuant to State Statute 7-38-38-1, totaling \$4,100,000.
5. **FR- 2008** adjusting FY 08 budget in the amount of \$2.3 million as a result of contribution reduction of MDC operating costs by the City of Albuquerque.
6. **AR- -2008** in support of 2008 Legislative capital appropriations.

FISCAL IMPACT

The FY 2009 and FY 2010 biennial budget presented for the Board's consideration complies with Bernalillo County's constitutional responsibilities and other budget requirements.

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

The budget development process began in November 2007 at a meeting of County Department Directors held to convey information regarding the county's financial position and explain budget submission instructions. The process culminated in a two-day management retreat held in March 2008 at which final decisions regarding the budget package were developed. County staff spent countless hours developing the budget package and their work is acknowledged and appreciated. I recommend Board approval. TL 5/16/08

LEGAL

The proposed action is within the Board's authority. The Legal Department and/or bond counsel will review all documents for legal form and legal sufficiency prior to execution by the County Manager. JSL 4/14/08

DEPUTY COUNTY MANAGER FOR COMMUNITY SERVICES

A collaborative effort was made by management and budget staff to carefully review all expansion requests and to seek alternatives for budget shortfalls. The Community Services Division as a whole, is exploring revenue sources such as grants and updating fee schedules to continue operations and maintenance of county-owned facilities. Departments have found creative ways to administer new projects and programs without requesting additional funds by cutting back on expenditures in various areas. The County has an excellent Budget staff and their dedication and commitment during this project is appreciated. I recommend Board Approval. JMB 04/11/08

DEPUTY COUNTY MANAGER FOR PUBLIC SAFETY

Public Safety services to the citizens of Bernalillo County continue to be a top priority for the Bernalillo County Commission and this budget reflects it. The budget process is a very comprehensive, detailed and difficult exercise. I commend both budget and Division staff who worked exhaustively to construct the Division's financial plan for the next two fiscal years. If approved by the Commission it will provide the needed revenues for the Public Safety Division to continue fulfilling its mission to the citizens of Bernalillo County for the next two fiscal years. I recommend approval of this item. JDantis 4/10/08

DEPUTY COUNTY MANAGER FOR PUBLIC WORKS

Basic budgetary considerations have been made and are presented for the Boards' consideration that ensures operational efficiency and effectiveness in all areas of Public Works. Minimal adjustments for some programs have been made to ensure budget sufficiency for supplies, materials, and utilities that have been subject to cost increase in the past year and a half. The Board is requested to authorize the County Manager to act on the Boards' behalf in executing Cooperative Agreements that will enable and streamline a time saving process for legislative and other agency funded projects. I recommend approval. TZ 04-10-08

FINANCE

The 2009 Base Budget decreases 2.7% and the 2010 Base Budget increases 2.7% without a tax increase. Expansion requests were prioritized as necessary and were partially funded in this base budget. The remaining expansion requests will be reviewed after the fiscal year is closed for funding from available carryover balances. DJM 04/11/08

Budget The Biennial Budget meets all state requirements and is submitted for approval. The final adjustments will incorporate carryovers, final life to date balances, any modifications resulting from the County's June 30, 2008 fiscal account closing, and adjustments recommended by DFA. A resolution with these adjustments will be presented to the Board at a later date. TAB 04/11/08