

**San Juan County Commission
Special Meeting
May 5, 2020**

Chairman Fortner called the San Juan County Commission meeting to order on May 5, 2020 at 12:00 P.M. in the Administrative Conference Room located in the County Administration Building, 100 S. Oliver Drive, Aztec, New Mexico. Total attendees present were:

CHAIRMAN	Jack L. Fortner
CHAIRMAN PRO-TEM	Jim Crowley
MEMBER	John T. Beckstead- VIA WEBX
MEMBER	GloJean Todacheene
MEMBER	Michael Sullivan- VIA PHONE
COUNTY MANAGER	Mike Stark
CHIEF FINANCIAL AND STRATEGY OFFICER	Jim Cox
PUBLIC RELATIONS MANAGER	Devin Neeley

The following attended via phone or via WebX:

CHIEF DEPUTY ASSESSOR	John Kuhn
CHIEF DEPUTY CLERK	Alyssa Kuhn
CHIEF DEPUTY TREASURER	Carol Taulbee
COUNTY ADMINISTRATIVE OFFICER	Fran Fillerup
ATTORNEY	Doug Echols
DEPUTY ATTORNEY	Joe Sawyer
RISK MANAGER	Cynthia Singleton
DEPUTY FINANCE OFFICER	Kim Martin
PARKS & FACILITIES DEPUTY ADMINISTRATOR	Steven Dansie
ADULT DETENTION ADMINISTRATOR	Daniel Webb
JUVENILE SERVICES ADMINISTRATOR	Traci Neff
FIRE CHIEF	John Mohler
HEALTH CARE ASSISTANCE PROGRAM COORDINATOR	Liza Lier
SAFETY & COMPLIANCE MANAGER	Stewart Logan
PUBLIC RELATIONS MANAGER	Devin Neeley

PRESS: Farmington Daily Times Hannah Grover

VISITORS: 2

New Business

1. Review of FY21 Budget

Mike Stark, County Manager, explained that the County had received authorization from the Department of Finance to submit to the Commission the same budget from FY20 however, Staff chose to present an interim budget for FY21 that allows for adjustments without impacting

programs, services, and the community. Mr. Stark commended the Commission, County department heads, and elected officials for being fiscally responsible in managing the budget. Mr. Stark reported the following:

- Property Tax is currently a stable form of the County's revenue
- 37% of total general fund budget is in reserves which is 12% above the required 25% by the State and the cash reserves are 6% under budget in actual spending from FY20
- The FY21 budget will place the reserves at 31%, which totals an estimated reserve of \$9 million
- The status of revenues will be presented at the second Commission Meeting for discussion and evaluation each month
- There are 19 frozen positions as of March 15 without hindering operations (primarily in the Detention Center and hiring has been frozen for non-safety positions on a case by case basis)
- The Detention Center population has been reduced to 283 compared to the previous month population which was 554
- Refinanced bonds were used for deferred long term maintenance on County facilities
- The FY21 budget does not include any federal funding that may be awarded
- A \$1.1 million Radio Infrastructure grant assisted in alleviating an annual and recurring expenditure to the 222 Fire Operations Fund

Jim Cox, Chief Financial Officer presented a powerpoint presentation on Fiscal Year (FY) 21 and highlighted the following for discussion:

- The budget is based on anticipated revenues and expenditures without decreasing services to the citizens. If revenues continue to decline beyond FY21, different strategies will be discussed to cover shortfalls in the budget.
- Budgeted fund expenditures for FY21 total \$122 million, while budget fund revenues total \$103 million
- The County met the Department of Finance and Administration (DFA) requirement of 3/12 reserves for general fund expenditures and 1/12 for the road fund
- There is currently 31.75% in reserves of general fund expenditures
- General fund revenues of \$53 million are not comparable to last year due to HB479 and HB326 which removes the allocation of gross receipt increments. Under HB326, 50% of funding remains in the Health Care Assistance Program (HCAP) and the remaining 50% was used to balance the budget
- Special Revenue Funds and Component Units are down \$1.1 million
- With the current COVID-19 pandemic, there are many unknowns. Mr. Cox provided five different scenarios from 10% to 30% of possible incremental losses of the main revenue sources. Based on an interim budget of 15.90% reduction the total loss in the General Fund is projected at \$5.7 million. Additional reduction are as follows:
 - Oil & Gas Equipment reduction of 39.08%
 - Oil & Gas Production reduction of 3.72%
 - Property Tax Delinquency reduction estimated at 0%

Expenditures

- 19 frozen positions will save the County \$945,000
- San Juan County: 0% Step Increase
- San Juan Communications Authority: 0% step increase
- San Juan Water Commission: 2% step increase and 2% Cost of Living Adjustment (COLA)
- To date, there are 38 employees eligible for unemployment

Mike Stark explained that the Juvenile Detention Center was able to freeze 3 positions due to reduction in long term sentencing of youth offenders which saves the County \$134,000. Mr. Stark explained that the County is considering an option of entering into a guaranteed bed contract with the other counties that use the facility, and considering terminating the contract with New Mexico Children, Youth, and Families Department (CYFD) since they will not sign a guaranteed bed contract. A guaranteed bed contract would allow 3 pods dedicated to males and 1 pod dedicated to females and ensure guaranteed revenue. Traci Neff, Juvenile Services Administrator, stated that it is in the best interest to develop county to county contracts so that the pre-adjudicated population could be combined. There are currently only four facilities within New Mexico due to several counties closing their juvenile facilities. Ms. Neff stated with a guaranteed bed contract it would allow the youth to be served locally and better utilize the facility.

Capital Projects

Capital Projects are budgeted at \$7.8 million, compared to \$13 million from the previous year (does not include state appropriations or the state fire fund grants which are being budgeted out of the Grants Fund). The breakdown is as follows:

- \$2,618,133 General Fund Impact
- \$1,164,605 Special Revenue Fund Impact
- \$406,137 Grant/Pre-Funded Impact
- \$3,689,050 Bond Impact

Mr. Stark explained that all departments were asked to reduce their capital requests. With the reductions the departments will still be able to operate at maximum capacity with no hinderance to operations. Mr. Stark gave an update of the current status of capital projects for FY21 as follows:

- Continued updates on the County Road 5500 Bridge Replacement
- Harvest Gold Water system improvements will be completed in May and upon completion the assets of the system will be changed from San Juan County to Apple Orchard Mutual Domestic to operate the water system
- The County as fiscal agent of the East Culpepper Flats project will receive a \$2 million severance tax bond in addition to the remaining funding from regional water systems projects
- Radio Infrastructure upgrades
- Improvements at the Blanco and Lower Valley Senior Centers
- Film Studio design project

- Updates to various fire stations

Outside Agencies

- Outside agencies FY21 budget totals \$390,152 which is a 22.3% decrease from the FY20 budget; however, it is an adjusted decrease due to the exclusion of the Blanco and Lower Valley Senior Centers. A separate fund will be created for the two senior centers verses being funded through outside agencies.
- Overall there is a 50% decrease in funding for most of the outside agencies compared to the FY20 budget
- The Frontline Mission and Echo Food Bank-holiday backpacks funding has been maintained where there will possibly be an increase in demand for these services
- Four Corners Economic Development has sufficient cash balances and reserves so their budgeted funding decreased for this fiscal year
- San Juan Safe Communities would be funded solely by a grant of \$65,000

Mr. Stark indicated that the budget was based on submissions from the outside agencies and individual Commissioner input. Chairman Pro-Term Crowley explained the reasons for the decrease in funding to San Juan Safe Communities. The Commission discussed the decreases in funding to the different agencies.

Interim Budget Comparison from FY20

- FY21 budget change of -.82%
- General Fund change of -6%
- Terminal leave (payouts of accrual of vacation and sick leave) was not included in budget which is a 3% reduction from the general fund
- As of March 2020, interest income from bonds will be designated to bond projects or designated to the interest on debt service

Revenue Shortfalls Potential Solutions

- Revenue reductions do not anticipate an estimated loss of \$1,545,457 in property tax with the closure of PNM
- Revenue reductions do not factor Legislation requiring 0.5% employer contributions to PERA over a 4- year period starting in FY23
- Water Reserve Fund Re-Allocation of .375 mils an estimated \$1.3 million in funding which would be a short-term offset for up to 4 years
- Implement 1/8th (0.125) GRT unrestricted without referendum an estimated \$2.8 million in revenue
- Property tax increase of 0.5 mil an estimated \$1.4 million recurring revenue
- Increase Healthcare Premiums (105 Fund -Major Medical Fund)

Expenditure Shortfalls Potential Solutions

- Freezing positions thru attrition short/long term offset duration dependent on overall County need an estimated annual County cost of \$67,903 per employee average
- Continue cutting operational expenses without cutting services (long term recurring)
- Furlough all San Juan County Employees one day per month an estimated \$1.6 million offset of losses (short-term offset)
- Furlough all Non-Public Safety Employees one day per month an estimated \$1.2 million offset of losses (short-term offset)
- Program/services modifications and/or cuts (via priority base budgeting)

Mr. Cox explained that the proposed FY21 Interim Budget will be presented for approval at the May 19, 2020 Commission Meeting and submitted to the State by the required deadline.

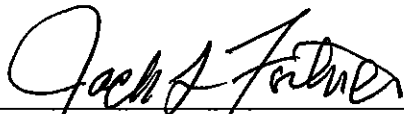
The Commission made various comments and asked various questions. Mr. Stark requested that a Budget Workshop be scheduled July 21, 2020 at 12:00 p.m. for discussion prior to the approval of the Final Budget on July 28, 2020.

Adjourn

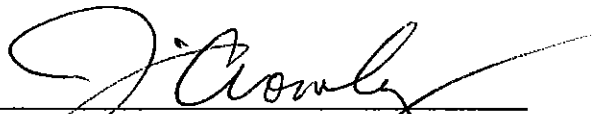
Being no further business, Chairman Fortner adjourned the meeting at 2:51 p.m.

APPROVED THIS 9TH DAY OF JUNE 2020

BY THE SAN JUAN COUNTY BOARD OF COMMISSIONERS:



Chairman Jack L. Fortner



Chairman Pro-Tem Jim Crowley



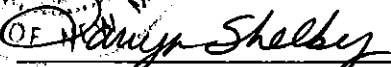
John T. Beckstead



GloJean Todacheene



Michael Sullivan



Tanya Shelby, County Clerk