

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO

# CITIZEN'S GUIDE

LOS ALAMOS

2021–2022

FY 2021–PROPOSED

FY 2022–PROJECTED

## County Councilors and Citizens of Los Alamos –



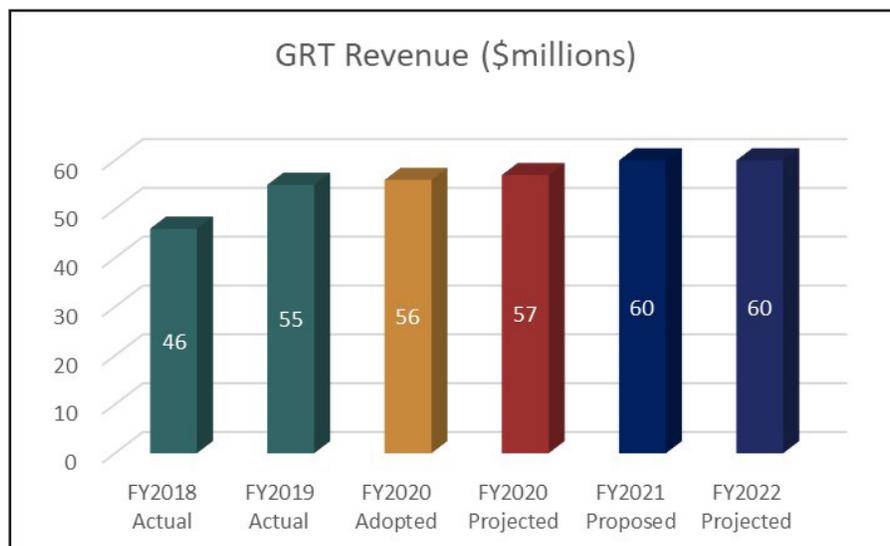
I am pleased to present to you the Proposed Fiscal Year (FY) 2021 Budget. This is the first year of the FY2021-2022 biennial budget cycle. The proposed budget was developed prior to the COVID-19 (coronavirus) outbreak. It is anticipated that changes to the proposed budget may be necessary, prior to the hearings, due to this public health emergency.

On March 18, 2020, Council Chair Sara Scott declared a local public health emergency because of the novel coronavirus COVID-19. “Declaring this public health emergency is a prudent step for us to take at this time. It opens the door for us to allocate resources to immediate needs, as well as being able to access state or federal funds for recovery and response,” Scott said. The County Office of Emergency Management is working closely with LA Medical Center, LANL, other local entities, and State health officials to prepare for Coronavirus to emerge here in Los Alamos.

The County’s senior management team and I worked together to formulate a plan to keep our community and County employees safe, as well as to comply with emerging health guidance from the Governor and state agencies. County facilities including the library, senior centers and recreation facilities were closed to the public on March 16th.

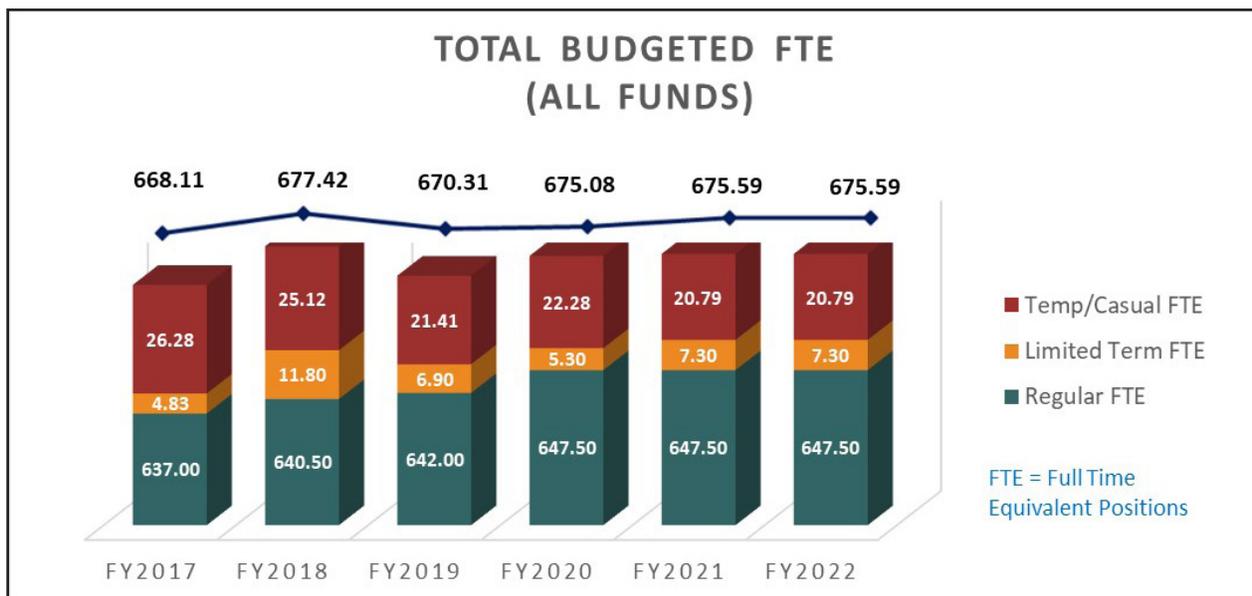
As of March 18th, County employees providing essential services who have the ability to work from home (telecommute) are being given assigned work and County-issued laptops. Department Directors have identified employees that fall within this category, including any employee who may be at higher health risk if they contract COVID-19. Employees providing essential services who have a job that requires them to be in the field, such as public safety or utilities’ workers, will report to work as scheduled. All other employees who provide non-essential services, as defined and determined by Department Directors and with approval from the County Manager, will remain at home. They will be on special Emergency Paid Leave status, must be in contact with their Supervisor daily, and could be recalled to work at any time. County employees continue to provide the citizens of Los Alamos with necessary, essential services.

A driving force in developing our budget each year is the estimation of County revenues. Gross Receipts Tax (GRT) accounts for 72% and Property Taxes accounts for 10.3% of the total General Fund budgeted revenues. The remaining General Fund revenues are comprised of user fees, interdepartmental charges, investment income, and grants. GRT is primarily from the community’s largest employer, Los Alamos National Laboratory (LANL). Below is a chart of total GRT Revenue across all funds.



The County began preparing the budget in December. Our guidance for budget development was for a 3% increase in salaries for non-collective bargaining employees, a 10% increase in medical premiums and other expenditure categories flat to the FY2020 adopted amounts except for contractually obligated increases. Based on the current projected revenues and Council’s guidance to maintain a 20% reserve, there could be an opportunity for Council to consider budget option expenditures in addition to the proposed budget, as well as potential expansion of county services and programs to focus on achieving the Council’s strategic goals and continue to provide excellent day-to-day services to the citizens of Los Alamos.

The proposed budget has 647.50 regular, 7.30 limited term and 20.79 temp/casual positions for a total of 675.59 budgeted FTE in all funds. There is no change in the regular FTE category. The 2.0 change in limited term positions is due to the addition of an Engineering Associate and GWS trainee in the Department of Public Utilities. The 1.49 FTE reduction in temp/casual positions is due to 0.54 reduction in temp/casual hours in Administrative Services – Information Management and a 0.95 reduction in the Department of Public Utilities.



## *FY2021 and How We Got There*

Many exciting projects, opportunities and accomplishments occurred that lead us into FY2021.

- The past year brought many positive changes and exciting new paths forward for our community. One of the biggest highlights was an advancement in the number and types of housing units that are moving ahead: Mirador Subdivision initiated its first phase of homes in White Rock, apartments known as “The Hill” south of Trinity took design plans to the Planning & Zoning Commission, the Black Hole property was sold to a private housing developer, the proposed Canyon Walk Apartments closed on their property acquisition and “The Bluffs,” a new Senior housing development was approved nearby on DP Rd. Most of these projects will begin construction in 2020, adding urgently needed housing to Los Alamos, which is rapidly growing, thanks to a hiring boom at LANL.
- The County received a State legislative capital outlay grant for \$475,000 to use toward infrastructure that is needed for land owned by the Los Alamos Public Schools east of the Middle School. The County continues to have a set-aside in the annual budget for dollars targeted to specifically support Schools’ needs such as this. An option being explored for the North Mesa project involves setting up a community land trust. This model, or a similar property ownership model, could affect lower prices to help meet income-qualified needs voiced by the Schools’ staff.



- The County Council approved a development agreement that will bring a new Marriott hotel to Los Alamos, located at 20th and Trinity. Marriott will build an 86-room hotel as well as a new conference center that can seat up to 300 people for large events. Marriott will manage the new conference center, which has been an urgent need identified in economic development plans for well over a decade.
- The County also continued its commitment to the Home Renewal and Homebuyer Assistance programs. The goal of the home renewal program is to address upgrades that promote energy efficiency, accessibility and other necessary home repairs. The homebuyer assistance program continues to be heavily used. Prospective buyers who are low-income qualified can apply for a low-interest loan for a down payment, without adding to monthly mortgage costs.
- Projects related to the Manhattan Project National Historical Park continued to make great strides. The Council funded the first phase of wayfinding signage for tourists, relocated the Los Alamos Visitor Center to space on the northern side of the Community Building downtown, purchased a historical property associated with the Manhattan Project, and work got underway on implementing actions in the Fuller Lodge Interpretative Plan.
- Capital projects for four quality of life initiatives were funded and are presently moving from design to construction: a Kiddie Pool addition to the Aquatic Center, a Splash Pad for White Rock, Golf Course irrigation replacement, and improvements at the Ice Rink. Construction is likely to begin occurring late in 2020 and several of the projects should be open for the community to enjoy by 2021.
- Infrastructure projects also took center stage this year – most noticeably with the State Department of Transportation’s NM502 roundabout project; County staff coordinated outreach with commuters and nearby businesses to support the community’s needs and resolve concerns with traffic or access.
- This summer, the County was approached by the Christian Science Church to ask if the County would be interested in buying their building, the former WAC building that was a dormitory during the days of the Manhattan Project. The County closed on the property on September 12, 2019. Once the Church vacates the property, the County will determine the best plan to move forward with any use or restoration of the property, which can then be included in the historic walking tour of Los Alamos.

- Staff in the Social Services Division successfully reinstated the local Public Health Office after the State drastically reduced operating hours in 2017. The County secured and renovated leased space for the Public Health office (required by State statute) and services are now jointly provided by Las Clinicas del Norte and the State Department of Health. The new office is called the Health Commons.
- At the end of 2019, the County took action to create a new advisory Health Council, as required by the State. This will also improve efficiencies in tracking funding and grants and give the Council better insight and direction as initiatives for improving social services continues in 2020.
- The County received funding from the State for \$2.8 million, reimbursed to Public Works' capital projects fund from a State emergency grant for emergency road repairs to Diamond Drive after a harsh winter ruined the asphalt. The project was executed in just a few months thanks to careful oversight from Public Works' staff. Close coordination with the Contractor, including plans for them to work through the night to avoid traffic congestion, working around commuter peak travel times and planning with the High School to be sure the project work zones moved north of their property before school resumed in August were all highlights of this very successful project.
- The County implemented an upgrade to its MUNIS (Finance/Utility/HR) software this year, which included negotiating and executing a contract with the vendor and working against an aggressive timeline for implementation. Testing of the various components of MUNIS occurred in the Fall to prepare for the successful upgrade.
- The County continues its commitment to operational excellence. The Government Finance Officers Association awarded Los Alamos County with the Certificate of Achievement for Excellence in Financial Reporting (28 consecutive years) for the Comprehensive Annual Financial Report (CAFR), the Distinguished Budget Presentation Award (27 consecutive years) and the Outstanding Achievement in Popular Annual Financial Reporting (3 years) for the County's PAFR which we began publishing in FY2016. At the 2019 New Mexico Association of Counties (NMAC) Annual Conference, Los Alamos County received the NMAC and State Auditor's Audit & Accountability Award for Continued Excellence.

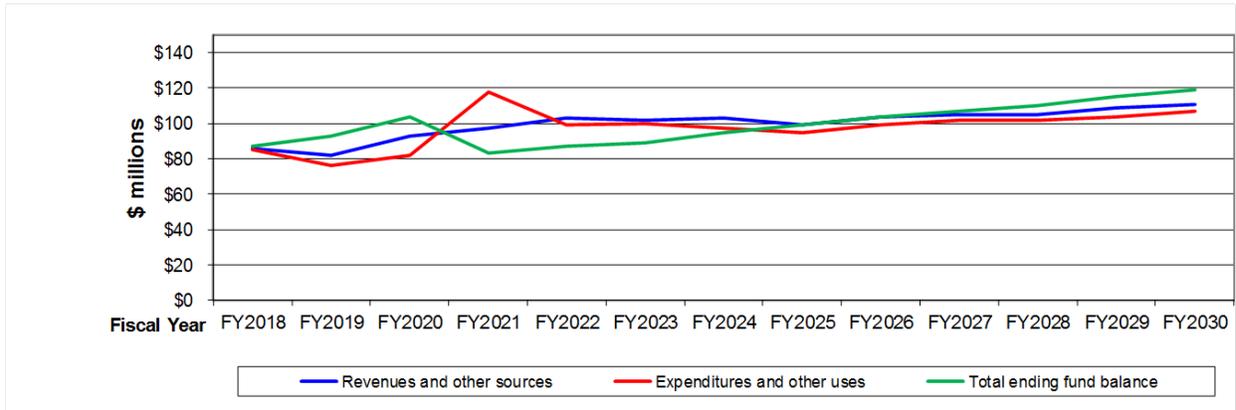
As a result of our current efforts to contain expenditures and a historically conservative approach to fund balance reserves, the County's Governmental Funds balances have remained positive. Projections for the long-range financial outlook are based upon the following assumptions:

- FY2022 includes a 3% increase to salaries, an additional 10% increase in medical premiums and a 3% increase in non-salary/benefit expenditures.
- FY2020 included a planned structured step down in GRT revenue bond debt service payments. The impact was a reduction of \$1.7 million within the debt service fund and the related transfer out of the general fund. In FY2029, the debt service payments are fully paid for a reduction of \$4.5 million in annual debt service payments.
- Beginning in FY2021 and forward, the long-range financial outlook includes a \$400,000 per year transfer from the General Fund to the Economic Development Fund for the housing loan programs.
- Due to the COVID-19 emergency and the associated impact to the economy, we are conservatively projecting a 0% investment income for FY2020. The investment income projection for FY2021 is 3% and in FY2022 forward it is 3.5%.
- FY2023 and later include a 3% inflation factor for revenue and expenditures.



**Governmental Activities Summary (in \$ millions)**

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Total beginning fund balance	86	87	93	104	83	87	89	95	99	104	107	110	115
Revenues and other sources	86	82	93	97	103	102	103	99	104	105	105	109	111
Expenditures and other uses	(85)	(76)	(82)	(118)	(99)	(100)	(97)	(95)	(99)	(102)	(102)	(104)	(107)
Total ending fund balance	87	93	104	83	87	89	95	99	104	107	110	115	119



## *FY2021 Budget at a Glance & Major Change in Fund Revenues and Expenditures*

The overall County proposed FY2021 expenditures are \$226.9 million as compared to FY2020 adopted expenditures of \$199.6 million. Overall County revenues are \$231.9 million as compared to FY2020 adopted revenues of \$202.9 million.

### **GENERAL FUND**

In FY2021, General Fund revenues are projected to be \$4.07 million, or 5.7%, higher than in the FY2020 Adopted Budget for a total of \$75.7 million. Projected increases in GRT, Property Tax and Interdepartmental Charges make up the majority of the budgeted revenue.

At a total of \$61.5 million, expenditures are \$395,476, or 0.6%, higher than in the FY2020 Adopted Budget. This is due primarily to the 3% salary increase, 10% increase in medical premiums and contractual increases.

### **SPECIAL REVENUE FUNDS**

These funds account for expenditures restricted to specific purposes such as grants, Lodgers Tax, health care assistance, economic development and other special programs.

Lodgers Tax Fund FY2021 proposed expenditures are \$121,007 above the FY2020 adopted budget. This increase in expenditures is due, in part, to a shift in which fund covers the visitor's center contract and tourism marketing. Even with this increase in expenditures, the projected ending fund balance for FY2021 is \$832,940.

The Health Care Assistance Fund expenditures are exceeding revenue due to the GRT revenue not covering the required payments to the State for the Medicaid and Safety Net Care Pool. As a result, expenditures for FY2021 are budgeted at \$109,586 above the prior fiscal year and the transfer in from the General Fund was increased from \$317,000 in FY2020 to \$650,000 in FY2021.

The Economic Development Fund has budgeted revenues of \$147,000 and budgeted expenditures of \$2.6 million which includes a placeholder of \$2 million for the middle mile fiber project. This net decrease in fund balance/working capital is due primarily to the Economic Development Fund having no recurring stream of revenue. The \$400,000 budgeted in FY2021 for the Housing Rehabilitation and Downpayment Assistance programs is being funded by a transfer from the General Fund.

## **CAPITAL IMPROVEMENT PROJECTS (CIP) FUNDS**

For FY2021, expenditures in the CIP Fund total \$9.7 million which is \$444,000 lower than FY2020. The change is primarily due to the DP Road Infrastructure Project and the Canyon Rim Trail Underpass projects in FY2021. FY2021 budgeted revenues are over \$2 million higher than the prior year due to \$2.8 million in state grants and \$2.3 million in federal grants offset by a decrease in projected land sale proceeds.

## **JOINT UTILITY SYSTEMS FUND**

The Joint Utility System Fund revenues for FY2021 are proposed at \$85.2 million which is \$18.1 million (26.9%) above the FY2020 adopted budget. Expenditures are \$85.5 million which is \$21.9 million (4.3%) higher than the prior year. The primary reason for both the revenue and expenditure budget variance is the inclusion of \$14,800,856 for the White Rock Treatment Plant, scheduled for construction in FY21 and FY22 and funded with state loan financing and \$6,831,060 for several water projects funded by loan/grant funds or other external funding sources.

The FY2021 proposed Joint Utility Fund budgets include the effect of planned rate changes previously approved by the Board of Public Utilities and the County Council. In FY2021 there is a planned 4.25% increase in wholesale potable water, potable retail water and non-potable water rates as well as a 3% increase in sewer rates.

The FY2022 proposed Joint Utility Fund budget includes the effect of planned rate changes previously approved by the Board of Public Utilities and the County Council. In FY2022 there is a 4% increase in wholesale potable water, potable retail water and non-potable water rates as well as a 2% increase in sewer rates.

## **OTHER ENTERPRISE FUNDS**

FY2021 revenues totaling \$41.6 million in these business-type activities funds are projected to be \$5.1 million, or 14%, higher than FY2020. Total expenses of \$40.3 million are 13% higher than FY2020.

The Environmental Services Fund expenses are \$4.7 million which is \$196,982 higher than the FY2020 budget. The proposed budgeted revenues of \$4.7 million are \$161,498 higher than in FY2020. The revenue variance is due primarily to increased GRT revenue and increased residential and commercial volumes.

In the Transit Fund, proposed revenues of \$4.7 million are \$973,918 above the adopted FY2020 budget. Proposed expenditures are \$5.9 million or \$884,693 above the adopted budget. This is primarily due to the timing of bus replacement and related grants. Transfers-in to the Transit from the General Fund increased by \$400,000 to cover the weekend routes and the County share of proposed grants.

The Fire Fund proposed expenditures are \$28.3 million and proposed revenues are \$31.1 million for FY2021. The \$1.1 million (4.1%) increase in expenditures is due to the planned amounts within the DOE Cooperative Agreement. The higher percentage increase in revenues of 9.2% or \$2.6 million is due to both an increase in Fire Protection Excise Tax and the fact that the increase in the County's share of the FY2020 Cooperative Agreement was handled through a budget revision instead of being in the adopted budget for FY2020.

The Airport Fund proposed revenue is \$1 million and expenditures are \$1.4 million. This is approximately \$228,000 decrease in both revenue and expenditures due to the timing of proposed grant funded projects for FY2021.

## **INTERNAL SERVICE FUNDS**

These funds account for goods and services provided by one County department to another.

Total FY2021 budgeted expenditures in the Fleet Fund are \$4.9 million or 13% higher than in FY2020. Revenues are relatively flat over the FY2020 adopted budget. The increase in expenditures is due primarily to the planned purchase of a Vector Jet Rodder and a Double K Trolley bus.

The Risk Management Fund proposed FY2021 revenues and expenditures are \$12.9 million. The revenues increased \$1 million or 8.8% over the adopted budget while expenditures increased \$1.9 million or 18.1%. The increase in expenditures is due primarily to increases in medical benefits.



## CONCLUSION

We are taking proactive steps to keep our workforce as safe as possible and building up some reserves in the event employees become ill, given the impact of the COVID-19 virus on local communities. Our goal is to move to a 'skeleton crew' to keep providing a base level of services that our community needs during this critical health crisis, while keeping our employees safe and reducing the spread of germs that can occur with face to face transactions. As always, providing top-notch service is our number one priority. We work for you, the residents of Los Alamos County.

Based upon collaborative efforts and employee involvement from each and every department, I am pleased to present the proposed FY2021 budget that continues to support County Council's strategic focus. Los Alamos County strives to provide excellent service to our citizens. Our success would not be possible without the dedication, commitment to excellent customer service, and professionalism of County employees. They truly are the backbone that makes this an organization of excellence.

I would also like to thank our County Council for their commitment, leadership, and guidance. As a team, we will all continue to move forward on the path to accomplishing the County's goals.

Respectfully submitted,



Harry Burgess  
County Manager



# Participate in the FY2021 LOS ALAMOS COUNTY BUDGET HEARINGS

MON AND TUES., APRIL 20-21 | MON AND TUES., APRIL 27-28 \*

ALL MEETINGS BEGIN AT 6:00 P.M.

\* Scheduled budget hearings may be cancelled if the budget is adopted at an earlier hearing. Additionally, hearing schedule and format is subject to change based upon public gathering guidance associated with the COVID-19 emergency. This budget was developed prior to the COVID-19 emergency and a revised proposed budget may be presented at the hearings.

## AGENDA:

- Introduction and Overview
- Long Range Financial Projection
- Department Budget Summaries
- Consideration of Budget Options
- Parking Lot - Outstanding / Unresolved Items
- Possible Adoption of the FY2021 Budget

**PUBLIC COMMENT:** Council invites public comment on any portion of the proposed budget at the beginning of each meeting.

**NOTE:** All meetings are held in Council Chambers (1000 Central Ave., Municipal Building). The meetings will be broadcast LIVE via internet streaming at [WWW.LOSALAMOSNM.US](http://WWW.LOSALAMOSNM.US).

**WHERE TO READ THE BUDGET:** Copies of the proposed budget and a summary in the form of a Citizen's Guide will be available for inspection by the public at the County Municipal Building lobby after March 31st. A copy of the full budget will be available online at the County's website:

[WWW.LOSALAMOSNM.US](http://WWW.LOSALAMOSNM.US)

**MAKING YOUR VOICE HEARD:** YOUR INPUT IS ENCOURAGED!

**E-MAIL:** [lacbudget@lacnm.us](mailto:lacbudget@lacnm.us) OR [countycouncil@lacnm.us](mailto:countycouncil@lacnm.us)

**MAIL:** Los Alamos County Manager  
1000 Central Ave., Suite 350, Los Alamos, NM 87544

## FTE Changes

FY2021 Proposed: 675.59

FY2020 Adopted: 675.08

Net Increase: 0.51

## FY2021 BIENNIAL PROPOSED BUDGET - COMBINED BUDGET STATEMENT

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	JOINT UTILITIES FUND	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL
<b>FY21 PROPOSED</b>								
Total Beginning Fund Balance/ Working Capital FY2021	36,094,822	6,878,235	297,372	29,457,105	4,775,800	4,480,010	10,959,330	92,942,674
Revenues & Other Sources	75,702,856	4,289,484	9,000	7,555,924	85,246,487	41,474,100	17,506,159	231,784,010
Transfers from Other Funds	3,077,197	1,086,950	4,552,159	6,329,000	2,000,000	1,576,053	0	18,621,359
Expenditures	61,523,837	7,471,562	4,552,159	9,356,000	85,501,252	40,305,085	17,877,570	226,587,465
Transfers to Other Funds	12,186,162	2,000,000	0	1,358,000	819,197	2,258,000	0	18,621,359
Total Fund Balance/ Working Capital / Ending FY2021	41,164,876	2,783,107	306,372	32,628,029	5,701,838	4,967,078	10,587,919	98,139,219
<b>FY22 PROJECTED</b>								
Revenues & Other Sources	75,880,081	4,214,912	11,000	6,404,320	65,734,289	40,722,958	18,825,885	211,793,445
Transfers from Other Funds	3,077,846	1,092,450	4,556,409	6,500,000	0	1,463,350	0	16,690,055
Expenditures	63,467,958	5,457,225	4,556,409	12,856,000	61,692,306	39,974,870	18,666,773	206,671,541
Transfers to Other Funds	12,218,209	0	0	1,394,000	835,846	2,242,000	0	16,690,055
Total Fund Balance / Working Capital / Ending FY2022	44,436,636	2,633,244	317,372	31,282,349	8,907,975	4,936,516	10,747,031	103,261,123