

2023–2024

INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO

CITIZEN'S GUIDE

FY 2023–Proposed | FY 2024–Projected

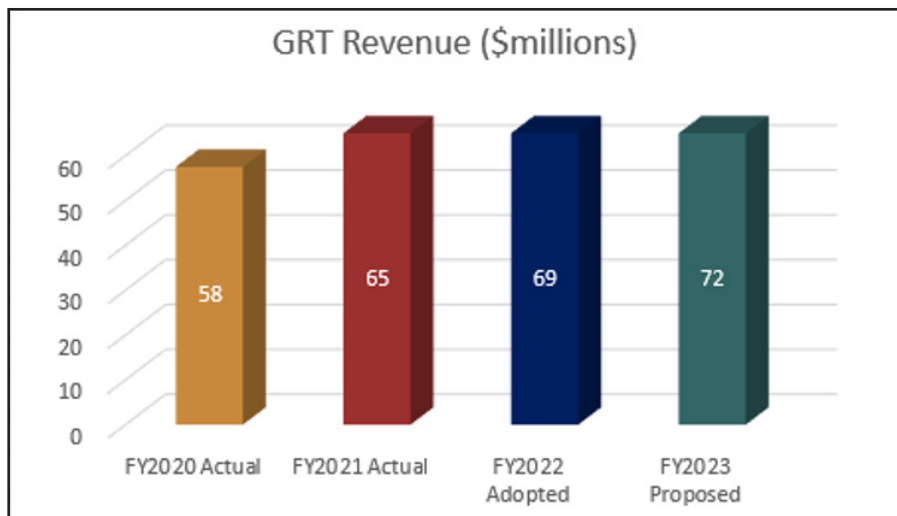
LOS ALAMOS  

County Councilors and Citizens of Los Alamos –

I am pleased to present to you the Proposed Fiscal Year (FY) 2023 Budget. This is the first year of the FY2023-2024 biennial budget cycle.

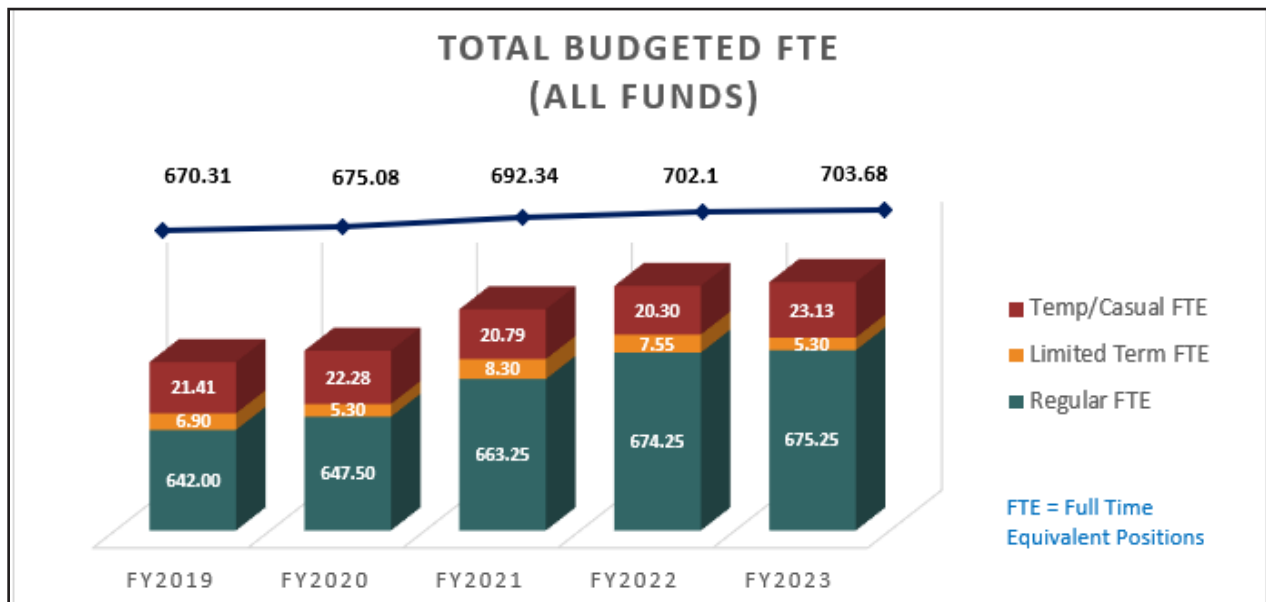
Like other communities around the nation, Los Alamos County has had to quickly adapt to rapidly changing situations as the pandemic situation evolved. The County has continued to adapt to hybrid work formats and continued its efforts in working together with community counterparts to maximize resources on testing and reduction of spread of the virus. Through it all, employees remained upbeat and highly responsive, continuing to adapt as needed or suggest ideas that might keep services operational with little or no disruption. This success is a testimony to the County's commitment to provide excellent customer service – a benefit that citizens have come to know and expect in Los Alamos.

A driving force in developing our budget each year is the estimation of County revenues. Gross Receipts Tax (GRT) account for 73.58% and Property Taxes account for 9.74% 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 2021. Our guidance for budget development was to begin with the FY22 Adopted budget, less one-time items, then allow for an average 5% adjustment in salaries (2% merit, 3% cost of labor) for non-collective bargaining employees, a 4% increase in medical premiums, and a non-labor expenditure target of an overall projected 3% increase from the prior year. Based on the current projected revenues and County financial policy guidance to maintain a 20% reserve, there is an opportunity again this year for Council to consider budget options in addition to the proposed budget which focus on achieving the Council's strategic goals and continue to providing excellent day-to-day services to the citizens of Los Alamos County.

The proposed budget has 675.25 regular, 5.3 limited term and 23.13 temp/casual positions for a total of 703.68 budgeted FTE in all funds. During FY2022, Council approved the addition of a Power Scheduler/Energy Analyst in the Utilities Department. Council also added a .75 limited term FTE for an Office Specialist funded by a Kellogg Grant to assist the County Health Council and removed a 1.0 limited term FTE in the Human Resources Division. Temp/Casual FTEs calculations were increased by .83. The combined net change of 1.58 FTE increase from the Adopted FY22 budget are displayed in the proposed FY2023 budget.



FY2022 Highlights and Accomplishments

FY 2022 continued to be a challenging year for our community. Like so many other local governments, the County shifted gears with the onset of the COVID-19 pandemic to change the way we deliver services, updating online work processing and contact-less ways of interacting, and modifying work schedules for some employees to work remotely when possible. By adapting and responding quickly, the County was able to keep projects moving along.

- First, it's exciting to see new housing projects under construction. Along DP Road, the affordable housing project Canyon Walk Apartments has begun occupancy. And just across the street, the Bluffs, senior affordable apartments are well underway. In White Rock, Mirador Subdivision is wrapping up the first phase of single-family homes and will move forward with its mixed-use project in 2022 on the same property. The Hill apartments at the former LASO site is also under construction. These projects will bring more options and housing availability to Los Alamos County in the near future.
- The County and School Board also moved ahead in December 2020 with a Memorandum of Agreement to work together to consider a new housing project on School-owned property near the Middle School. The County has funding through a State grant to fund the infrastructure design, and the County has hired a consultant to begin the feasibility study as agreed to by the County and LAPS.
- The Downtown Master Plans for Los Alamos and White Rock were approved and the related work on two sections of the County's code (Chapter 16 and 18) is ongoing.
- Capital projects moved to construction for four quality of life initiatives. The Leisure Lagoon addition to the Aquatic Center began and is nearing completion; a Splash Pad for White Rock was completed; and planning for Phase II of the Golf Course improvements is underway.
- A variety of infrastructure projects occurred – most noticeably with the State Department of Transportation's NM502 roundabout project, which was completed. Design for DP Road infrastructure is underway and public outreach for use of the WAC building has occurred.
- The County successfully distributed \$1.7 million of CARES Act funds to the community under a stringent federal time-frame. In accordance with Council's direction and desire to help the community we did not revert any of the funds allotted to Los Alamos County. No monies were utilized to enhance County revenues, but instead every dollar was awarded to local entities, including small businesses, individual residents, and the Los Alamos Public Schools.

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 (30 consecutive years) for the Annual Comprehensive Financial Report (ACFR), the Distinguished Budget Presentation Award (29 consecutive years) and the Outstanding Achievement in Popular Annual Financial Reporting (5 consecutive years) for the County's PAFR which we began publishing in FY2016. This garnered the County GFOA's Triple Crown Honor. At the 2021 New Mexico Association of Counties (NMC) Annual Conference, Los Alamos County received the NMC and State Auditor's Audit & Accountability Award for Continued Excellence (6th year).

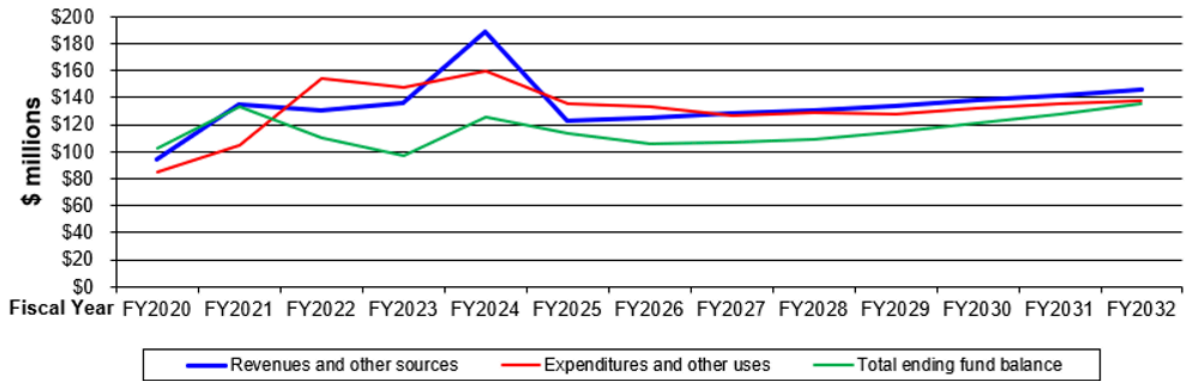
As a result of our current efforts to contain expenditures and a historically conservative approach to fund balance reserves, the County's Governmental Funds balances have remained positive. Projections for the long-range financial outlook are based upon the following assumptions:

- FY2023 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.
- FY2023 and forward includes planned operational costs within Community Services and Public Works in the General Fund for capital projects under construction and for planned future projects.
- FY2023 and 24 include a 5% increase to salaries, a 4% increase in medical premiums and a 3% increase in non-salary/benefit expenditures.
- FY2025 and later include a 3% inflation factor for revenue and expenditures



Governmental Activities Summary (in \$ millions)

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
Total beginning fund balance	94	103	133	109	97	126	114	106	107	109	115	121	128
Revenues and other sources	94	135	131	136	189	123	125	128	131	134	138	142	146
Expenditures and other uses	(85)	(105)	(154)	(148)	(160)	(135)	(133)	(127)	(129)	(128)	(132)	(135)	(138)
Total ending fund balance	103	133	110	97	126	114	106	107	109	115	121	128	136



FY2023 Budget at a Glance & Major Change in Fund Revenues and Expenditures

The overall County proposed FY2023 expenditures are \$274.2 million as compared to FY2022 adopted expenditures of \$245.1 million. Overall County revenues are \$261.8 million as compared to FY2021 adopted revenues of \$237.2 million.

GENERAL FUND

In FY2023, General Fund revenues are projected to be \$4.8 million, or 5.8%, higher than in the FY2022 Adopted Budget for a total of \$89 million. Projected GRT, Property Tax, Investment Income and Interdepartmental Charges make up the majority of the budgeted revenue.

At a total of \$70.2 million, expenditures are \$2.2 million, or 3.2%, higher than the FY2022 Adopted Budget.

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. In FY2023, Special Revenue Funds projected to be \$5 million which is flat compared to FY2022 Adopted Budget.

The State Grants Fund proposed expenditures of \$1,043,161 which is \$36,661 higher than the FY2022 adopted budget. There is also a related \$43,500 increase in the projected revenues for FY2023.

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 FY2023 are budgeted at



\$143,022 above the 2022 Adopted budget. The transfer from the General Fund was proposed at \$650,000 which is the same as the 2022 Adopted budget to help address the shortfall which must be covered by the fund balance.

The Economic Development Fund has budgeted revenues of \$151,428 and budgeted expenditures of \$4.4 million which includes a placeholder of \$2 million for the middle mile fiber project and a placeholder of \$1.2 million for the LAPS and UNM-LA grants. 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 FY2022 for the housing rehabilitation and down payment assistance programs continue to be funded by a transfer from the General Fund. The \$1.2 million grants are funded by a transfer from the General Fund.

CAPITAL IMPROVEMENT PROJECTS (CIP) FUNDS

For FY203 expenditures in the CIP Fund total \$32.250 million which is \$15.2 million higher than FY2022 due to the specific projects scheduled for FY2023 vs. FY2022 per the detailed CIP project schedules.

The CIP proposed budget focuses on long range projects that may require financing through the issuance of GRT Revenue or other General Obligation bonds in the near future in order to complete and beginning in FY2024 and forward.

JOINT UTILITY SYSTEMS FUND

The Joint Utility System Fund revenues for FY2023 are proposed at \$84.5 million which is \$5 million (6.4%) above the FY2022 adopted budget. Expenditures are \$86.6 million which is \$3 million (3.6%) higher than the prior year.

The FY2023 proposed Joint Utility Fund budgets include the effect of planned rate changes previously approved by the Board of Public Utilities and the County Council for a 2% increase in sewer rates. In FY2023 there is a planned 5% increase across the board in wholesale potable water, water distribution, and non-potable water rates, planned 8% increase in gas distribution rates, and planned 5% increase in electric distribution rates.



OTHER ENTERPRISE FUNDS

FY2023 revenues totaling \$53.4 million in these business-type activities funds are projected to be \$9.9 million, or 23%, higher than FY2022. Total expenses of \$53.1 million for the FY2023 proposed budget are \$8.2 million or 18.6% higher than FY2022.

The Environmental Services Fund expenses are \$5.3 million in the proposed FY2023 budget which is \$2 million below the FY2022 adopted budget. The proposed FY2023 revenues of \$5 million are \$63,000 higher than in FY2022.

The Transit Fund expenditures are \$6.2 million or \$1.25 million above the FY2022 budget due primarily to the timing of bus replacement and related grants. Transfers-in to the Transit Fund from the General Fund continue to include \$250,000 to cover the weekend routes approved but not yet implemented due to coronavirus related impacts. The proposed revenues of \$4.8 million are \$877,000 above the adopted FY2022 budget due primarily to the timing of capital grant funding.

The Fire Fund proposed expenditures are \$29 million and proposed revenues are \$32.2 million for FY2023. The \$609,277 (2.1%) increase in expenditures is due primarily to the planned amounts within the DOE Cooperative Agreement and is fully offset by associated increases in related revenue from both the General Fund and DOE. The 2.2% percentage increase in revenues or \$709,497 is due primarily to the projected increase in Fire Protection Excise Tax.

The Airport Fund proposed revenue is \$11.3 million and expenditures are \$12.6 million. This is approximately \$8.2 million increase in revenue and a \$8.5 million increase in proposed budgeted expenditures. This is due to the timing of proposed grant funded projects for FY2023 which include new state grant opportunities.



INTERNAL SERVICE FUNDS

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

Total FY2023 proposed expenditures in the Fleet Fund are \$5.6 million or 11.8% higher than in FY2022. Proposed revenues are \$1.2 million higher than the FY2022 adopted budget. The increase in expenditures is due primarily to the escalation in prices and the unprecedented higher costs of supply chain which impacted the replacement costs of our fleet. The Risk Management Fund proposed FY2022 revenues and expenditures are \$12.4 million and \$11.7 million, respectively. The revenues decreased by \$1.4 million or 10% from the 2022 Adopted budget while expenditures decreased \$1.8 million or 13.2%. The decrease in revenues is from a decrease in intradepartmental charges which correlate to decreases in premiums and claims.

CONCLUSION

Despite the coronavirus impacts encountered by the County, I am proud of our employees and their demonstrated ability to adapt, change, and in some cases, reinvent the way we deliver services, to keep things running smoothly during the past two years. Our local economy has been fairly resilient, thanks to a continued hiring boom by LANL, and I am confident that the new fiscal year will be full of opportunity, new challenges and options for economic growth. We will continue to move ahead with the Council's goals while providing citizens with the most cost-effective services every day.

Based upon collaborative efforts and employee involvement from each and every department, I am pleased to present the proposed FY2023 budget that continues to support County Council's strategic priorities. 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. Thank you, Los Alamos County employees, for your loyalty and service!

I would like to also 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 strategic goals of the County.



Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Steven Lynne'.

Steven Lynne
County Manager



Participate in the FY2023 LOS ALAMOS COUNTY BUDGET HEARINGS

MON AND TUES., APRIL 18-19 | MON AND TUES., APRIL 25-26 *

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 format/ location is planned for a hybrid format, to be conducted both in-person and via Zoom. See Note Below.

AGENDA:

- Introduction and Overview
- Department Budget Summaries
- Parking Lot – Outstanding/Unresolved Items
- Possible Adoption of the FY2023 Budget
- Long Range Financial Projection
- Consideration of Budget Options

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

MAKING YOUR VOICE HEARD: YOUR INPUT IS ENCOURAGED!

E-MAIL: lacbudget@lacnm.us OR countycouncil@lacnm.us

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

NOTE: These meetings will be held in person and open to the public at the Council Chambers in the Municipal Building at 1000 Central Ave., Los Alamos, NM 87544. However, for convenience, a Zoom meeting link and/or telephone call-in numbers will be published along with the agenda for public viewing and participation.

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 in the County Municipal Building lobby and at both Public Libraries after March 31st, or electronically on the County's website under the Administrative Services Department site:

[HTTPS://LACNM.COM/BUDGET](https://lacnm.com/budget)



FTE Changes

FY2023 Proposed: 703.68

FY2022 Adopted: 702.10

Net Increase: 1.58

FY2023 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
FY23 PROPOSED								
Total Beginning Fund Balance/ Working Capital FY2023	55,891,787	9,131,968	313,540	44,019,347	21,088,447	6,480,162	14,545,064	151,470,315
Revenues & Other Sources	88,954,335	5,026,189	6,000	11,644,933	84,500,537	53,412,889	18,226,483	261,771,366
Transfers from Other Funds	3,658,878	2,291,700	4,552,409	19,688,882	2,000,000	2,267,555	0	34,459,424
Expenditures	70,295,531	10,046,813	4,552,409	32,250,000	86,581,568	53,147,715	17,341,944	274,215,980
Transfers to Other Funds	27,225,376	2,000,000	0	1,575,170	999,878	2,659,000	0	34,459,424
FY24 PROJECTED								
Total Fund Balance/ Working Capital / Ending FY2023	50,984,093	4,403,044	319,540	41,527,992	20,007,538	6,353,891	15,429,603	139,025,701
Revenues & Other Sources	90,319,000	4,985,989	6,000	70,104,000	86,002,453	42,886,283	19,076,789	313,380,514
Transfers from Other Funds	3,724,442	2,291,700	5,250,159	12,386,214	0	1,640,900	0	25,293,415
Expenditures	73,054,599	6,850,591	5,250,159	53,532,000	92,390,505	42,146,512	17,972,650	291,197,016
Transfers to Other Funds	17,595,759	2,250,000	0	1,723,214	1,022,442	2,702,000	0	25,293,415
Total Fund Balance / Working Capital / Ending FY2024	54,377,177	2,580,142	325,540	68,762,992	12,597,044	6,032,562	16,533,742	161,209,199