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**TORRANCE COUNTY
BOARD OF COUNTY COMMISSIONERS
ORDINANCE NO. 2020-05**

TORRANCE COUNTY FINANCIAL RESERVE ORDINANCE

WHEREAS, since 2019, Torrance County has approved eight repower or new

Renewable Energy Industrial Revenue Bond agreements; and,

WHEREAS, these agreements include an annual Payment in lieu of Taxes (PILT) payment to school districts and Torrance County; and,

WHEREAS, current and future PILT payments will exceed \$2.5 million dollars in combined revenue; and,

WHEREAS, historically the County has experienced economic downturns and unforeseen increases in expenses; and,

WHEREAS, the County's enhanced revenue picture provides an opportunity to create a reserve fund to address future economic crises in order to protect the health, safety, and welfare of the people of Torrance County in uncertain economic times; and

WHEREAS, a healthy reserve will improve the financial health of the County; and

WHEREAS, it is the desire of the Commission to protect the County's ability to continue to deliver basic services despite the onset of economic downturns.

THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF TORRANCE COUNTY, NEW MEXICO that the attached document entitled The Torrance County Financial Reserve Ordinance is hereby enacted.

DONE THIS 8th DAY OF JULY, 2020.

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APPROVED AS TO FORM ONLY:

[Signature] 7/8/2020
County Attorney Date



ATTEST:

[Signature]
Linda Jaramillo, County Clerk

Date: 7/8/20

BOARD OF COUNTY COMMISSIONERS

[Signature]
Ryan Schwebach, Chair

[Signature]
Javier Sanchez, Vice Chair

[Signature]
Kevin McCall, Member

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The Torrance County Financial Reserve Ordinance

1 ***Section 1- Definitions***

2
3 “County” means Torrance County, NM.

4
5 “PILT” means Payment in lieu of Taxes from renewable energy sources derived from the
6 issuance of Torrance County Industrial Revenue Bonds.

7
8 “General Fund” is defined as Torrance County’s general operation fund.

9
10 “Mandated Reserve” is defined as the state required three-twelfths General Fund budgetary
11 reserve.

12
13 “County Reserve” is an unassigned two-twelfths reserve created within the County’s PILT fund.

14
15 “Fully Funded” is defined as the amount equal to two-twelfths of the General Fund.
16

17 ***Section 2 – Funding Procedures***

18
19 The County Reserve shall be an unassigned reserve within the County’s PILT fund equal to two-
20 twelfths of the General Fund. Forty percent (40%) of annual PILT funds received in excess of
21 eight-hundred thousand dollars (\$800,000) shall be placed in the County Reserve, not to exceed
22 one-third (1/3) of the total amount of the County Reserve annually. Once the PILT funds placed
23 in the County Reserve have reached one-third (1/3) of the County Reserve or the County Reserve
24 is Fully Funded, one hundred percent of PILT revenue shall be placed in the County’s General
25 Fund.
26

27 ***Section 3 – Authorized Uses / Fund Replenishment***

28
29 **A. Reimbursable Expenses**

30 The County Reserve may be used for short-term reimbursable expenses where
31 reimbursement is expected not later than the close of the fiscal year immediately
32 subsequent to the fiscal year in which the expense is incurred. Examples of reimbursable
33 expenses contemplated by this section include, but are not limited to, approved grants,
34 and Legislative Capital Outlay. Replenishment of County Reserve funds shall begin no
35 later than the close of the fiscal year immediately subsequent to the expenditure.
36

37 **B. Emergencies / Disaster Relief**

38 Upon the issuance of an Emergency Declaration by the Board of County Commissioners,
39 the County Manager is authorized to utilize County Reserve funds to support expenses
40 related to the declared emergency as defined by the Emergency Declaration.
41 Replenishment of County Reserve funds shall begin no later than the close of the fiscal
42 year immediately subsequent to the expenditure.
43

44 **C. Delayed Reimbursement**

45 Should reimbursement of funds, as described in Sections 3(A) and 3(B), occur after the

1 fiscal year immediately subsequent to the fiscal year in which the expenditure is made,
2 said reimbursement shall be placed in to the Torrance County Financial Reserve until it
3 reaches its Fully Funded level. Excess reimbursement funds shall be placed into the
4 County's PILT fund.
5

6 **D. Non-reimbursable Expenses**

7 County Reserve funds may be used for non-reimbursable expenses at the discretion of the
8 Board of County Commissioners. Replenishment of the County Reserve shall begin in
9 the fiscal year immediately following the approved expenditure as described in Section 2.
10

11 **E. Replenishment Waiver**

12 The Board of County Commissioners may issue a Replenishment Waiver to address
13 unforeseen economic circumstances in order to maintain the health, safety, and welfare of
14 the citizens of Torrance County. Replenishment Waivers shall be required to be issued
15 and approved by the Board of County Commissioners on an annual basis, and shall be
16 limited to one fiscal year.
17

18 ***Section 4 – Repeal***

19
20 This ordinance shall only be repealed by a unanimous vote of the Board of County
21 Commissioners.