City of Santa Fe

Agenda

SPECIAL
FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
FEBRUARY 9, 2016 – 3:00 P.M.

ALL MEMBERS OF THE GOVERNING BODY ARE INVITED TO ATTEND

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA

CITY CLERK'S OFFICE
DATE 2-5-16 TIME 3:00
SERVED BY Yolanda Green
RECEIVED BY Gabrielle R

CONTINUATION OF BUDGET DISCUSSION

4. Consideration and Approval of Framework for Closing the City's Structural Operating Deficit and Providing Direction to Staff for Preparation of FY 2016/17 Budget.

5. Request for Approval of FY 2016/17 Budget Development Calendar. (Andy Hopkins)

6. Request for Approval of a Resolution Providing Guidance on the Structure of the Budget of the City of Santa Fe and Certain Reporting Requirements. (Councilor Ives) (Oscar Rodriguez)

   Committee Review:

Public Works Committee (no recommendation)	01/25/16
Finance Committee (no action taken)	02/01/16
City Council (scheduled)	02/10/16

   Fiscal Impact – No

7. MATTERS FROM THE COMMITTEE

8. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

SS002 pmd - 11/02

Framework for Closing the Deficit

Presented to Finance Committee

February 9, 2016

Strategic Questions for Developing the Budget

- Timeframe for closing the deficit?
- Structural deficit addressed separately from current budget
- How much/type revenue increase(s)?
- What priorities are held harmless from cuts?
- Borrow from reserves?
- Franchise fee to Utility Enterprise Funds?

3

Strategy for Drafting the FY 2016-17 Budget

Reserves/Debt	Operations	Sustainability

Budget Assumptions

- General Fund balance at 10%
- Borrowing from reserves at 2% APR
- 2% revenue growth
- $1.5% inflation
- One-time revenue goes to one-time costs/projects/initiatives
- Infrastructure and/or critical mission services are top priority
- No expansion or new initiatives except to reduce costs

Financial Management Goals

- Structural deficit addressed separately from current budget
- Debt service limits within 5 years:
  - 10% of total operating budget
  - $1,200 per capita
- Annual capital investment greater than total capital depreciation
- Efficiency of operations should be competitive with that of comparable cities/operations
- Current expenditures covered only with current revenues
- Diversification of revenue and economic base is top priority
- Business-type activities to become self-sustaining in 5 years

4

Budget Preparation Instructions to Departments

- Inflation at 1.5%
- Assume vacancy rates at average of past 3 years
- Departments help prepare their personnel budget
- No expansions or new initiatives except to reduce costs
- No carry-forwards
- Operating Budget separate from Capital Budget (CIP)
- Programs should be competitive with efficiency indicators in comparable cities
- All programs will present performance indicators

5

FINANCIAL CHALLENGES IN FY 2016-17

GENERAL FUND BEGINNING CASH BALANCE	8,783,844	*Unaudited*
Revenues		
Gross Receipts Tax	53,130,499	
Property Tax	3,464,594	
Franchise Tax	3,145,000	
Licenses & Permits	2,360,445	
Total Other Fee/Income	2,284,876	
Ambulance Fees	1,700,000	
Reimbursed Expenditures	6,247,587	*Administrative overhead distributed to utility funds, etc.*
Transfers In	6,410,305	*Water Fund payment in lieu of taxes, excess Transit GRT, et*
Subtotal - Revenues	78,743,306	
TOTAL GENERAL FUND RESOURCES AVAILABLE	87,527,150	
Operating Expenditures		
Total Department Expenditures	73,908,727	
Tranfers Out	4,824,579	*$2,205,361 to Sr. Svcs. $2,239,820 to Pol.&Fire Funds, etc.*
TOTAL GENERAL FUND OPERATING EXPENDITURES	78,733,306	
REPORTED GENERAL FUND ENDING BALANCE	8,793,844	*$ 6,159,061 mandated 1/12th, plus 13 days reserve*
Bridged Expenditures		
Costs Shifted to Other Funds		
Locals Workforce Account in GRT Bond Proj	1,350,000	*Paid from 2014 GRT Bonds*
Unrelated salaries in Enterprise Funds	1,196,383	*Public Info.Off., Multimedia Designer, ~~River Coord.~~, et al*
Street Mantc. In Storm Water Fund (2401)	1,556,459	*$238,767 accumulated deficit*
So.side Library staff salaries in ½% Capita	971,728	*From Cap. GRT (3102); ~~$31,949 accumulated deficit~~*
Free Solid Waste Services	260,000	
Free Wastewater Services	900,000	
TOTAL COSTS SHIFTED	6,234,571	
Spending through Special Fund Operating Deficits		*Includes only funds in cash deficit by FY2016-2017*
Municipal GRT (2116)	~~823,274~~	
Municipal GRT-Police (2210)	~~404,354~~	
DWI Forfeiture Program (2227)	~~99,364~~	
Fire Property Tax/Safety (2250)	~~293,281~~	*~~$292,563 accumulated deficit~~*
Economic Development (2117)	~~380,000~~	
Historic Preservation Grant (2707)	~~31,764~~	
½% Capital GRT Income Fund (3102)	~~840,418~~	*~~Main source for debt service for~~ GRT-back Bonds*
E1 ERP Software (3139)	~~70,535~~	*~~$583,846 accumulated deficit~~*
Municipal Recreation Complex (5600)	~~5,470~~	*~~$784,408 accumulated deficit~~*
TOTAL SPECIAL FUND OPERATING DEFICTS	2,948,460	
TOTAL BRIDGED EXPENDITURES	9,183,031	
Anticipated Revenue Reductions		
Sunset of State Hold Harmless GRT	660,000	*2nd of 15-Year timeframe (6% of $11 million)*
Sunset of Payment in Lieu of Taxes (Water Fund)	4,736,065	*12% of gross receipts*
TOTAL ANTICIPATED REVENUE REDUCTIONS	5,396,065	
FY 2016-17 EFFECTIVE OPERATING DEFICIT	**14,579,096**	*Total of Bridged Expenditures, Special Fund Deficts, & Anticipated Revenue Reductions*
MANDATED 1/12th RESERVE	**6,159,061**	
EFFECTIVE ENDING BALANCE	**(11,944,312)**	*Reported Ending Balance less Effective Operating Deficit and Mandated Reserve*

APPROVED FY 2015-2016 BUDGET — EXPENDITURES — SHORTFALLS — DEFICIT

CURRENT STATUS: MAJOR CUTS ALREADY PROGRAMMED

1. Southside Library
2. 19 FTE's funded by Water Fund but reporting elsewhere
3. $ 6 M Parks & Facilities Maintenance
    a. Medians
    b. Trails
    c. Buildings & Facilities
4. Public Safety (Police & Fire GRT and property tax)
5. All other funds in deficit

Councilor Ives' Deficit-Closing Framework
(all amounts are approximate targets)

Deficit closed in 2017/18			
	2016	2017	2018
Operating Deficit at Start July 1	**15.0**	**7.5**	**0.0**
Cumulative Operations Cuts	3.7	8.0	8.0
Cumulative New Revenue Increase[a]	3.8	7.0	7.0
Transfer from Water Fund	7.5	0.0	0.0

[a] Equivalent to a ⅛ GRT increase the first year

Finance Chairman's Deficit-Closing Framework
(all amounts are approximate targets)

Deficit closed in FY 2018/19, borrowing from Water Fund repaid at 2% interest					
	2016	2017	2018	2019	20120
Operating Deficit at July 1	**15.0**	**4.5**	**3.5**	**0.0**	**0.0**
New Revenue *	3.8	3.8	3.8	3.8	3.8
Operations & Maint. Cuts*	2.0	3.0	4.0	4.0	4.0
Utility franchise fee	4.7	4.7	4.7	4.7	4.7
Borrowed from Water Fund and paid back @ 2% APR	4.5	3.5	2.5	(5.3)	(5.3)
¼¢ Water GRT removed and GRT increased in General Fund by ¼¢	0.0	0.0	0.0	7.8	7.8
Accumulated Debt to Water Fund	*4.5*	*8.1*	*10.8*	*5.5*	*0.3*

* Cumulative

Compromise Framework
(all amounts are approximations)

Deficit closed by end of FY 2018/19				
	2016	**2017**	**2018**	**2019**
Operating Deficit at July 1	**15.0**	**2.5**	**2.5**	**0.0**
New Revenue[a] *	3.8	3.8	3.8	3.8
Operations & Maintenance Cuts*[b]	4.0	4.0	4.0	4.0
Utility franchise fee	4.7	4.7	4.7	4.7
Borrowed from Water Fund @ 2% APR	2.5	2.5	2.5	0
¼¢ Water GRT removed and GRT increased in General Fund by ¼¢	0.0	0.0	0.0	7.8
Accumulated Debt to Water Fund	*2.5*	*5.1*	*7.8*	*0*

[a] Made up of a combination of GRT, property tax, and fee increases

* Cumulative

[b] Cuts to be guided by Resolution 020116

10

Key Guiding Points of Resolution 020116

- Savings primarily through attrition–not layoffs– in areas that vary significantly from comparable cities' average and eliminating long-term (2-year) vacant positions
- Stay consistent with adopted Financial Management Policies
- First address fiscal impacts of sunset of State Hold Harmless and Affordable Care Act
- Ensure core services (undefined) do not drop below minimum public safety thresholds (i.e. elimination of hazards, basic capabilities kept intact, etc.)
- One-time technology and/or other capital investments that yield significant operating saving are top priority
- Introduction of performance indicators and performance-based budgeting

11

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2016-___

Budget Guidance

SPONSOR(S): Councilors Dominguez and Ives

SUMMARY: The proposed resolution provides guidance on the structure of the budget of the City of Santa Fe and certain reporting requirements.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: February 3, 2016

ATTACHMENTS: Substitute Resolution (Councilors Dominguez and Ives)
FIR
Original Resolution

Substitute Resolution – 2/5/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Carmichael Dominguez

Councilor Peter N. Ives

A RESOLUTION

PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS.

WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and

WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and

WHEREAS, the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and

WHEREAS, changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and

WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated ~~$11,000,000 to~~ $15,000,000 budgetary shortfall, and needs to correct some ~~$5,000,000 to $6,000,000 in~~ realignments (inappropriate city labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of

which have accrued over a series of years; and

WHEREAS, the estimated budgetary shortfall does not include any additional, vital needs that have been deferred for many years and continue to increase; and

WHEREAS, these additional, vital needs are substantial and include public safety, community development, infrastructure, and quality of life facilities, services, and programs; and

WHEREAS, these additional, vital needs are critical to establishing a thriving economy and community with a high quality of life.

WHEREAS, preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and

WHEREAS, the Governing Body needs to provide guidance on solutions to the budgetary issues that have been identified to it; and

NOW THEREFORE BE IT RESOLVED THAT the annual City of Santa Fe Budget and the annual budgetary process shall be guided and governed by the following policies and reporting requirements:

1. ~~1.~~ The Finance Department shall, with policy guidance from the Governing Body, bring forth a three~~wo~~ year plan to eliminate the ~~estimated~~ budget deficit~~,~~ estimated at $15,000,000~~,~~ using a combination of spending cuts and revenue enhancements.

2. The Governing Body shall identify and implement viable measures to sustainably improve operational and organizational efficiencies as permanent cost reductions before considering tax increases.

2. The City Manager shall ~~f~~fully implement Resolution 2015-110, "A Resolution Requesting the City Manager Evaluate Possible Efficiencies Within City Operations That Might Help Close the Operating Deficit in Fiscal Year 2016/2017 Including Implementing a Conditional Hiring Freeze," approved by the City Council on December 9, 2015 and report

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results in 30 days. ~~In an effort to better understand City staffing levels,T~~the City Manager, ~~working with staff, shall identify ten to fifteen cities (the "Comparison Cities") within the Southwestern Region of the United States that have characteristics by nature of geographic size, population, economic structure, operation of municipal utilities, tourism, and such other factors as the City Manager believes justified in articulable measures, that are similar to the City of Santa Fe, or on the basis of which the City of Santa Fe can evaluate its staffing, expenditure and service levels. Some cities that might be utilized for these purposes are Las Cruces, New Mexico; Farmington, New Mexico; Flagstaff, Arizona; Tucson, Arizona; Colorado Springs, Colorado; Fort Collins, Colorado; Lubbock, Texas; Amarillo, Texas; Topeka, Kansas; Carson City, Nevada; and Boise, Idaho.~~

3. The City Manager shall analyze and compare ~~the C~~comparison c~~C~~ities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable cities. ~~The City began the discussion of the need for such parameters in its last budgetary cycle in April 2015, and staff has begun this process.~~

4. The Governing Body, on the basis of the comparison of efficiency indicators~~s~~ and the following guidelines ~~performed~~ shall evaluate~~set goals for reductions in~~ staffing and expenditures and services levels for future budget years ~~2016-2017 and 2017-2018~~:

a. Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget;

b. The City's debt service will be maintained at a level not exceeding $1,200 per capita;

c. The City's annual capital investment shall exceed its total capital

depreciation;

~~d. One time revenue will be used for one time costs, projects or initiatives;~~

e. City infrastructure and critical mission services shall be prioritized;

~~f. Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic, budgetary policy considerations.~~

5. The City Manager, working with the Finance Division, and other City departments, shall identify and recommend specific~~systemic and other~~ cuts in ~~staffing,~~ expenditures and enhancements in revenues, resulting in attaining a balanced budget after three years, specifically considering among other matters, the following:

a. Establishment of ~~a~~ reasonable, defined, fixed ~~charge to the City's utilities, similar in nature to a~~ utility franchise fees;

b. ~~Any b~~Borrowing from fund balances ~~shall be done at a rate of 2%~~ at an appropriate APR;

c. ~~Any n~~Necessary cuts or realignments of staffing levels is done utilizing attrition and reassignment wherever possible;

d. The city's supervisor to employee ratio shall be identified and reduced relative to comparison cities;

e. Identify cost reduction opportunities in the procurement of equipment, products, services, and supplies that includes in-sourcing, more economical procurement instruments, outright elimination, etc.;

~~d. Addressing the impact of the State's elimination of hold harmless payments to the City;~~

~~e. Addressing any negative impacts, e.g., taxes or penalties, that may be imposed pursuant to the Affordable Care Act;~~

Comment [J1]:

Comment [J2]: This is already in our best practices and standards (Part 2B).

Comment [JM3]: This has already been in on page 5.

Comment [J4]: This is already in our adopted best practices (Part G, Performance Measures).

Comment [J5]: This is not under the purview of city staff.

f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors;~~services in each of the following two years budget years in an amount of not less than $4,000,000 to $6,000,000, and identify revenue increases of $2,000,000 to $4,000,000 per year, bridging the first year with an anticipated $5,000,000 to $9,000,000 in interfund transfers to provide a balanced budget in 2016-2017, i.e., per the following table:~~

~~Year Deficit Expense Revenue Transfers Total~~
~~Cuts Increase Cuts + Increases~~

~~16-17 $15 mil. $4-6 mil. $2-4 mil $5-9 mil $15 mil~~
~~17-18 $7.5 mil $4-6 mil $1.5-3.5 mil $0 $7.5 mil~~
~~18-19 $0 (recognizing that there are many other factors that will determine revenues and necessary expenditures).~~

~~In presenting its plan, the staff must address the elimination of the State's hold harmless on certain gross receipts taxes, City health plan excise taxes, City leave liabilities and perform an analysis of structural economy based anticipated declines in gross receipts tax revenues.~~

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g. Identify additional, critical needs to create an efficient government, a thriving economy, and a high quality of life; and estimate the associated costs.

6. ~~Recognizing that based on preliminary work performed by the City in evaluating its staffing levels and the fact that employee expense equals approximately 80% of the City's annual budget, reductions in the number of City employees and/or the expenses associated therewith, will be a necessary part of the reduction and elimination of the budget deficit, the City Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing reductions through attrition, while ensuring that the core services functions are maintained at acceptable levels of service. Said plan shall additionally look at early retirement incentives, reductions in health plan coverage to ensure that "Cadillac" health plan excise taxes are~~

~~minimized by the City (based upon the last estimate given during the 2015-2016 budget process, such taxes will absent changes to the City health plan, begin being imposed in the 2016-2017 budget year and will rise to $5,000,000 annually after 7-8 years).~~

~~7.~~ Core services to be maintained in the budget process are- public safety (needed police and fire services), public utilities (water ~~utility~~, waste, waste water), public infrastructure (streets, sewers, critical public structures, e.g., the airport, city buildings), social safety net for those in need within the City (homeless shelter, affordable housing, services to youth and seniors in need), and ~~maintenance and enhancement of the City's economy (broadband, entrepreneurship). In ensuring the deliver of core services, the City will maximize the use of sustainable processes, such as recycling of waste and water, utilization of renewable energy sources and energy efficiency, green infrastructure;~~ efficiencies from the use of updated IT systems~~, promotion of health and community through land use policies. , maintenance of a social safety net, public rights-of-way, public health and affordable housing, all defined in terms of quantifiable performance indicators that are comparable with that of the Comparison Cities in a transparent manner that encourages public participation in the processes of city government; specific policy directives are the:~~

~~a. reduction of crime, with an emphasis on property crimes, violent crimes, alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and DWI;~~

~~b. delivery, maintenance expansion of a healthy and resilient water supply at rates and programs which support conservation;~~

~~c. promoting recycling and efforts to reduce waste;~~

~~d. to build and maintain a robust and resilient safety net for those in need in Santa Fe, emphasizing the availability of housing, food security and employment for all Santa Feans;~~

Comment [J6]: I recommend we truly emphasize core services by keeping the list down to the most important services.

~~e. promotion of public health and building community through urban design and land use decisions and operations;~~

~~f. expansion and diversification of the Santa Fe economy to expand employment opportunities for Santa Fe's youth and young adults;~~

~~g. modernization of the City's information technology infrastructure to ensure efficiency in governmental operations, especially the capture of and reporting on City financial data, high performance in HR, payroll and similar functions, maximizing the availability of information to the public to promote transparency and participation, and the simplification and electronic processing of land use processes and other City-public interactions.~~

8. Staff is directed to review, analyze and report to the Governing Body on the following ~~additional~~ potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:

a. Reduction of interest expense through paydown of City debt, ~~such as In light the City's significant cash position, the retention of which in various instances requires payment of interest, sometimes at the rate of 4+% annually and on which the City earns approximately 0.5% annually, resulting in an arbitrage loss of approximately $3,000,000 to $5,000,000 annually, staff is directed to identify and report what debts of the City can be prudently paid using available City cash, such as the $34,000,000 water bond, resulting in an interest expense reduction in an amount between $2,000,000 to $3,000,000 or more annually~~;

Comment [J7]: Policy action already in progress. But general direction applies to the 2019 water bonds.

b. ~~Explore opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks;~~

Comment [J8]: This is already in the section defining core services.

c. ~~Prepare and deliver to the Governing Body a report on overtime use across each department and division, identifying structural, scheduling or other changes that can~~

~~be implemented to reduce overtime, in any and every form, to minimal amounts;~~

Comment [J9]: This is already policy in the resolution directing the city manager to ID efficiencies adopted at Dec. 9, 2015 council meeting.

d. ~~Evaluate, report and make recommendations on~~~~Given the significant value of accrued leave across the City, report with specificity on all~~ leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave and consequential financial liabilities ~~and bring forward reasonable changes to those leave policies, capping the amount of annual, sick and other leave that can be accrued and carried over annually~~;

e. Identifying possible incentives for early retirements and voluntary exits.

~~Identify and report on each position within the City that has been vacant for a period of one or more~~~~two years or more and make recommendations on~~~~eliminate it or bring forward compelling reasons for its retention or elimination during the annual budget process; and provide a report to the Governing Body monthly on what vacancies have been filled and action by the Governing Body; and~~

Comment [J10]: This is also policy in the efficiencies reso adopted by the council on Dec. 9, 2015.

f. Evaluate and report on potential savings from ~~a~~ changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically ~~in~~ protocols within the fire department to dispatch ~~rules that require~~ a ladder truck ~~to be dispatched~~ with an ambulance to any call for service~~, all in light of the fact that many calls for assistance do not reasonably require the dispatch of a ladder truck~~.

9. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:

a. ~~A two cents gas tax increase, which would raise an estimated $950,000 in revenue for core services relating to public rights-of-way;~~

Comment [J11]: Been there, done that.

~~b. An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico~~

~~elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated $3,800,000;~~

Comment [J12]: It's too soon for us to even study a gross receipts tax increase.

c. ~~Modifications to the City's short term rental ordinance that will both make the application of the ordinance more equitable, but ensure that revenues due to the City are in fact collected;~~

Comment [J13]: This is premature and may sour the public with a pre-ordained decision ahead of additional public involvement and action on ordinance changes that may contradict this.

d. ~~Evaluate the City's additional efforts at collection of revenues due it from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies;~~

Comment [J14]: This is in the efficiencies resolution adopted at the Dec. 9, 2015 council meeting.

e. ~~Evaluate and report on a potential increase in property taxes in the amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and~~

Comment [J15]: We can't look past a thorough analysis and action to close the budget deficit without raising taxes. Maybe we can consider this in FY '18 and '19.

f. Evaluate the existing 411 funds in which the City has approximately $220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and

Comment [J16]: Is this correct? There must be a missing decimal point.

g. ~~Working cooperatively with the County of Santa Fe to evaluate and possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds raised through such a program from the residents of the City of Santa Fe, are utilized within the jurisdictional limits of the City of Santa Fe.~~

Comment [J17]: We're watering down the focus on budget issues to help give staff specific direction. This is a conceptual idea that should be addressed elsewhere.

10. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle. ~~To the extent reasonably practicable, within the budget, and at a level that allows for policy priority making by the Governing Body, each department and each division within a department shall develop performance metrics and provide data on the effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the~~

~~current state of need in the area of the particular program; staff shall perform such functions and report to the Governing Body making program support and funding recommendations, within forty-five (45) days in the following specific areas, which are hereby prioritized:~~

~~a. continued reduction of property crimes;~~

~~b. reduction in the sales and use of illegal drugs;~~

~~c. availability of truly affordable housing to meet the city's current needs;~~

~~d. reduction in homelessness;~~

~~By way of clarification and example, in the area of affordable housing, data and information shall be provided that identifies what affordable housing is, what affordable housing is available within the community, how many people in need are unable to secure affordable housing, proposing goals for the ensuing 1-5 fiscal years with an identification of what funding will be necessary is each of the succeeding fiscal years to reach the goals set forth, and proposing any modifications to existing programs and policies needed to reach the goals proposed.~~

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11. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the city.

~~The following are adopted as necessary budgetary reporting processes and timeframes (as shown in the attached spreadsheet):~~

~~a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July 1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of $25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount~~

~~Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase; Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.~~

~~b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:~~

~~i. Statement of need;~~

~~ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;~~

~~iii. Statement of anticipated results and public benefits of the project; and~~

~~iv. The~~A ~~carbon neutrality impact report.~~

~~c. Project managers working for the City shall be evaluated annually on their ability to deliver the projects on which they work on time and on budget and fully accounting of expended time and funding; such evaluations and measurements shall be incorporated into the job descriptions for these positions and the regular annual performance~~

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~~evaluation.~~

PASSED, APPROVED AND ADOPTED this _____day of _____, 2016.

_____

JAVIER M. GONZALES, MAYOR

ATTEST:

_____

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

_____

KELLEY A. BRENNAN, CITY ATTORNEY

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Carmichael Dominguez

Councilor Peter N. Ives

A RESOLUTION

PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS.

WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and

WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and

WHEREAS, the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and

WHEREAS, changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and

WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an $11,000,000 to $15,000,000 budgetary shortfall, and needs to correct some $5,000,000 to $6,000,000 in realignments within the budget, all of which have accrued over a series of years; and

WHEREAS, preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and

WHEREAS, the Governing Body needs to provide guidance on solutions to the budgetary issues that have been identified to it; and

NOW THEREFORE BE IT RESOLVED THAT the annual City of Santa Fe Budget and the annual budgetary process shall be guided and governed by the following policies and reporting requirements:

1. The Finance Department shall, with policy guidance from the Governing Body, bring forth a threewo year plan to eliminate the estimated budget deficit, estimated at $15,000,000, using a combination of spending cuts and revenue enhancements.

2. In an effort to better understand City staffing levels,Tthe City Manager, working with staff, shall identify ten to fifteen cities (the "Comparison Cities") within the Southwestern Region of the United States that have characteristics by nature of geographic size, population, economic structure, operation of municipal utilities, tourism, and such other factors as the City Manager believes justified in articulable measures, that are similar to the City of Santa Fe, or on the basis of which the City of Santa Fe can evaluate its staffing, expenditure and service levels. Some cities that might be utilized for these purposes are Las Cruces, New Mexico; Farmington, New Mexico; Flagstaff, Arizona; Tucson, Arizona; Colorado Springs, Colorado; Fort Collins, Colorado; Lubbock, Texas; Amarillo, Texas; Topeka, Kansas; Carson City, Nevada; and Boise, Idaho.

3. The City Manager shall analyze and compare the Comparison Cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable

cities.~~The City began the discussion of the need for such parameters in its last budgetary cycle in April 2015, and staff has begun this process.~~

4. The Governing Body, on the basis of the comparison of efficiency indicators~~s~~ and the following guidelines ~~performed~~ shall evaluate~~set goals for reductions in~~ staffing and expenditures and services levels for future budget years ~~2016-2017 and 2017-2018~~:

a. Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget;

b. The City's debt service will be maintained at a level not exceeding $1,200 per capita;

c. The City's annual capital investment shall exceed its total capital depreciation;

d. One time revenue will be used for one time costs, projects or initiatives;

e. City infrastructure and critical mission services shall be prioritized;

f. Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic, budgetary policy considerations.~~.~~

5. The City Manager, working with the Finance Division, and other City departments, shall identify and recommend specific~~systemic and other~~ cuts in ~~staffing,~~ expenditures and enhancements in revenues, resulting in attaining a balanced budget after three years, specifically considering among other matters, the following:

a. Establishment of a reasonable charge to the City's utilities, similar in nature to a utility franchise fee;

b. Any borrowing from fund balances shall be done at a rate of 2% APR;

c. Any necessary cuts or realignments of staffing levels is done utilizing attrition and reassignment wherever possible;

d. Addressing the impact of the State's elimination of hold harmless payments to the City;

e. Addressing any negative impacts, e.g., taxes or penalties, that may be imposed pursuant to the Affordable Care Act;

f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors;~~services in each of the following two years budget years in an amount of not less than $4,000,000 to $6,000,000, and identify revenue increases of $2,000,000 to $4,000,000 per year, bridging the first year with an anticipated $5,000,000 to $9,000,000 in interfund transfers to provide a balanced budget in 2016-2017, i.e., per the following table:~~

~~Year Deficit Expense Revenue Transfers Total~~
~~Cuts Increase Cuts + Increases~~

~~16-17 $15 mil. $4-6 mil. $2-4 mil $5-9 mil $15 mil~~
~~17-18 $7.5 mil $4-6 mil $1.5-3.5 mil $0 $7.5 mil~~
~~18-19 $0 (recognizing that there are many other factors that will determine revenues and necessary expenditures).~~

~~In presenting its plan, the staff must address the elimination of the State's hold harmless on certain gross receipts taxes, City health plan excise taxes, City leave liabilities and perform an analysis of structural economy based anticipated declines in gross receipts tax revenues.~~

6. ~~Recognizing that based on preliminary work performed by the City in evaluating its staffing levels and the fact that employee expense equals approximately 80% of the City's annual budget, reductions in the number of City employees and/or the expenses associated therewith, will be a necessary part of the reduction and elimination of the budget deficit, the City Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing reductions through attrition, while ensuring that the core services functions are maintained at~~

~~acceptable levels of service. Said plan shall additionally look at early retirement incentives, reductions in health plan coverage to ensure that "Cadillac" health plan excise taxes are minimized by the City (based upon the last estimate given during the 2015-2016 budget process, such taxes will absent changes to the City health plan, begin being imposed in the 2016-2017 budget year and will rise to $5,000,000 annually after 7-8 years).~~

~~7.~~ Core services to be maintained in the budget process are- public safety (needed police and fire services), public utilities (water ~~utility~~, waste, waste water), public infrastructure (streets, sewers, critical public structures, e.g., the airport, city buildings), social safety net for those in need within the City (homeless shelter, affordable housing, services to youth and seniors in need), and maintenance and enhancement of the City's economy (broadband, entrepreneurship). In ensuring the deliver of core services, the City will maximize the use of sustainable processes, such as recycling of waste and water, utilization of renewable energy sources and energy efficiency, green infrastructure; efficiencies from the use of updated IT systems, promotion of health and community through land use policies. ~~, maintenance of a social safety net, public rights-of-way, public health and affordable housing, all defined in terms of quantifiable performance indicators that are comparable with that of the Comparison Cities in a transparent manner that encourages public participation in the processes of city government; specific policy directives are the:~~

~~a. reduction of crime, with an emphasis on property crimes, violent crimes, alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and DWI;~~

~~b. delivery, maintenance expansion of a healthy and resilient water supply at rates and programs which support conservation;~~

~~c. promoting recycling and efforts to reduce waste;~~

~~d. to build and maintain a robust and resilient safety net for those in need in~~

~~Santa Fe, emphasizing the availability of housing, food security and employment for all Santa Feans;~~

~~e. promotion of public health and building community through urban design and land use decisions and operations;~~

~~f. expansion and diversification of the Santa Fe economy to expand employment opportunities for Santa Fe's youth and young adults;~~

~~g. modernization of the City's information technology infrastructure to ensure efficiency in governmental operations, especially the capture of and reporting on City financial data, high performance in HR, payroll and similar functions, maximizing the availability of information to the public to promote transparency and participation, and the simplification and electronic processing of land use processes and other City public interactions.~~

8. Staff is directed to review, analyze and report to the Governing Body on the following ~~additional~~ potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:

a. Reduction of interest expense through paydown of City debt, such as ~~In light the City's significant cash position, the retention of which in various instances requires payment of interest, sometimes at the rate of 4+% annually and on which the City earns approximately 0.5% annually, resulting in an arbitrage loss of approximately $3,000,000 to $5,000,000 annually, staff is directed to identify and report what debts of the City can be prudently paid using available City cash, such as~~ the $34,000,000 water bond~~, resulting in an interest expense reduction in an amount between $2,000,000 to $3,000,000 or more annually~~;

b. Explore opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks;

c. Prepare and deliver to the Governing Body a report on overtime use across each department and division, identifying structural, scheduling or other changes that can be implemented to reduce overtime, in any and every form, to minimal amounts;

d. Evaluate, report and make recommendations on~~Given the significant value of accrued leave across the City, report with specificity on all~~ leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave~~ and bring forward reasonable changes to those leave policies, capping the amount of annual, sick and other leave that can be accrued and carried over annually~~;

e. Identify and report on each position within the City that has been vacant for a period of one or more~~two~~ years or more and make recommendations on~~eliminate it or bring forward compelling reasons for its~~ retention or elimination during the annual budget process; and provide a report to the Governing Body monthly on what vacancies have been filled~~ and action by the Governing Body~~; and

f. Evaluate and report on potential savings from ~~a~~ changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically ~~in~~ protocols within the fire department to dispatch~~ rules that require~~ a ladder truck to be dispatched with an ambulance to any call for service~~, all in light of the fact that many calls for assistance do not reasonably require the dispatch of a ladder truck~~.

9. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:

a. A two cents gas tax increase, which would raise an estimated $950,000 in revenue for core services relating to public rights-of-way;

b. An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico

elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated $3,800,000;

c. Modifications to the City's short term rental ordinance that will both make the application of the ordinance more equitable, but ensure that revenues due to the City are in fact collected;

d. Evaluate the City's additional efforts at collection of revenues due it from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies;

e. Evaluate and report on a potential increase in property taxes in the amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and

f. Evaluate the existing 411 funds in which the City has approximately $220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and

g. Working cooperatively with the County of Santa Fe to evaluate and possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds raised through such a program from the residents of the City of Santa Fe, are utilized within the jurisdictional limits of the City of Santa Fe.

10. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle.~~To the extent reasonably practicable, within the budget, and at a level that allows for policy priority making by the Governing Body, each department and each division within a department shall develop performance metrics and provide data on the effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the~~

~~current state of need in the area of the particular program; staff shall perform such functions and report to the Governing Body making program support and funding recommendations, within forty-five (45) days in the following specific areas, which are hereby prioritized:~~

~~a. continued reduction of property crimes;~~

~~b. reduction in the sales and use of illegal drugs;~~

~~c. availability of truly affordable housing to meet the city's current needs;~~

~~d. reduction in homelessness;~~

~~By way of clarification and example, in the area of affordable housing, data and information shall be provided that identifies what affordable housing is, what affordable housing is available within the community, how many people in need are unable to secure affordable housing, proposing goals for the ensuing 1-5 fiscal years with an identification of what funding will be necessary is each of the succeeding fiscal years to reach the goals set forth, and proposing any modifications to existing programs and policies needed to reach the goals proposed.~~

11. The following are adopted as necessary budgetary reporting processes and timeframes (as shown in the attached spreadsheet):

a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July 1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of $25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase;

Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.

b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:

i. Statement of need;

ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;

iii. Statement of anticipated results and public benefits of the project; and

iv. The~~A~~ carbon neutrality impact report.

~~c. Project managers working for the City shall be evaluated annually on their ability to deliver the projects on which they work on time and on budget and fully accounting of expended time and funding; such evaluations and measurements shall be incorporated into the job descriptions for these positions and the regular annual performance evaluation.~~

PASSED, APPROVED AND ADOPTED this _____day of _____, 2016.

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Resolutions 2016/Budget Guidance (substitute 2_3_16)

FIR No. 2771

City of Santa Fe
Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: _____ Resolution: ___X___
(A single FIR may be used for related bills and/or resolutions)
Short Title(s): **A RESOLUTION PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

Sponsor(s): Councilor Ives

Reviewing Department(s): Finance Department

Persons Completing FIR: Oscar Rodriguez Date: 1/12/16 Phone: x6530

Reviewed by City Attorney: Kelley A. Brennan Date: 1/19/16
(Signature)

Reviewed by Finance Director: _____ Date: 1-15-2016
(Signature)

Section B. **Summary**
Briefly explain the purpose and major provisions of the bill/resolution:
This resolution would provide guidance on the structure of the budget for the city of Santa Fe, and institute certain reporting requirements to increase the transparency for the public. The resolution also defines core services within the City, allowing city management to make informed decisions when enacting targeted budget reductions.

Section C. **Fiscal Impact**
Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: _____

_____X_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
	Personnel*	$_____	_____	_____	$_____	_____	_____	_____
	Fringe**	$_____	_____	_____	$_____	_____	_____	_____
	Capital Outlay	$_____	_____	_____	$_____	_____	_____	_____
	Land/ Building	$_____	_____	_____	$_____	_____	_____	_____
	Professional Services	$_____	_____	_____	$_____	_____	_____	_____
	All Other Operating Costs	$_____	_____	_____	$_____	_____	_____	_____
	Total:	$_____			$_____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
	_____	$_____	_____	$_____	_____	_____
	_____	$_____	_____	$_____	_____	_____
	_____	$_____	_____	$_____	_____	_____
	Total:	$_____		$_____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The resolution prescribes a framework for closing the City's estimated $15 million deficit within two fiscal years through both revenue increases, cuts to operations, and transfers from the water fund. The resolution itself will not have fiscal impact, but it would serve as directon to staff for drafting the budgets for FY 2016/17 and FY 2017/18, which will have significant impact.

Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Not approving this resolution or an alternative will leave the staff without policy direction for drafting the FY 2016/17 budget and addressing the $15 million recurring deficit, which involve major policy decisions.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None identified.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The benefit of this resolution is that it will provide greater transparency and order to a program of major financial restructuring the City will have to undertake to close its recurring operating deficit, including cuts services and increases in revenue.

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Peter N. Ives

A RESOLUTION

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WHEREAS, preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and

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4. The Governing Body, on the basis of the comparisons performed shall set goals

for reductions in staffing and expenditures and services levels for budget years 2016-2017 and 2017-2018.

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Year	Deficit	Expense Cuts	Revenue Increase	Transfers	Total Cuts + Increases
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In presenting its plan, the staff must address the elimination of the State's hold harmless on certain gross receipts taxes, City health plan excise taxes, City leave liabilities and perform an analysis of structural economy based anticipated declines in gross receipts tax revenues.

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7. Core services are public safety, water utility, waste and recycling, maintenance of a social safety net, public rights-of-way, public health and affordable housing, all defined in terms of quantifiable performance indicators that are comparable with that of the Comparison Cities in a transparent manner that encourages public participation in the processes of city government; specific policy directives are the:

a. reduction of crime, with an emphasis on property crimes, violent crimes, alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and DWI;

b. delivery, maintenance expansion of a healthy and resilient water supply at rates and programs which support conservation;

c. promoting recycling and efforts to reduce waste;

d. to build and maintain a robust and resilient safety net for those in need in Santa Fe, emphasizing the availability of housing, food security and employment for all Santa Feans;

e. promotion of public health and building community through urban design and land use decisions and operations;

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g. modernization of the City's information technology infrastructure to ensure efficiency in governmental operations, especially the capture of and reporting on City financial data, high performance in HR, payroll and similar functions, maximizing the availability

of information to the public to promote transparency and participation, and the simplification and electronic processing of land use processes and other City-public interactions.

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b. Explore opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks;

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d. Evaluate the City's additional efforts at collection of revenues due it from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies;

e. Evaluate and report on a potential increase in property taxes in the amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and

f. Evaluate the existing 411 funds in which the City has approximately $220,000,000 to determine what funds are required to be maintained and what funds can be

closed with any excess funds being transferred into the general fund account; and

g. Working cooperatively with the County of Santa Fe to evaluate and possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds raised through such a program from the residents of the City of Santa Fe, are utilized within the jurisdictional limits of the City of Santa Fe.

10. To the extent reasonably practicable, within the budget, and at a level that allows for policy priority making by the Governing Body, each department and each division within a department shall develop performance metrics and provide data on the effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the current state of need in the area of the particular program; staff shall perform such functions and report to the Governing Body making program support and funding recommendations, within forty-five (45) days in the following specific areas, which are hereby prioritized:

a. continued reduction of property crimes;

b. reduction in the sales and use of illegal drugs;

c. availability of truly affordable housing to meet the city's current needs;

d. reduction in homelessness;

By way of clarification and example, in the area of affordable housing, data and information shall be provided that identifies what affordable housing is, what affordable housing is available within the community, how many people in need are unable to secure affordable housing, proposing goals for the ensuing 1-5 fiscal years with an identification of what funding will be necessary is each of the succeeding fiscal years to reach the goals set forth, and proposing any modifications to existing programs and policies needed to reach the goals proposed.

11. The following are adopted as necessary budgetary reporting processes and timeframes:

a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July

1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of $25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase; Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.

b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:

i. Statement of need;

ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;

iii. Statement of anticipated results and public benefits of the

project; and

iv. A carbon neutrality impact report.

c. Project managers working for the City shall be evaluated annually on their ability to deliver the projects on which they work on time and on budget and fully accounting of expended time and funding; such evaluations and measurements shall be incorporated into the job descriptions for these positions and the regular annual performance evaluation.

PASSED, APPROVED AND ADOPTED this _____day of _____, 2016.

_____

JAVIER M. GONZALES, MAYOR

ATTEST:

_____

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

Kelley A. Brennan

KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Resolutions 2016/Budget Guidance

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-110

INTRODUCED BY:

Councilor Joseph M. Maestas

A RESOLUTION

REQUESTING THE CITY MANAGER EVALUATE POSSIBLE EFFICIENCIES WITHIN CITY OPERATIONS THAT MIGHT HELP CLOSE THE OPERATING DEFICIT IN FISCAL YEAR 2016/2017 INCLUDING IMPLEMENTING A CONDITIONAL HIRING FREEZE.

WHEREAS, the City of Santa Fe is facing a fiscal year (FY) 2016/2017 operating deficit of approximately $15 million that must be systematically addressed beginning before the end of the current fiscal year; and

WHEREAS, existing city services and workforce levels are not sustainable at current rates of revenue, necessitating a comprehensive plan on prioritizing city functions and evaluating sources of revenue; and

WHEREAS, difficult decisions must be made as to how to cover this gap; and

WHEREAS, City of Santa Fe revenues are 75% dependent on gross receipts taxes (GRT) that are variable and unpredictable; and

WHEREAS, since the 2008 recession, the local economy has experienced a slow

recovery and a shrinking tax base; and

WHEREAS, the 15-year phase-out period of the hold harmless GRT started in the current fiscal year, with the city facing a $1.3 million GRT reduction in FY 2016/2017 and an estimated total of $11 million throughout the 15-year phase-out period; and

WHEREAS, the city must address, through policy changes, the financial policies and practices utilized historically, including the current fiscal year, to address changing conditions in order to secure the sustainability of vital city government services and our community's overall quality of life.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE RESOLVED that the City Manager shall conduct a city-wide needs assessment of staffing and service levels for all core, quality of life, and other services classified as such and prioritized by the Governing Body in order to identify potential areas for cost savings with a goal of eliminating 75 positions over the next three fiscal years for a savings of $3 million in accordance with the following guiding principles:

1. Efforts shall be made to avoid layoffs.

2. All vacant positions shall be evaluated at least quarterly to determine whether they should be eliminated.

3. Consideration shall be given to a hiring freeze targeted to minimize negative impact on core and quality of life services.

4. Efforts shall be made to optimize permanent savings through attrition.

BE IT FURTHER RESOLVED that The City Manager shall seek to identify cities comparable in size, service levels and other variables, such as demographic factors and, in accordance with the foregoing policies classifying and prioritizing City services and guiding principles established by the Governing Body, in order to identify potential areas to right-size City government with a goal of achieving comparable staffing and service levels, including the

following actions:

1. Evaluate a hiring freeze and loss through attrition to reduce staffing to recommended levels.

2. Seeking reductions in overtime and travel.

3. Identify and evaluate the impact on residents and visitors of any potential reductions in service; and ensure that disadvantaged and poor residents are not disproportionately impacted by such service reductions.

4. Evaluate the costs to the City of providing services and proposing changes to fees for services that reflect such costs.

5. Identify functions that can be automated for permanent long-term savings.

6. Aggressively pursue delinquent taxes, fines, and fees.

7. Review the need to fill any vacant positions. If any one position remains vacant after a period of two years, it shall be removed from the list of available positions.

BE IT FURTHER RESOLVED that the City Manager evaluate the City benefits structure as it compares to the benefits structures offered by other New Mexico local governments and by the State of New Mexico in order to identify potential areas for cost savings, with a goal of achieving a comparable level of benefits to those governments with equivalent employee contribution levels.

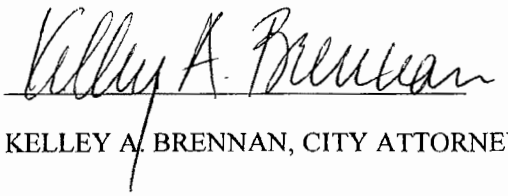
PASSED, APPROVED AND ADOPTED this 9th day of December, 2015.

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Resolutions 2015/2015-110 City Staffing Needs v2