

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, February 2, 2015**

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ITEM

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REQUEST FOR APPROVAL OF A RESOLUTION
AUTHORIZING THE REALLOCATION OF 2012
PARKS AND TRAILS BOND FUNDS IN THE
AMOUNT OF \$533,300, THAT ARE CURRENTLY
ALLOCATED FOR THE SKATE FEATURES AT
FRANKLIN MILES PARK, RAGLE PARK AND WEST
DE VARGAS PARK TO BE REALLOCATED FOR A
SKATE FEATURE AT GENOVEVA CHAVEZ
COMMUNITY CENTER

Approved a/amended

14-16

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

REQUEST FOR APPROVAL OF A RESOLUTION
RELATING TO A REQUEST FOR APPROVAL OF
SECOND QUARTER BUDGET ADJUSTMENTS
FOR FISCAL YEAR 2014/2015 ENDING
DECEMBER 31, 2014

Approved

16-23

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None

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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, February 2, 2015**

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Monday, February 2, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Carmichael A. Dominguez, Chair
Councilor Signe I. Lindell
Councilor Joseph M. Maestas
Councilor Ronald S. Trujillo
Councilor Christopher M. Rivera

OTHERS ATTENDING:

Oscar S. Rodriguez, Director, Finance Department
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

NOTE: All items in the Committee packets for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Lindell moved, seconded by Councilor Trujillo, to approve the agenda, as published.

VOTE: The motion was approved unanimously on a voice vote.

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve the following Consent Agenda as amended.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT AGENDA

A copy of a proposed Professional Services Contract for Item #17 on the Consent Agenda is incorporated herewith to these minutes as Exhibit " . "

- 6. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT – ADDITIONAL ENGINEERING SERVICES FOR SANTA FE RIVER TRAIL CROSSING – ST. FRANCIS/WEST ALAMEDA; PARSONS BRINCKERHOFF, INC. (DESIRAE LUJAN).**
- 7. *[Removed for discussion by Councilor Lindell]*
- 8. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – ENVIRONMENTAL CONSULTING SERVICES FOR PUBLIC UTILITIES AND WASTEWATER DIVISION; ENVIRONMENTAL ENGINEERING & TECHNOLOGY. (ALEX PUGLISI)**
 - A. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – WATER FUND.**
- 9. *[Removed for discussion by Councilor Rivera]*
- 10. *[Removed for discussion by Councilor Maestas]*
- 11. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE AND FEDERAL PRICE AGREEMENTS – CITY-WIDE UTILITY SERVICES AND VOICE COMMUNICATION LINES FOR ITT COMMUNICATIONS DIVISION; QWEST CORPORATION D/B/A CENTURYLINK AND VERIZON WIRELESS. (RENEE MARTINEZ)**
- 12. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – INFORMATION SECURITY POSTURE ASSESSMENT ON CITY’S NETWORK AND APPLICATION SYSTEM INFRASTRUCTURE; COMPUTATIONAL ANALYSIS AND NETWORK ENTERPRISE SOLUTIONS, LLC A/K/A CaaNES. (RENEE MARTINEZ)**
 - A. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – ITT COMMUNICATIONS FUND.**

13. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE AND COOPERATIVE PRICE AGREEMENTS – ITT COMMUNICATIONS RELATED EQUIPMENT AND SERVICES; VARIOUS VENDORS. (RENEE MARTINEZ)
14. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO COLLABORATE WITH THE METROPOLITAN PLANNING ORGANIZATION (MPO) AND THE BICYCLE AND TRAILS ADVISORY COMMITTEE (BTAC) TO STUDY THE COSTS, BENEFITS AND POTENTIAL LOCATIONS TO IMPLEMENT A PILOT PROJECT TO INSTALL AND EVALUATE GREEN COLORED PAVEMENT MARKINGS IN BICYCLE LANES AT HIGH-RISK INTERSECTIONS WITHIN THE CITY OF SANTA FE; WORK WITH THE MPO, BTAC AND OTHER STAKEHOLDERS TO CONDUCT A STUDY OF EXISTING BICYCLE SAFETY ISSUES; REVIEW THE METROPOLITAN BICYCLE MASTER PLAN PROJECT RECOMMENDATIONS FOR ON-ROAD BIKEWAY IMPROVEMENTS; AND DEVELOP AN IMPLEMENTATION PLAN OVER THE NEXT FIVE YEARS TARGETED AT IMPROVING ON-ROAD BICYCLE SAFETY WITHIN THE CITY OF SANTA FE (MAYOR GONZALES). (KEITH WILSON AND JOHN ROMERO) Committee Review: Public Safety Committee (approved) 12/16/14; Bicycle and Trails Advisory Committee (canceled) 12/17/14; Public Works Committee (approved) 01/12/15; Bicycle and Trails Advisory Committee (approved w/amend) 01/21/15; Public Works Committee (approved) 01/26/15; and City Council (scheduled) 02/11/15. Fiscal Impact – Yes.
15. REQUEST FOR APPROVAL OF A RESOLUTION URGING THE NEW MEXICO DEPARTMENT OF TRANSPORTATION (NMDOT), IN THE INTEREST OF PUBLIC SAFETY, TO EXPEDITE THE CONSTRUCTION OF THE NM 599/VIA VETERANOS (CR70) CONNECTION INTERCHANGE PROJECT (COUNCILOR BUSHEE). (KEITH WILSON AND JOHN ROMERO) Committee Review: Public Works Committee (approved) 01/26/15; and City Council (scheduled) 02/11/15. Fiscal Impact – No.
16. *[Removed for discussion by Councilor Rivera]*
17. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE CONTINUATION OF THE ADDITIONAL ONE DOLLAR (\$1.00) PARKING FEE AT THE SANDOVAL PARKING GARAGE ON ALL USERS AFTER 6:00 P.M., ON THOSE EVENINGS WHEN THE LENSIC PERFORMING ARTS CENTER HAS EVENTS; AND DEDICATING THE ADDITIONAL FUNDS FOR THE SUPPORT OF EDUCATING LOCAL YOUTH ABOUT THE PERFORMING ARTS (COUNCILOR LINDELL). (SEVASTIAN GURULE) Committee Review: Public Works Committee (approved) 01/26/15; and City Council (scheduled) 02/11/15. Fiscal Impact – Yes.
18. *[Removed for discussion by Councilor Maestas]*

19. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO YOUTH LEAGUE FEES FOR USE OF CITY SPORTS FIELDS; AMENDING SUBSECTION 23-4.13 AND 23-7.5 SFCC 1987 TO REQUIRE YOUTH LEAGUE REPRESENTATIVES TO PARTICIPATE IN THE KEEP SANTA FE BEAUTIFUL CLEANUP EVENTS IN EXCHANGE FOR THE REDUCED YOUTH LEAGUE FEES THE CITY OFFERS AND MAKING SUCH OTHER GRAMMATICAL AND TYPOGRAPHICAL CHANGES AS ARE NECESSARY (COUNCILORS DOMINGUEZ AND DIMAS). (RICHARD THOMPSON) Committee Review: Public Works Committee (approved) 01/12/15; City Council (request to publish) 02/11/15; and City Council (public hearing) 03/11/15. Fiscal Impact – No.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – JANUARY 5, 2015.

MOTION: Councilor Rivera moved, seconded by Councilor Lindell, to approve the minutes of the Regular Finance Committee meeting of January 5, 2015.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT CALENDAR DISCUSSION

7. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO AGREEMENT – SANTA FE MUNICIPAL AIRPORT TERMINAL EXPANSION; MOLZEN CORBIN. (MARY MacDONALD)

A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – PROJECT FUND

Councilor Lindell asked for an overview and history of this project.

Jon Bulthuis presented information from the memorandum of January 26, 2015, with attachments, to the Public Works, CIP and Land Use Committee, from Mary MacDonald, Project Administrator, Facilities Development Section. Please see this Memo for specifics of this presentation.

Councilor Lindell asked the amount of money we received from the Legislature.

Mr. Bulthuis said he doesn't have that figure with him, but believes it was \$890,000.

Responding to Councilor Lindell, Mr. Bulthuis said this is a request for an amendment to the existing contract with Molzen-Corbin, and that is the total amount of the contract, but today's amendment is for \$137,000 and change.

Councilor Lindell said we got \$890,000 and yet we are undertaking a project that is \$4.3 million.

Mr. Bulthuis said the \$4.3 million is the contract with Molzen-Corbin as our airport consultant, so they are on a multi-year contract to do all of the design work for pavement rehabilitation of the runways, any assistance that we need that has a civil component to it. They help us apply for grants to the State Aviation Division through the State DOT and other functions. So the total amount is a part of their multi-year contract.

Councilor Lindell asked when the original contract of \$3.3 million awarded.

Mr. Bulthuis said the consultant said it was awarded in 2008.

Councilor Lindell noted she heard 2012.

Mr. Bulthuis said in 2012 there was an additional component that amounts to the \$4.3 million, if the amendment on the table this evening is approved.

Councilor said, "I am not comfortable with a contract for \$3.2, and then amendment, amendment, amendment, amendment, that's 5 of them that go out adding up to over \$1 million that aren't bid and aren't part of any contract that we approved originally."

Chair Dominguez asked Councilor Lindell if that is a question or a statement.

Councilor Lindell said, "It's a statement and I would like to see it not continue this way."

Chair Dominguez said the question to staff is how we fundamentally change this practice of having so many amendments, because my sense from the Committee, generally speaking is that with all the amendments and different projects and capacities the City may or may not have, it gets significantly challenging to keep track of all of that as to what the principal factors are behind it. through DOT.

Councilor Rivera said, "I think I can help with some clarification on this. The contract with Molzen-Corbin is not a City contract, it is an FAA contract with Molzen-Corbin. Is that correct."

Mr. Bulthuis said, "That's correct."

Councilor Rivera said, "How does that work. When we have issues that come up that need engineering services, the FAA is already contracted with Molzen-Corbin, so how does that process work."

Kent Freier, Engineer, Molzen-Corbin asked to speak to this issue.

Chair Dominguez asked, "Are you asking that question of staff, or the contractor."

Councilor Rivera said, "The contractor or staff, whoever can answer the question."

Chair Dominguez said, "I think it's more appropriate to have staff answer that question."

Jon Bulthuis asked Councilor Rivera to restate his question.

Councilor Rivera said, "The contract with Molzen-Corbin is not a City contract with Molzen-Corbin. The FAA has a contract with Molzen-Corbin. So how does that work when we provide engineering services or the State needs it to spend money at the Airport – how does that work between the City, Molzen-Corbin and the FAA."

Mr. Bulthuis said, "The FAA under their programming guidelines provide funds to the City to do the work that the consultant is tasked to do. And the City's involvement is to prepare those task orders or to give work assignments to the consultant under the multi-year contract. And each of those contract amendments that you see here have a task or scope that is beyond what was initially approved by the Council. Staff is allowed to write Task Orders, but not the change order such as what is being presented to you tonight."

Councilor Rivera asked how long has Molzen-Corbin been a contractor with the FAA, and Mr. Bulthuis said 25 years.

Councilor Rivera said, "I remember dealing with building a fire station at the Airport and Molzen-Corbin was affiliated with the FAA, and we were told that they were the people we had to go through if we were going to any work at the FAA [Airport?], and I think that's what we're looking at here. So the \$3.2 million is work that Molzen-Corbin has done throughout the year, but it's really not something we can go out to bid for, or out to contract for. It's basically this agreement we have with the FAA about how we do business out there. Is that correct, Jon."

Mr. Bulthuis said, "That's correct, and Mr. Chair, members of the Committee, the contract with Molzen-Corbin is something that goes out to bid on a four-year cycle. We're about mid-way through that right now, so it'll come up for bid again in 2016, at which point any engineering consultant that wishes to bid on this work would have that opportunity."

Councilor River asked, "Is that with the City or the FAA."

Mr. Bulthuis said, "It's a City contract, but it's FAA funded."

Mr. Rodriguez said, "With these kinds of contracts with airports, the contract itself and all the amendments that should come from that have to be approved by the FAA. Often, the FAA themselves makes the changes and tells us as a condition for the money we gave you, we want to make this change or that change, as conditions warranted on the ground. So it gets thoroughly reviewed by the FAA to the point that they say, you will contract with that person if you want this money. So what we have is a contract with the FAA and then another contract with Molzen, but it's very closely monitored by the FAA."

Councilor Rivera asked when we went to bid last for contract services.

Mr. Bulthuis reiterated we are midway in the cycle, and it's a 4-year cycle, so it would have been in 2012.

Councilor Rivera said, "And we are the ones that chose Molzen-Corbin."

Mr. Bulthuis said yes.

Councilor Rivera said, "In that case, I'm a little surprised that we've chosen them for 25 years in a row. That does seem a little odd. I think the FAA has more to do with it than we think they do, so maybe we can look into that a little bit."

Mr. Bulthuis said, "I think in terms of entities within the State that can keep the cost down, make travel, and have staff here, Molzen-Corbin surely has risen to that level, where they've had their contract renewed for many years. I think the question that I responded to about the 25 years was your question about how long that company had doing work for the FAA, not so much working with the City. That may be a different number of years, I'm not certain."

Councilor Rivera asked how long Molzen-Corbin has been working for the City.

Mr. Bulthuis said it is the same answer, 25 years.

Chair Dominguez said, "It's not so much a criticism or reflection of the contractor, it really is just the way we do business is what people are talking about. Why did we decide to do a four-year contract. Is that something within our purview, not that you want to be doing contracts every year or every two years, but is that four years something that is decided by or requested by staff."

Mr. Bulthuis said, "I think it is something that is requested by staff. It's limited by the City's ability to go additional years beyond the four years. The cap that the City Attorney typically limits contracts to is that four-year period. I think there is merit in having consistency and the ability to carry a program forward year after year, because it takes multiple years to even get one project done. So if you have a runway project that needs a two-inch course of asphalt placed on it. There is a process of going through the environmental documentation which takes roughly a year, followed by a design period, which takes roughly a year and you finally get to that construction period in the third year. So having that consistency with the same engineering firm as you're moving from one phase to the next I think is very valuable. I wouldn't recommend doing less than four years, but again, that is the purview of the Governing Body."

Chair Dominguez said, "I'm sure there's efficiency in all of that, and I can see that especially with some of these complicated kinds of contracts and agreements. But I think, just for staff's information, you're hearing some of the frustration by the Governing Body, or at least the Committee on the way we've been doing things and have done things."

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

9. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – SANTA FE COUNTY DETENTION CENTER ELECTRONIC MONITORING PROGRAM ASSISTING SANTA FE MUNICIPAL COURT AND POLICE DEPARTMENT WITH RECEIPT AND PROCESSING OF BONDS; SANTA FE COUNTY. (JUDGE YALMAN)

Councilor Rivera said on page 3 of the contract, where it talks about the term, it says, "The County has the option to extend the term of this agreement for two years by providing the City 30 days written notice." He asked the reason the County has that authority and why it wouldn't be a mutual thing.

Judge Yalman said, "Because the County is doing all work and we're just benefitting. They collect the bonds, they collect an additional fee of \$10 and then we just pick them up, they have to write it all out, get the money – they handle all the work. So, we did this as a trial to see if it was too burdensome for them, because it used to be the Police Department that did it, and it's working very smoothly. I haven't heard that the Police want it back. So really, they're doing us a favor."

Councilor Rivera said if we decided on something different or the County decided on something different, we would have to come up with a Plan B with 30 days to do that.

Judge Yalman said yes, and we probably would go back to the Police Department.

Councilor Rivera asked, if that happened, is 30 days sufficient notice to end the contract and come up with a Plan B.

Judge Yalman said, "I believe so. The Police have been doing it for years, at least 25 years."

Councilor Rivera said his concern is that the 30 days might be too short.

Judge Yalman said, "It's short, but it's been done before, so I think it would happen again."

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

10. REQUEST FOR APPROVAL OF AGREEMENT BETWEEN OWNER AND ARCHITECT – MUNICIPAL SPORTS COMPLEX (MRC) SOCCER VALLEY IMPROVEMENTS & EXPANSION (RFP #15/16/P); DESIGN OFFICE, CLAUDIA MEYER HORN. (JASON KLUCK)

Councilor Maestas said this contract is more for design than construction of a future expansion of the MRC soccer fields.

Jason Kluck said, "Yes, that's correct. It's all design contract."

Councilor Maestas said, "And the construction funding, we have not secured that, right. I think the total for all phases was almost \$7 million."

Mr. Kluck said that is correct, and funding has not been secured at this time.

Councilor Maestas said then this potentially could be an upper shelf project.

Mr. Kluck said, "That's one outcome that could happen, yes."

Councilor Maestas said, "My question is looks like there is some flexibility in the State earmark for renovating existing facilities at the Soccer Complex. Was thought given to work on existing facilities today, address needs that exist today on existing facilities. Maybe just in general, explain your prioritization process and why you opted to expand instead of renovate existing."

Mr. Kluck said, "We received \$225,000 from a State grant, and we had an MOU with the County to provide another \$5,000, so we have \$230,000. As you saw, the bids for the design work came in a little higher than that, and we were able to get it down right to that number with Design Office. And that scope of work reflects Phase 1, which is almost purely renovation of the existing fields. So that's basically the track we're going on, and hopefully we can get that designed, and then get money for the construction and/or money to design Phase 2 which is more new construction."

Councilor Maestas said then this is just for design of Phase 1, and Mr. Kluck said that is correct.

Councilor Maestas asked if we have a plan to go after construction funding, are we planning to incorporate in some future bond, a G.O. Bond or..."

Mr. Kluck said, "I believe that the Soccer Complex is pursuing that, but they haven't included us in that aspect, but I know they are pursuing more legislative funds and it sounds like they may pursue bond funds as well. That's hearsay that I've been a party to."

Councilor Maestas asked if there is a backlog of needs of existing facilities at the Soccer Complex, or would you say we're up to par on all required maintenance.

Mr. Kluck said, "I'm sorry I couldn't speak to that."

Councilor Maestas said, "So you're not familiar with the needs of the existing Soccer Complex."

Mr. Kluck said, "Oh yes. I can speak to that. It sounds like the irrigation system several years ago underwent a fairly significant repair, but it does need to be remodeled. The fields don't drain as well as they could. A couple of years ago, I was in charge of renovating some of that drainage, and the walkway, the circular path that surrounds the soccer fields, that was a slurry overlay and really should have been a two-inch asphalt overlay in my opinion. So there's things like that, and there are drainage measures that need more work. We did a lot two years ago. We remodeled the parking lot. It's still base course, but it is a lot better than it was."

Councilor Maestas said, "Sometimes we get legislative funding that we don't really ask for, at least ask for as a top priority, but that doesn't mean that we should just accept it, because we do have other means to reauthorize it for greater priorities. And I only raise this issue in this example, because I think the last time we met, one of our overarching principles going forward is not to use one time funds for recurring costs. And I think we've seen that the MRC has had negative cash carry-overs each and every fiscal year, so we know it's definitely not self sustaining. But by virtue of expanding it, aren't we adding to that problem of it not being self sustaining, so it becomes a drain on the General Fund. I realize recreational facilities are very very important, and I know there is support there by the Leagues. However, in the grand scheme of things, I think we really ought to reconsider expanding any kind of infrastructure and seriously look at taking care of our existing needs before we make that decision. And if we do make the decision to expand and create an increase in recurring costs that we have a financial plan to pay for those, so that was my concern in this big picture, the kinds of issues that may be more in the weeds."

Councilor Maestas continued, "One thing that concerned me, the winning consultant was from Santa Fe and did get a local preference score, but they only had one local subcontractor from Santa Fe out of 10-12. I would hate to think there are companies that are creating offices located in Santa Fe, and for our big projects all they do is farm them out to other consultants that reside and are located outside of Santa Fe. I looked for the break down, in terms of how much of the entire part of this budget is allocated to each subcontractor and I couldn't tell. But I think, given the sheer number of subcontractors, and only one was from Santa Fe is really of concern to me, because that kind of undermines our whole local preference score. I know we've been talking about procurement reform, and I would say for these large professional services contracts we need to incentivize the score of the prime contractor who hires a lot of local companies. I can't tell you that this is a big problem, but this is the first time I've seen it on a large PSA."

Councilor Maestas said, "The only other issue I had was more on the evaluation criteria. I noticed, in terms of the percentage allocated to all the factors that went into scoring the proposals, we allocated 20% for past performance. Do we really see a lot of previous companies bid on work, because I would hate for us to allocate so many points for criteria that may not even apply. When I looked how much we allocated to experience, training education, other than the actual approach to the proposal, I think that's certainly more important than past performance. I definitely think past performance should be weighted a lot lower than 20% and that experience, training and education should be rated higher."

Councilor Maestas continued, "Just some suggestions. When past performance doesn't apply, if you're getting a first time proposal, then you score at zero, and that isn't productive and help us in picking the best firm. There wasn't a large disbursement of scores between all 3 which were from Santa Fe. That could make a difference in choosing the best offer or consultant team."

Councilor Maestas continued saying he wanted to make these points, and hold some of the prime contractors accountable and try to incentivize them to hire Santa Fe subcontractors, and to have a more realistic evaluation criteria for these PSA's, and weight the experience, training and education higher.

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request.

DISCUSSION: Councilor Lindell appreciates Councilor Maestas' remarks. She realizes this is funding from the State, but it is for the improvement and expansion, and said, "so could you say again how this money is going to be allocated."

Mr. Kluck said, "The approval before you now is for design for phase 1 construction. And Phase 1 construction involves mainly renovating the existing lower fields."

Councilor Lindell asked if they are usable now.

Mr. Kluck said they are being used now. He said, "There is the opinion out there now that they're not very usable, that they could stand renovating. I can personally say they don't rain well, but that doesn't mean they're not playable."

Councilor Lindell said, "There is \$230,000. Considering some of the budgetary considerations we have right now and how things are for us and different things the committees talked about and that the entire Council has talked about, I really couldn't consider the expansion of more fields right now, for the same reasons that Councilor Maestas was saying. It's one thing to get them built and then we have to maintain them, and these fields really aren't that old and now we're looking renovate them that they were done inadequately. How do you go backwards on how things were built that don't drain properly. How did this happen. Did they all of a sudden start to not drain well, or from the day that we started playing on them did they not drain well."

Chair Dominguez would like for proper staff to answer this question.

Mr. Pfeiffer said, "I'll do my best to answer. Over time things change, the land changes, the earth moves, things change, nothing is perfect. You can put it down to best of your ability, and later on sidewalks crack. Things changes. Ditches are done, it creates waves, drainage ponds fill up over time, things change. It was built several years ago. We water it regularly, there's wind and all those things and things change a little bit. And the grading was set for a flat soccer field, and we've learned it doesn't drain well and it's caused other issues where there is ponding and ponding causes more issues, it shrinks and lowers the ground. So a series of events have occurred to make it not drain as well as it may have been originally designed and done on the field. It is just one of the things that occurs over time."

Councilor Lindell asked how much time we're talking about, and Mr. Kluck said he thinks it was built in 1998-1999 something like that, it is more than 15 years old.

Councilor Rivera said his kids played soccer there 12 years ago, and these problems were occurring then. He said some fields are literally like playing in a swimming pool because of drainage issues. He asked if any Phase 1 money is going toward expansion of the current fields.

Mr. Kluck said no.

Councilor Rivera said then it's all to improve the existing conditions, and Mr. Kluck said yes.

Councilor Lindell said, "If Councilor Rivera's children were playing 12 years ago in a swamp, how many years ago were these fields built."

Mr. Kluck said in the very late 1990's.

Councilor Lindell said they didn't last very long

Mr. Pfeiffer said they were built for drought tolerance, so they were built to hold water, and it has caused issues over time, so we learn by mistakes also.

Councilor Lindell said these are expensive mistakes. She said she would hope we don't see amendments for more design work over what we're allocating today. She said she doesn't know how to make herself any clearer about that.

VOTE: The motion was approved on a voice vote, with Councilors Trujillo, Maestas and Rivera voting in favor of the motion and Councilor Lindell voting against.

16. **REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A CITY OF SANTA FE VETERANS' ADVISORY BOARD THAT WILL ADDRESS MATTERS AFFECTING VETERANS, PROPOSE SOLUTIONS TO ADDRESS THE NEEDS OF LOCAL VETERANS AND ADVISE THE GOVERNING BODY ON STRATEGIES AND SOLUTIONS ON SUCH MATTERS (MAYOR GONZALES). (TERRIE RODRIGUEZ) Committee Review: City Council (scheduled) 02/11/15. Fiscal Impact – Yes.**

Councilor Rivera said on page 4 of the Resolution, it talks about membership, officers and their terms, on lines 14 and 15 it says, "Appointees of the Board shall be residents of Santa Fe County, preferable veterans." He asked what happens if there are veterans that don't fit into any of these areas, commenting you could have a committee with no veterans on it, and asked if that is correct.

Terrie Rodriguez said, "Yes, that's correct, from the reading of this. We were hoping for the chair of this, which has been in the works for some time, that former Councilor Chris Calvert would be the chair of this and he is a veteran. And one of the reasons we said 'preferably veterans,' was to include families of veterans. Our community is very heavily loaded in veterans in services, so we feel families would also be persons of interest to be able to obtain some of these services for veterans because they know the needs of those individuals.

Councilor Rivera said then it should say that of the 9 members a certain number of them, 3 or 4, should be either a veteran or family of veterans, we definitely include veterans on this Committee. He would hate to see only one veteran be the Chair and everyone else not veterans.

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve this request, with an amendment that at least 3 of the members be veterans or family members of veterans."

DISCUSSION: Councilor Maestas said Ms. Rodriguez's office will be providing the staff support, and Ms. Rodriguez said this is correct.

Councilor Maestas said we have talked about the number of boards and commissions, and one of the initial efforts by the Mayor was to have his staff to inventory all the boards and commissions, their charges, staff assigned, in an effort to consolidate or streamline them. He realizes this is important. The intent is to reduce the staff workload, better manage the staff workload, noting the estimate in the FIR was \$1,200 for staff and \$1,200 for a stenographer. He asked if she thinks that is a realistic estimate for staff time to be a liaison. He asked if it would be one person, commenting he believes more than one individual will be working to support this Board.

Ms. Rodriguez said previously the Council discussed looking at boards and committees of the City to consolidate them. She said the Community Services is the only Department that did eliminate one of their boards, but everybody did come up with the essential needs for the other boards and committees. She said we did a joint City/County Board for the Food Policy Council, and we allocated \$10,000 from the City and the County also allocated \$10,000 and last year increased that amount to staff that committee so those duties and responsibility didn't fall on one individual in either in the City or County. She said that expense continues to be a draw on the budget, it was a pretty reasonable way to look at this. What we ended up finding on that Council is that we got these young, energetic kids straight out of college with these wonderful ideas to address the Food Council. She found that to be a very beneficial way of looking at staffing the Council. It brought a small amount to bear on a particular committee or council and brought a wealth of new ideas coming to it.

Ms. Rodriguez said, "So yes, that was a low estimate. I estimated it only on the actual times of the meetings themselves."

Councilor Maestas said if we are going to be setting this precedent to estimate staff costs associated with legislation, there needs to be a consistent methodology. "But realistically you can't expect me to believe that staff time will cost only \$1,200 for an entire fiscal year to support this board. I don't want it to be selective. I want there to be some kind of methodology and we can further discuss this when we take up

some of the proposed changes to the FIR. If we're going to do this, let's do it right, let's be fair across the board."

VOTE: The motion was approved unanimously on a voice vote.

- 18. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE REALLOCATION OF 2012 PARKS AND TRAILS BOND FUNDS IN THE AMOUNT OF \$533,300, THAT ARE CURRENTLY ALLOCATED FOR THE SKATE FEATURES AT FRANKLIN MILES PARK, RAGLE PARK AND WEST DE VARGAS PARK TO BE REALLOCATED FOR A SKATE FEATURE AT GENOVEVA CHAVEZ COMMUNITY CENTER (COUNCILOR TRUJILLO). (RICHARD THOMPSON) Committee Review: Public Works Committee (approved) 01/12/15; and City Council (scheduled) 02/11/15. Fiscal Impact – Yes**

Councilor Maestas said on page 2 of the Resolution, lines 14-16, speak to the required public hearing when voters approve bonds, saying obviously if it is a reallocation there has to be a public hearing. He said we have yet to have the public hearing, and asked if it will be when this is considered by the Council.

Ms. Byers said, "That is correct. So next week, when this Resolution shows up on the Council agenda, it will be in the evening session, so a public hearing will be held before the Resolution is adopted, and the data filled in, if the Resolution passes, will be February 11, 2015."

Councilor Maestas said, "This was a referendum by the public and it is not your typical resolution. And I'm wondering why in our rules of procedure, we treat this as a Resolution instead of an Ordinance when it comes to requiring public hearings that require the advance notice of the public hearing. So I feel there is a missing step here that would be included if this was an Ordinance Amendment. And we would have on the agenda a request to publish a notice of public hearing and then have the public hearing. That's my concern."

Councilor Maestas continued, "In terms of the policy track, it went from Public Works to Finance and then to Council. And Councilor Trujillo, did you have a public hearing in public works regarding this. You didn't. So this is just a comment, because I think this is an extraordinary Resolution because it is a reallocation and it does require a public hearing. Maybe we can amend the rules of procedure and make this an exception and treat it as either as a new ordinance, or an amended ordinance. Can you comment on that. Would that be possible, Melissa."

Ms. Byers said, "This is the first Resolution we've done since that Ordinance was adopted, and it doesn't reference that by Ordinance we would reallocate funds. All it says is that after a public hearing, the Governing Body would vote on the reallocation. If you wanted that detail to be an Ordinance, I think we would have to amend the Ordinance to say that in the event reallocation is to be done, based on reallocation of funds from a tax or a bond that an ordinance would be adopted. So just by saying an ordinance would be adopted, that would mean it would have to be a request to publish and public hearing on such. And this came up because of some reallocations the Council did last year on some trail funding,

and you did that as a Resolution. So I think they went back, and when this reallocation came up, we just did it as a Resolution. And usually we only have requests to publish for ordinances and not resolutions. But if the Governing Body or this Committee wants to recommend that this be done by ordinance. Or like you said, we could amend the Governing Body rules."

Councilor Maestas said, "The premise for us is to be truly transparent, particularly in situations where the public voted for a certain allocation, and we made subsequent changes to that allocation. And I think it should be treated in the highest formal fashion, and the highest fashion I can think of is how we treat an ordinance and an amendment to an ordinance."

Chair Dominguez said that was the intent when the Ordinance was amended, to start providing some of that transparency. I agree with you that when it comes to this kind of reallocation, maybe it needs to rise to the notification of an ordinance.

Ms. Byers said it could be done, and next week we could put it on the as agenda a request to publish notice of public hearing. So, instead of having the public hearing next week, the public has a month to come and ask about it.

Chair Dominguez said it would require a change in the Ordinance to make that happen from here on out.

Councilor Maestas said, "I'm not trying to hold this project hostage. I'm in support of it. I fully support it, but I think we took a hit when we did the recent reallocation on the trail project at Alameda and St. Francis. I want to make sure we don't fall into this pattern where we do these subsequent reallocations after the citizens go to the ballot, and some folks are unhappy with it. I think at the end of the day we don't look like we are the most transparent. I would like to see that change. We should publish notice of a public hearing.

Councilor Trujillo said there is no time issue for him, and we haven't gone out for a contractor.

Councilor Maestas said he is in total support of this, but he thinks this would be a very positive step to assuring the public that priority do change, but we do recognize and want the public's input to validate our changes subsequent to any bond issue.

MOTION: Councilor Maestas moved, seconded by Chair Dominguez for discussion, to approve this request, and because it is a resolution, we're approving it with the condition that there will be a request to publish and then we have the public hearing, with direction to staff to bring back an amendment to the Ordinance that reflects the action that we're taking on this.

DISCUSSION: Councilor Trujillo said. "The way the Ordinance is written, does it require this."

Ms. Byers said, "It does not. Sometimes in the evening session there have been other times where we've had public hearings that we didn't do a request to publish notice of public hearing. The way the Ordinance is written right now, it just says the Governing Body can reallocate after a public hearing is held, but it doesn't say there has to be notice."

Councilor Trujillo said Councilor Maestas wants a request to publish, which doesn't violate current law, and this is just an extra step. He has no problem if you want more transparency. The money was allocated for City features, it wasn't for skate features and such, but he has no problem if he wants to do this for transparency.

Chair Dominguez said,, "Since we are policymakers, and not just project coordinators, lets go ahead and do that. We've got a second, sounds like we have support for it, but bring forward an amendment to the Ordinance to reflect what we've done, and bring it forward from the entire Committee, unless I hear otherwise, it'll be something from the Committee. I think that was the intent in the first place, Councilor Maestas, was to give it that extra scrutiny. I agree with you that we need to give it and make that a part of the policy."

VOTE: The motion was approved unanimously on a voice vote.

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

20. REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF SECOND QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2014/2015 ENDING DECEMBER 31, 2014. (CAL PROBASCO AND ANDY HOPKINS)

Chair Dominguez said he put this item on the Agenda because it's a budget thing, and he is unsure if the Committee had additional questions, noting we have had questions in the past about quarterly budget adjustments.

The Committee commented and asked questions as follows:

- Councilor Maestas said on page 3 of 4, Section A, in the list of Council Approved Adjustments, under Other Council-Approved Adjustment, Fund 2115, it says, 50 Marketing Lodgers' Tax, Appropriation for marketing – filming of *The Bachelor*, he said we authorized up to \$50,000. However on page 4 of 4 at the top under 5100 Civic Convention Center Fund, there is another appropriation for the filming of *The Bachelor*. He asked if that is where we expended the appropriation.

Mr. Probasco said that was the source of the funding.

- Councilor Maestas asked why it was listed under the 50% Marketing Lodgers' Tax and expended under the Civic Convention Center Fund.

Mr. Probasco said staff can check the documents, "but as I look at this that would be the source of the funding, there is a transfer into the Marketing Fund to cover that expenditure, but we will double check the documents, sir."

- Chair Dominguez said when we look at Other Council Approved Adjustments, these are all adjustments that were not mandated via the budget, so this is basically \$8 million in expenditures were Council-approved in excess of our budget.

Mr. Probasco said, "Actually you are using cash and there are a variety of transactions reflected in this. It's not that there is a net increase, because it offset by revenue increases."

- Councilor Lindell said there were expenditure increases of \$8 million, with revenue increases of \$4 million, and we're still at \$3.8 that we spent that wasn't budgeted.

Mr. Probasco said, "That's correct, but you have a combination of cash that's already in these funds, so what this represents is bringing the budget into alignment with planning."

Mr. Rodriguez said, "It's important to start from the standpoint of what this reporting is. This is a required report done in this fashion. This not the fashion I would bring it to you. But this is the format the State requires. They basically say, any changes you have made to the existing budget, every quarter you have to come to us and tell us about those changes. Whether it increased your budget or it was moving money from one to the other. To them, it doesn't matter terribly that some are in the Utility Budget, some in General Fund budgets, they're just saying put it all together. So if you were to isolate these, for example, to the General Fund, which since we started, we're in the negative by half million dollars. It would be virtually impossible to bring it out of all this information here. And if you were to ask about specific funds, that very well could be that we're in the positive. It only confuses things when you try to put them all together. In some cases the funds were positive and stayed positive, and some funds that were negative potentially remained negative. We try to report that to you at the time of the BARs, we give you information at that time and try to scrutinize it at that time. All this does is just put it all together, so things that you have seen already, voted on already, and this just puts it all together as a report to the State."

Mr. Probasco said, "I would point out, Councilor Lindell, that the largest single component I see is on that same page. And there was a transfer from customer service of \$2.5 million for the remote meter reading project."

- Councilor Lindell said, "Mr. Rodriguez you said there was \$400,000..."

Mr. Rodriguez said, "It was \$400,000. In our General Fund, if you look at the financial report and the report we gave you, and you will be getting another financial report in two weeks. If you look at it by fund, in the General Fund, for example, the Council increased the General Fund by about

\$500,000, and revenues stayed about the same. Those are the instances where we try to take advantage to point out to you the fiscal impacts of your decisions. This report does not change anything, it's only before you because the State requires it to be brought to you, but these are all actions that you have already taken. Just the idea that they are put together, one on top of each other makes the eye want to add them up and make sense of it. That's not the way to make sense of this report. It just complies with the State's requirement."

Mr. Probasco said, "There are two other items. One is the purchase of a Fire Truck which is funded from the bond, and then the DFA Fire Hazard Reduction Grant, there was an increase of \$300,000 in that. So the cumulative effect is that they are all actions that have been previously approved."

Chair Dominguez said then really, the difference will be reflected in the monthly report that we're going to be getting every month, so that's where we look to see whether or not we are spending more than we have to some degree.

Mr. Rodriguez said that is correct.

- Chair Dominguez said the way this is presented is the way it is required to be sent to DFA by Resolution.

Mr. Rodriguez said this is required of every municipality in the State, and it is required to be done by Resolution. He guesses part of what they 're trying to is to create the effect they seem to have had, which is for the "Governing Body to stand back and say these are a lot of changes to our budget, maybe we should look more closely. But you staff is already doing that when the Budget Adjustment Resolution comes to you with our monthly financial reports and things like that." He said a lot of municipalities don't get even that much scrutiny.

- Councilor Maestas said on packet page 14, the Second Quarter Adjustments, Fund 2232 Fire Hazard Reduction Grant expended \$351,000 and there is no revenue. He asked, "Are we going to get this grant at some point in the future after we've expended the money. I guess this is just a point in time snapshot."

Mr. Probasco said yes.

- Councilor Maestas said, "My issue is, do we have a policy for staff – should they start making expenditures in advance of getting a grant. I know it happens, but do we have any kind of policy."

Mr. Rodriguez said yes, "For us to even apply for a grant, we come to the Council for approval. When we receive the grant, that represents an increase in revenue and then we come to the Council to amend the budget by that increase in revenue, so you get those two looks at it now. Obviously, if a contract is going to be let with the grant proceeds, then that has to come to Council for approval as well, so you basically have 3 looks at it."

- Councilor Maestas said, "Some of these grants don't allow you spend any monies prior to the application and the award. And I noticed in the first quarter that we've already approved for that same fund, 2232, \$50,000 was expended with no revenues. I just hope since we're talking about budget principles that we're not a City that's really, maybe, perhaps over-confident and expending monies and then getting the grants after the fact, and having the General Fund carry that burden, number one. And then, number two, let's make sure we're not violating any conditions of these grants and say, hey, you can't expend any money prior to the application or the award of such grants. Teresita maybe you can... am I way off base here."

Ms. Garcia said, "What we do is that we do not approve the BAR until we receive the award letter. Once we receive the award letter, then that is indication to us that we have a contractual agreement between the Grantee and the City of Santa Fe, but we do not budget unless we get an award letter."

- Councilor Maestas said, "But we're incurring expenditures."

Ms. Garcia said we do not expense until the award has been given."

- Chair Dominguez asked if that is a policy.

- Councilor Maestas said, "If that's the case, why isn't the grant noted either in the first quarter or the second quarter. There's no revenue noted and we're already expended about \$400,000."

Ms. Garcia said, "On some of these grants, we have an ongoing contract year after year, and we've already budgeted the original contract, and then we wait until the carry-forward and then we wait for the grantee to allow us to carry forward the grant, and then we budget the amount. So some of these grants are really 3-4 grant agreements. So if you don't use it the first year, then we have to carry forward. By the time we carry it forward, the revenue already has been budgeted. And then the expenditure comes in once we get the approval from the Grantee or agency, then we budget the expenditure. So the revenue could have budgeted in the original budget, but not the expenditure. So it's a timing difference that... we will budget at the beginning of the year, we will have a budget for the revenue. But once we close out and they do not expend it, we have to back to the agency and request a carry-forward, or to use the money or extend the grant, and then we budget the expenditure."

Mr. Rodriguez said, "That said, members of the Committee, the point is understood Councilor and we will take it and make sure to include it in our financial management policies, and that will be a chapter in our Budget Book, and I'll make sure that is included under our under liquidity policy."

- Councilor Maestas reiterated we should closely regulate our expenditures especially if it's dependent on some future funding, because we might get into a running deficit – incurring expenditures and never balancing with the future funding. This is his concern.

Ms. Garcia said, "Our procedures in accounting is that we don't let them expend any money unless they have a budget. If they do not have a grant agreement, we do not budget the money. I know this was a little bit more difficult on the Fire Hazard, because they gave us the money. And we budgeted it, but we didn't allow them to budget the expenditure until we got a formal letter from the Agency that we could use it for future funding. So our grant accounts have a very tight control over those. The only thing we do, is we do it on a reimbursement basis in which we ask for funding after we expend it. And that's because we don't want to get caught with that three-day rule with the feds. We have a very tight control over the process, and the reason you'll see the grant application coming in without a bar. You approve the application, then at the time we get awarded, you come back to Finance with the award letter and the BAR authorizing the departments to expend. And then those go into our grant accountants, where we review the expenditures to make sure those expenditures are complying with the grant agreement."

– Councilor Maestas said on the second page of Second Quarter Adjustments, there is 4127 and 4152, the GRT CIP bond and GO bonds, he asked when the revenue will show up to offset those expenditures on those two bonds. He asked, "Why would we list the revenue."

Mr. Rodriguez said, "Because it doesn't represent a change to the budget *per se*, so all you have here are just the changes to the budget. DFA says you gave us a document that said this is what you were going to spend, so on a quarterly basis, give us the changes to what you told us. So if we told them previously that it had been fund out of bond proceeds, then they don't look at it as a change. This is not an accounting document."

Ms. Garcia said, "On our bond issues, we record the bonds at the time that we receive the cash and then we transfer between the two funds, so you won't see revenue coming in as a bond issue, because the revenue has already been budgeted and distributed. When we do transfers between the CIP funds, those come in as Transfers In and Transfers Out."

– Chair Dominguez said, "On that process you just articulated previously, that process is audited and part of our...."

Ms. Garcia said, "They are audited by the external auditors. They are audited by the State Agency that gives us the money and the federal auditors coming in."

– Councilor Dominguez said, "Just so I understand, there are times.... this is a good example of that Fire money where timing is an issue, but generally speaking you don't expend the money until you receive it."

Ms. Garcia said, "We don't expend the money until we receive the approval to spend the money."

– Chair Dominguez said, "I guess that's where I want to hone in. You apply for a grant, you receive an award letter, you put it in the budget, but you don't start spending it until you receive the funds."

Ms. Garcia said, "No. As soon as we receive the award letter and get the budget approved, that gives us the authority to expend it. There are federal and state guidelines that we can't hold any federal monies longer than 3 working days. So what we do, is we expend it and then ask for reimbursement by sending them all the supporting documents, or go on line and ask for reimbursement. At that time, then they will send us the money. So basically, the General Fund is fronting that money so that don't fall into a phase where we're keeping the money more than the 3 working days."

- Chair Dominguez asked if that is just for federal funds.

Ms. Garcia said, "If we have that policy, sometimes the State will have a flow-through which they're flowing through federal grand monies. Sometimes we don't know whether it's federal or State, so we just make it a practice that we will expend the money and then ask for reimbursement once we expend it, because we do not want to fall in violation of that rule."

- Chair Dominguez asked what if it is private money.

Ms. Garcia said, "If it's private money, they give us the money up front. It's not a grant, it's not tied to any governmental agency. If it's private money, for example we got \$10,000 from LEAD from a non-profit, that money isn't budgeted until we receive the cash."

- Chair Dominguez said, "For those certain funding sources, it's not part of the budget until we actually receive those funds. It's not budgeted and then we get the funds and then we start expending them. The question is if that a general accounting principle, is that a policy, is that just like an internal policy that Finance has. Is it a policy the Governing Body needs to consider."

Ms. Garcia said, "It's more of a.... there is an administrative process that defines how we get money and how we budget it. And we are in the process of updating that policy, so it's mostly an internal control that we put into place so we can have a tight control over the money spent by the departments."

- Chair Dominguez asked Mr. Rodriguez if he is okay with that.

Mr. Rodriguez said it is a City policy that you can change. He will make sure we look at that chapter in the budget and you have all of these lined out.

- Chair Dominguez said, "It just raises the question, just feeding a little off what Councilor Maestas said, if we have a rogue staff member and a rogue finance director that aren't applying at least that internal policy or the administrative policy, does it need to become a policy of the Governing Body."

Mr. Rodriguez said, "The basic principle of not expending cash if you don't have to, especially on grant situations, is more best practices. There are some grants, like the federal grants, that simply require us, just put you in a situation that if you want the money, you need to hurry up and either expend it and ask for reimbursement. Or you have things so queued up that they go in 3 days. If

it's other kinds of grants where there is no requirement, we try to use their cash as opposed to ours on a reimbursement basis. I don't think we could expect, reasonably, that all of the grants and all those monies to come to us are all going to have the same sort of rules, but the principle is still a good one to make real clear here. And that is, that if we have an option, we will use their cash as opposed to spending ours and then asking for reimbursement. That's part of our policy to try and build up cash."

– Councilor Maestas said, "Those grants always have the same provision that our legislation has is that it is subject to appropriation, so there's no guarantee if we start work and maybe in year past, we've always been reimbursed, there is no guaranteed that we will. And there's no guarantee that we'll get that exact amount of that grant in the next year. So I'm just saying, I know some of these grants have different guidelines, but let's not get too ahead of ourselves and then get stuck, and have the General Fund to have to carry a shortfall. Got it."

– Chair Dominguez said his sense is that we've got a good staff and they're conscientious of that, but you're right, if all of a sudden we don't get one of these grants then our General Fund has a big hit.

Ms. Garcia said, "In my tenure here, we had policy and procedures on all grants no matter the dollar amount, always came to Finance and Council first, the application to determine whether we have matching funding, and then once it was awarded, we brought it to Finance and Council. During the past maybe eight years, a Councilor recommended that the application not come to Finance and Council. So, if I had my say, I would make it a formal policy, because that is how accounting can control exactly what you said, which is if this a policy that is supported by Finance Council in which all applications whether a dollar or a million dollars, that the application goes through Finance and Council for approval instead of waiting until the application comes through. Because, once we apply for the money, sometimes we don't have the matching, or the matching becomes a critical component of this fund which will go to what you were saying, is that yes we might have a \$5,000 grant, but it's going to cost us \$450,000 just to get that \$5,000 grant, and do we have the funding for it."

Ms. Garcia continued, "So maybe in the future we can go ahead and establish a policy on the procedure on applying for grants and making sure there is a process that is very outline and efficient, so when a department comes in and says this application is due in 2 days and there's no Finance Committee, so there is a process."

– Chair Dominguez asked Mr. Rodriguez to add that for consideration during the budget hearing.

Mr. Rodriguez said, "There will be a new chapter in the budget called our Financial Management Policies which you can review every year." He said he will come back to talk about one of the procedures they are putting place so they have a change to report the fiscal impacts on initiatives that should come from the Council, from the staff, and that's the new Fiscal Impact Report procedure, whereby anything of consequence is assigned some kind of fiscal impact. He has seen a number of items that come through where it is assumed there is no fiscal impact because

that item sort of asks for an application to be submitted, thinking there's no fiscal impact until the application is received. To do proper planning we have to be sure when we apply for something like that we have the resources to act on it should we get it.

MOTION: Councilor Lindell moved, seconded by Councilor Maestas, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

21. NEW FISCAL IMPACT REPORT (FIR). (OSCAR RODRIGUEZ)

Chair Dominguez said this is an attempt to bring some accountability to ourselves so we do not continue to have unfunded mandates and that we consider the impact the policy we bring forward on our finance, and it speaks to all the stuff we talked about just previously and in the past. He said, "I guess the question I have, I know Melissa's not here. One of the questions I have, you can answer this Teresita. Is this intended to be completed before it goes to the first Committee.

Ms. Garcia said the intent is for it to be filled out completely before it gets to the Committee members.

Mr. Rodriguez said it is intended to be completed before it goes to any Committee with the idea that all committees have all the same information. There is a recent practice when items went, for example, to Public Works and the financial part of it wasn't complete with the thinking they will get that ready when it goes to the Finance Committee. He said, "This would be a standard part of backup for all items for all the committees at any given time to have the same information."

Mr. Rodriguez said Ms. Garcia has been the one to work on this form, and he will turn it over to her to make the presentation.

Ms. Garcia said the first section is designed, as requested by the Chair, for the sponsor to give a synopsis of the legislation, funding source if applicable, community impact, consequences of not enacting the bill or resolution, and at the bottom where it says approval by primary sponsor, that will be moved up so the primary sponsor is giving the information and signing off on it.

Ms. Garcia said the person coordinating the Impact Report will then design the timeline to go to the Committees, and that person will submit the synopsis to the affected department.

Ms. Garcia said the bottom portion is a summary of the sections, and then the City Attorney will sign off on it as applicable or non applicable. She said on the second page, Section 2. Legal Conflicts and Risks, the attorneys will answer whether there are conflicts or technical issues. The attorney will then sign Section 2.

Ms. Garcia said the form will then go to the department that will indicate if there is an operational impact, personnel needs, technology needs and then they will prepare the budget and fill out the revenues

and expenditures indicating any impact to current or future budgets. The department director will then sign sections 3 and 4 on page 1.

Ms. Garcia said it will be sent to IT to determine whether there is an IT impact, and they will sign section 5, and the same with Item 6. She said although departments may not think there is a financial impact they will certify that there is or isn't, and that the cost of personnel is accurate.

Ms. Garcia said the Finance Director will determine the impact to the City as a whole, and will do an analysis on how it affects the City. She said if there is no impact at all, then you will only see first page where nothing is applicable and "they have signed off on it."

The Committee commented and asked questions as follows:

Chair Dominguez said he feels we need to incorporate some of this into our Governing Body Procedures, because it speaks to our fiduciary duties financially, making sure it is a balanced budget, and to actually require a sponsor to sign an FIR is pretty significant. He said, "It means that we have skin in the game, and not only do we understand the impacts, but that we are going to be held to some rules, given our Governing Body Procedural rules. And so I wish Melissa was here to speak about that a little bit, but she's not. Did you guys have any discussion about that."

Ms. Garcia said, "Yes, we did. But we designed this form first to address the change of the financial impact. What we did is, if this was selected and with changes, is that what we wanted to do is that it's simple enough to adapt to anything that comes through Finance. Okay. Because before it even hits the first committee that you fill out an FIR and in fact, it's not even an FIR, it's just an Impact Report. They fill out an Impact Report on how it's impacting their budget, how they're impacting the City and then left it flow through. By time that you see it, it should already have gone through all of the committees and filled out. So we wanted to change. Instead of just having it as a Financial Impact Report, just having it as a General Impact Report, so that eventually, it might not include the official. But if there is an item coming up, for example the skate park expansion. The department would fill the top part out as to the reason it is important, the reason we're moving from individual parks to one big one at GCCC."

Ms. Garcia continued, "And the department would actually answer these questions if they want to change, whoever is sponsoring it, whether it's a department or whoever is making that change, they would fill this out immediately, apply the financial portion and whether it's going to add personnel or IT. Then that way, any item that changes the budget or changes a bond issue, will always have an impact report as it's moving forward. So, I think that's one of the recommendation Blake made before he left. It's almost like the State where they have the appropriations summary. This would be an impact summary for anything that changes so that you know all the departments went through it and evaluated it prior to the final approval in Finance."

Chair Dominguez said, "I just want to make sure that we don't put staff in a bad position either, and I just want for the Governing Body to really take more ownership of this FIR, not just the design, and what it's intended to articulate, but that we as I said, maybe make it part of our Governing Body procedures that an FIR that is initiated by the Governing Body has to be signed by the Governing Body. That's just food for thought."

Councilor Rivera said, "The question I have is, looking at the existing FIR, you only need to get two signatures which are Kelley's and Oscar's now, in order to get this moving through. The one that I pulled out was the Veteran's Advisory Board. So with this new FIR if Terrie, who is carrying this for the Mayor, I believe, would she now have to get signatures from every division listed here in order for this to go through."

Ms. Garcia said, "I think we were debating on how much time it would take. We were debating whether the person coordinating it can determine if it's something as simple as putting somebody on the Commission, then there's not IT impact, and there's no personnel impact, but there is a budget impact. Then there is the question does the Finance Director have to sign it – how it is affecting City-wide. If you add additional people to the Commission is it going to affect the budget, and how is it going to impact another department. So there are a lot of questions and the only way we can really analyze what the procedure is and how quickly this turn around if we start using it. It doesn't mean that we will stop the process if something isn't signed. All it's telling you is that, for example, technology doesn't sign it, it just means that technology did not review it, or it wasn't applicable. So it gives an opportunity for the coordinator to evaluate or send it to the department and say well this isn't going to take IT. If Renee wants to see everything that is moving forward and she wants to sign off on it, she can. It give the department the opportunity to either put applicable or non-applicable."

Councilor Rivera said if a department puts "not applicable" because the Veterans Advisory Board, for example, isn't going to need any IT support and they put not applicable, Renee hasn't had a chance to look at it. So to be a true review, every department director listed would have to sign off that it has no impact or that it is applicable.

Ms. Garcia's said, "Immediately upon the introduction, the top portion, the coordinator will send it to these departments, so they have a heads up. And then they will have a chance to review it, they know that it's coming. So I can't answer for the directors, I just want to give them the opportunity to either sign-off on it or not sign-off on it, so when it comes to Finance and Council and there's no signature in there that we know that that department has not seen it and has not evaluated it. I think these were the 3 critical areas before. Departments weren't filling out the FIR. We didn't know the impact it had to the community and the FIR wasn't being funneled through IT, Personnel. And when it finally came to her office to put it in the packet, she was calling everybody saying, no there's a financial impact. Did you talk to IT. It was always at the last minute trying to get them to understand that yes, the department may not think it is, but if you're going to go and do a program, you have to have a computer. That is an impact to the system. Are you going to have the internet, or a credit card. Those are impacts to the system that maybe the departments didn't realize it's an impact, but it is. So it gives each department an opportunity to either review it and sign off on it, or it gives them the opportunity to move it forward with the signatures, and you would know they did not review it."

Councilor Rivera said okay with that.

Councilor Rivera asked what if the director puts not applicable where it says needs technical review, that doesn't mean Renee has seen it, it just means in the director's opinion it is not applicable. So, if Renee actually saw it she would sign it, otherwise it's the department director marking what's applicable or not applicable.

Ms. Garcia said either the department director or the coordinator.

Councilor Rivera said he is okay with this, although it may take longer to get things through the system, but we're to the point where that may be a good thing.

Councilor Rivera suggested perhaps revising the form so everything is in line with the signatures on the first page.

Ms. Garcia said that's the impact on the department rather than the budget. She said, "We wanted the department to have an opportunity to comment if they need to."

Councilor Rivera said Section 4.2 lets the department director give their input on that.

Ms. Garcia said they can take a look at that. She said, "I was thinking that usually the budget is prepared by either a supervisor or division director. And I don't know – it's one of the areas where I didn't know whether the departments wanted to have some sort of comment. If they didn't want to comment, they could just put not applicable. But, sometimes you have the operational impact, your personal needs and technology. But sometimes, the department has an insight as to whether it will expand the department or impact the Recreation Department or Public Works, and have some kinds of comments. I think we know the budget, but how is its functionality within that department."

Councilor Rivera suggested putting a comment section for them under expenditures and keep the section so they are numbered the same, and Ms. Garcia said okay .

Councilor Rivera said, other than these comments, the form looks really good.

Mr. Rodriguez said, "I just want to point out, too, that sometimes the impact isn't budgetary, but it changes the way you do things – you have to open up early, you have to close earlier, use different kinds of vehicles. It very well could be just a significant operational change that the department may want to point those out to you, but that doesn't necessarily mean a change in the budget."

Mr. Rodriguez continued, "And this also does open the conversation perhaps that Councilor Maestas and Councilor Ives pointed out early when these things have recently started to be with other issues, where the department wants to tell you, 'Look if we end up spending a lot of time doing that, then that means other things are not going to be taken care of at this point.' With the current fiscal impact from that had to be translated almost artificially into a budgetary number. And so, Councilor Maestas, that is perhaps why it looked kind of odd, it looked like a small number, but the impact might well not be

budgetary, it might be just a big operational thing. It will be distracting, etc., but if they had to put a dollar figure to it, it would be a low dollar figure, and therefore maybe an inaccurate one. Anyway, this gives the department an opportunity to share that with you, and later on if there are budget impacts, they can point that out as well."

Councilor Maestas said, "The more I think about this, the more I think we're definitely expanding the scope of what an FIR is. And I think by virtue of that, we're kind of moving it out of the City Attorney's office and more into the City Manager's Office, because we're adding legal risks, we're asking the City Manager to sign off on this if there is impact to staffing. I think this is going to be too onerous for us. What I would like to see is a streamlined signature block, to have the City Attorney, the Finance Director and the City Manager, and we rely on the City Manger to coordinate. Because assuming, for example, that any action would only affect one department, what if multiple departments are impacted, this thing could get messy really quickly. That's my first comment, is maybe let's put the onus on the City Manager, and since we're expanding the scope of this maybe make his office the shepherd of this, and they have to navigate it through all the other departments. I don't think it's appropriate or proper to rely on the City Attorney's Office to draft the legislation and circulate this throughout. There needs to be a focal point, in the City Manager's Office because we've expanded the scope. I think for our benefit, it should just be the City Manager, the City Attorney and the Finance Director in my opinion."

Councilor Maestas continued, "And I think this is really a legislative analysis form. It's beyond just finances, and I would suggest we retitle it, or consider, City of Santa Fe Legislative Analysis, an Impact Report, for one. And then I agree with Councilor Rivera that Sections 2-7 could be redundant with the impact Sections 5-8 on page 3. If we do decide to have all these signature sheets in there, maybe we can consolidate both of those. And you should be able to skip a large portion of this if the fiscal impact is already budgeted, why list all this information which be there in the form of either a BAR or a financial analysis, right."

Ms. Garcia said, "One of the biggest complaints I get in reviewing the FIR is the departments don't know what's coming down. The departments do not fill out the current FIR so they have no opportunity to review and determine how it impacts their budget. That is one of the things I think is missing from the current FIR. I don't know, the attorneys don't know, the City Manager has an idea, but they really don't understand how it's impacting their budget because they don't know the ins and outs, whether they're going to need one person or 5 computers. So that's why it is very critical that the departments fill out how it impacts the budget."

Ms. Garcia continued, "And you're right if this item is going to impact another department, they can fill out section 4 . Let's say Parks. They can fill out Section 4, and now you have an analysis on not only the Public Works, but you have the impact on Recreation. The departments don't know what's coming forward because they do not fill out the FIRs, so they're always scrambling at the last minute, saying, well I didn't know this was coming in and I can't do it. Or if I have to do it, what am I going to do. So that's why I wanted the departments to be part of the impact report, because right now when I review an FIR, the Finance Director review the FIR, I don't know if the departments have seen it. I don't know who filled it out. For all I know the janitor filled it out and the departments don't know this is moving forward until they see it in the finance packet. It's really critical that you get the understanding from the

departments as to how it's going to impact them. And if it's more than one department, the other departments should put in understanding."

Ms. Garcia continued, "And yes, it's no longer an FIR, it's an impact report. And from what I understand from the Finance Committee is that's exactly what you want. How is it impacting the City as a whole, not just financially, not just for the budget, but the operations. And that's what I keep hearing from everybody is how is it impacting us. The budget is a number, and your question first thing is, is it impacting the current budget or future budgets. That's the first thing as a Finance Committee you ask. So that's why I thought it was really critical that they define that. This is critical information you are always asking us, but there's nothing to show. I didn't want something that I wanted to know how many pencils they're going to purchase, but more how it's going to impact current and future budgets."

Councilor Maestas said, "I'm not advocating that affected departments don't get to review this or sign off. However, we as decision makers hire the City Manager to do his job, and when we see his signature, if his internal policy accomplishes what we're trying to do in this FIR then his signature should assure us that, yes, all impacted departments have signed off, they had a say, they reviewed the Fiscal Impact Analysis. I'm just saying do we really need to spend all this time trying to engineer this thing, trying to quarterback it, when the City Manager should. We just tell him what we want and he does it, and that's what a signature should represent in this, without exception, no exceptions that the City Manager signs off on this at all times. So I wanted to clarify that."

Councilor Maestas continued, "I like Section 1.3 on Page 1, Community Impact, but I would like to add a consideration that in the section on community impact that this legislation does not represent a disproportionate impact on disadvantages or minority populations. I hear it all the time. The housing market is gentrifying our citizens and there's seemingly no protections and we can't affect the real estate market. We can't affect the price of housing or the availability of rental housing, but we can make sure that we as a government aren't making decisions that disproportionately affect these populations. It's kind of an environmental justice emphasis."

Councilor Maestas continued, "And since we're going to look at community impact, I think we ought to, when we make a decision, when we allocate monies, we ought to have a map with an overlay showing established cultural neighborhoods, minority populations, disadvantaged populations. This is a federal requirement right now, an Executive Order. But I think we need our own executive order on the environmental justice side to see that our decisions don't disproportionately affect these populations. On a side note, I'm willing to work with you on that. But I think that part of community impact really needs to be a little more explicit about that."

Ms. Garcia asked if he would like a separate section.

Councilor Maestas said no, just add it to Community Impact.

Chair Dominguez said that's really what was intended in the beginning, because Community Impact is in the current FIR.

Councilor Maestas said on Section 2.1 Conflicts, he thinks it is great to identify conflicts. However, what if the proposed legislation can't move forward without correcting legislation, noting he is running into that on the I.G. ordinance. He said in the last sentence add, "or necessary actions to fix the conflicts." He said the legislation might have to be "changed before this passes instead of the other way around."

Ms. Garcia said, "If there's a conflict, needed action to request it."

Councilor Maestas said to include "action should precede this legislation."

Councilor Maestas said some of our legislation has non-monetary benefits and this is a purely monetary-type exercise. And so, under Section 4.1, "this is scope creep right here. We're really expanding the scope of this document. I think there are a lot of worthwhile efforts we bring to the table that you can't put a price on, and there should be a section where instead of just revenues, we could look at revenue sources and benefits, and try to describe the benefits of the legislation and in certain cases you can quantify the benefits. I'm talking about the non-monetary benefits."

[Councilor Lindell's remarks here are inaudible]

Councilor Maestas said that's community impact, positive or negative. I think that's more general. He said, "I just think there needs to be a discussion on the benefits."

Chair Dominguez said, "It almost seems to me, and I'm not necessarily suggesting this, but somewhere, I guess..... We as representatives of this community, may see positive impact via a piece of legislation. So it's up to us to be able to articulate that positive impact and not leave that subjectivity up to staff. So, I'm wondering if there should be a section on there that allows the sponsor, the member of the Governing Body to justify that somehow."

Councilor Maestas said, "Maybe that could be in the synopsis of the legislative. If there are qualitative benefits."

Chair Dominguez said, "Yes. I think that we can't necessarily put some of that burden on staff to be able to say, well this is how it impacts my department, this is how it impacts the number, but we are elected to look at it beyond just that. So an opportunity to be able to articulate that a little bit might be.... I think it speaks to what you're talking about."

Councilor Maestas said, "Yes, I think that would work. The last recommendation I have is we should consider adding a Section 9, term of the legislation. Teresita when you and I talked about the unfunded mandates, some were permanent, some were not. Some were enacted with a fiscal impact to address kind of a temporary situation, but no ever goes back to revisit it, so should we ask for the term of the legislation, either it's permanent.... and if it's meant to address a temporary situation should there be, like under term of legislation, maybe a 9(A) and we ask if there should be a necessary or designated periodic review, because we don't do that with a lot of these unfunded mandates. We don't go back and say, hey, we've been paying for this, is it permanent or not, does it need to continue. We all acknowledge priorities change, right, and those circumstances can change that required those unfunded mandates and

that legislation. I know this was one of your issues Teresita, so I thought your team might want to consider what is the term of this legislation and should it be reviewed. Should it be assessed at some point."

Mr. Rodriguez said some municipalities have a standard rule that all legislation has a sunset, with a term, and it presumed it will go away unless it is specifically brought back, precisely to address question that you have asked.

Councilor Maestas said if we want to be more disciplined and say if it has fiscal impact, it's only funded through that particular fiscal year and will have to be reevaluated in the budget process. If it's worthy it gets funded again. Maybe it could be an automatic sunset at the end of the fiscal year, and we have a process to evaluate it.

Chair Dominguez said he understands, but he is unsure how we could do that legislatively.

Councilor Maestas said if it is already budgeted it wouldn't apply, but if not, then that should be approved only through the end of the fiscal year.

Chair Dominguez said then it is an automatic sunset. He said, "We need to make sure that Melissa gets part of this conversation, because I think that's part of the Governing Body Policies and procedures. So much of this isn't just educating staff and staff educating us and themselves, it's about us educating us and being able to see I'm good for this year, but next year, especially if it's an election year."

Councilor Maestas asked Ms. Garcia how many unfunded mandates have we sunsetted automatically by fiscal year.

Ms. Garcia said none. If there's no appropriation it doesn't continue and gave the example of the Gun Buyback Program. She thinks it's a timing process and said Melissa might have some ideas as to where it is appropriate, noting if you use the impact report and say it's impacting the current year and future budgets, does that mean it's ongoing or does it sunset after the future budget. When do you want it to continue and when is it mandatory that you budget.

Councilor Maestas said we need to be aware of the PSAs that carry over so we can budget or not, and spoke about what he would have done with regard to the PSA with the Fiesta Council. He said it doesn't have to apply to everything, but we can direct staff to come up with an appropriate application with some kind of sunset provision.

Chair Dominguez said we'll keep looking at it and said, "make sure you pass this information on to Melissa, and we'll keep at it."

Councilor Lindell suggested making the sections line up with the sections on page 1, it would be helpful.

Councilor Trujillo said he sees this as a Work In Progress [WIP]. He likes what he sees. He asked if she has had discussions with the other Councilors and Ms. Garcia said no.

Councilor Trujillo said there is still a lot of work to be done, so he isn't going to say anything else. He said he does have concerns if we're going to wait for the City Manager to sign off on it, commenting, "I personally want to see how it impacts all the divisions within the City when it comes to Public Works or it comes to Finance. He said he doesn't want only one person signing off on everything, saying it's all good, but it has all these questions when it comes to Council and if staff isn't there, we can't answer..

Chair Dominguez said perhaps it's an internal process or documentation. He asked, "Procedurally is an FIR a form that is approved by the Governing Body. The design of the form."

Ms. Garcia said the Resolution has to attach, "the word FIR is in the requirements, and it's a Fiscal Impact Report, but I think maybe.... I would like to go ahead and expand it to a Legislative Impact Report that includes a financial report."

Chair Dominguez asked if this form, the content that is in the piece, whether it's a Legislative Impact Report or a Fiscal Impact Report, whatever the case may be."

Ms. Garcia said, "I don't believe the initial FIR was approved. All I remember is that an Ordinance required an FIR, but I can have Melissa to check on that. I don't remember that the FIR was submitted to change it, but I really don't know, but I'll have Melissa check on that."

Mr. Rodriguez said, "I believe this falls under the Council Rules. If you want to make this one of the rules for yourselves, perhaps that's the only place it could really create a requirement. From staff's side, the City Manager can make it a requirement as part of his internal procedures. You could make it a requirement for the staff to follow. I think what you're getting at here is that any initiatives should come from the Governing Body, and the Governing Body is the only one that can make itself submit to those rules."

Chair Dominguez said he will get with Mr. Snyder, and probably have it on the next agenda. In terms of timing, in terms of implementation, if the Governing Body decide they want to change the look and scope of the FIR, after the fiscal year is when it would go into effect.

Ms. Garcia recommended that we start using it and see how it impacts other departments and do it simultaneously internally.

Chair Dominguez said, "I think I'm okay with that, but I don't know if I want to present it in front of the Committee. So I mean I think it's a good exercise, and maybe we do bring it in front of the Committee, but I don't know. Let's go through the exercise, but I don't necessarily want it to come in front of the Committee quite yet, or at least I'm not ready to make that call."

Ms. Garcia said she just wanted to see if we can move it forward to the departments for their recommendations.

Chair Dominguez said, "No. I think we should continue working on this."

Councilor Rivera said, "And maybe look into whether this can be like a living breathing document somewhere so that we can do it electronically or a process so that staff doesn't have to run all over, and submit it electronically."

Ms. Garcia said she spoke with Ms. Martinez about it, and it will be an interactive document, so as the department fills it out it can be forwarded to another department. It won't be a paper copy, it's more interactive."

22. DISCUSSION ON BUDGET FOLLOW-UP

Chair Dominguez asked Mr. Rodriguez if he would like to summarize the direction from the Council.

Mr. Rodriguez said, "We heard a lot from the Council and it was greatly appreciated. And we will try to the best of our ability to follow some of the direction we got individually. Obviously, the best direction we could get would be an action by the body itself so it's very clear. If for some reason, if I didn't make clear in my presentation, that what it's going to take to close the deficit and over time even, to get our level of activity our level of efficiency to respond to the \$10 million drop in revenues that we had. It's been made clear that it's going to take cuts, at least some way to reduce that expenditure. And to cut is lot more constructive to do it when there is an overarching strategy or policy or order of prioritization by the Council that what you get in March that, as closely as possible, reflects what that direction is and the conversation starts much further ahead."

Mr. Rodriguez continued, "A lot of work has been done, the departments have submitted a lot of information only to find out it wasn't all the information that had to be submitted, or cuts were made where cuts did not have to be made. I've been in this business for some twenty-odd years. Some of the most painful cuts, believe it or not, are those that after you've gone through the blood, sweat and tears of announcing the cut and then the people that are affected to finally get the news, that that cut gets reversed and the band-aid is torn off the scab and it becomes another thing that is there. To the extent that we could get direction from you as to those priorities, it would be a helpful at this point, the way it stands, at least to the best of my ability, the recommendations we put in front of you, the way we're going to put together the budget, nothing was changed from that substantially."

Mr. Rodriguez continued, "I think there were a couple of other things that we heard that we also wanted to put in there, and to try and get those as much as possible. But at this point, we're going to put together a budget that is going to cut. We're also going to have to try and restore some days to the reserves. Also to do things to increase liquidity, and certainly financial policy management policies have been mentioned here. To this point, that is what we understand is coming forward."

Mr. Rodriguez said he can follow up with a memorandum on the more significant outstanding arrears, commenting, "You will find it interesting."

Chair Dominguez said he will get some of these things in the next agenda.

Councilor Maestas said Ms. Perez gave us a deadline of January 31st to make a decision on health fund changes to make it sustainable and solvent. He said she gave us a number of options with different scenarios, and he thinks we need to whittle those down to 2-3 options and make a decision on that prior to the budget hearings.

Chair Dominguez said he spoke with Ms. Perez and she was originally to be on this agenda, but she had some personal issues to deal with. He said, "I talked to her about the timing and how things were playing out in terms of our approval of that. And it looks like it's going to be okay for us to get it on the next Finance Committee meeting agenda, but you're right, we need to have that discussion and start whittling away at that. I think the information I received was that, although those recommendations were provided, the committee isn't necessarily in agreement with them, but it's a starting place to decide what road we want to go down with that. I plan on having that on the next agenda for sure."

Councilor Maestas noted there was a windfall in the Lodgers' Tax and the CVB is planning to expand to benefit from the increased funding in Lodgers' Tax, but he thinks we should exercise caution in establish an increase in recurring expenses. We don't know if Lodgers' Tax revenues will continue on that trend. The other thing is, as you know, is that Lodgers' Tax can be used to fund public transportation. We know that demand is increasing and our revenues are decreasing, so we need to have a philosophical conversation about whether there will be current and future obligation of an increase in Lodgers' Tax, we need to decide whether or not it should go with the CVB or into public transportation or somewhere else.

Mr. Rodriguez noted he will be presenting the monthly financial report at the next meeting.

23. OTHER FINANCIAL INFORMATION

There was no other Financial Information.

24. MATTERS FROM THE COMMITTEE

Councilor Trujillo introduced a Resolution supporting proposed State legislation, House Bill (HB148), – amending and enacting sections of the Motor Vehicle Code to prohibit smoking in any vehicle when a minor is present and establish penalties for such violations. A copy of the Resolution is incorporated herewith to these minutes as Exhibit "2."

Councilor Trujillo said he is introducing the Resolution at this Committee so it can be considered at the next Council meeting.

Chair Dominguez said he is going to come up with a policy on introductions at Committee.

Councilor Maestas asked Mr. Rodriguez to follow-up on Item 12, noting he meant to pull it from Consent for discussion. It was an IT contract piggybacking off a State Cooperative Agreement. He noticed the contract we just approved goes to June 30th, but the service price agreement at the State expires on August 31st. He didn't know we could have a contract that exceeds the expiration of the price agreement you're using.

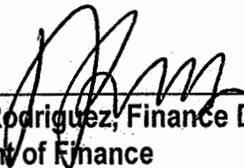
Chair Dominguez asked for that information by the time this item gets to Council.

25. ADJOURN

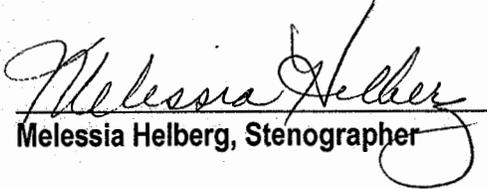
There was no further business to come before the Committee, and the meeting was adjourned at approximately 7:20 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:



**Oscar S. Rodriguez, Finance Director
Department of Finance**



Melessia Helberg, Stenographer

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Tuesday, January 20, 2015**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-4
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO AGREEMENT BETWEEN OWNER AND ARCHITECT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; SURROUNDINGS STUDIO, LLC	Approved	5
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – PROJECT FUND	Approved	5
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR IN-HOUSE LOCAL CREW SALARIES TO WORK ON CIP PROJECTS FOR FACILITIES DIVISION	Approved	5-8
REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SERVICES TO INVESTIGATE BUSINESS, FINANCIAL AND ECONOMIC FEASIBILITY OF A PUBLIC BANK INITIATIVE FOR CITY OF SANTA FE; BUILDING SOLUTIONS, LLC	Approved [amended]	8-14

END OF CONSENT CALENDAR DISCUSSION		

<u>DISCUSSION</u>		
PRESENTATION AND APPROVAL OF CITY OF SANTA FE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014 BY ACCOUNTING & CONSULTING GROUP, LLP PURSUANT TO STATE AUDIT RULE 2014, 2.2.2.10(J)(3)(d) NMAC	Approved	14-18

ITEM

ACTION

PAGE

REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO COORDINATE A JOINT CITY COUNCIL/COUNTY COMMISSION MEETING TO DISCUSS AND DETERMINE IF AND HOW THE CITY AND COUNTY MAY PURSUE A JOINTLY OWNED ELECTRIC UTILITY; DIRECTING STAFF TO REVIEW THE LEGAL AND TECHNICAL OPTIONS RELATED TO THE *DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY FOR THE CITY OF SANTA FE AND SANTA FE COUNTY* AND REPORT BACK TO THE GOVERNING BODY ON STAFF'S FINDINGS RELATED TO THE PRELIMINARY ASSESSMENT AND OTHER RESOURCES, REPORTS, STUDIES AND DOCUMENTS AS DEEMED NECESSARY

Approved [amended] 18-24

REQUEST FOR APPROVAL OF 311 PILOT PROJECT FOR CITY OF SANTA FE

Approved 24-28

DISCUSSION ON FRAUD, WASTE AND ABUSE HOTLINE TIMELINE IMPLEMENTATION

Approved 28-30

BUDGET DISCUSSION

ITT

Information 30-34

OTHER FINANCIAL INFORMATION

BUDGET KICK-OFF PRESENTATION

Information/discussion 34-43

BUDGET DEVELOPMENT CALENDAR – FY 2015/16

Information/discussion 43

UPDATE ON GROSS RECEIPTS TAX REPORT RECEIVED IN DECEMBER 2014 (FOR OCTOBER 2014 ACTIVITY) AND LODGERS' TAX REPORT RECEIVED IN DECEMBER 2014 (FOR NOVEMBER 2014 ACTIVITY)

Information/discussion 43

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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Tuesday, January 20, 2015

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Tuesday, January 20, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Carmichael A. Dominguez, Chair
Councilor Signe I. Lindell
Councilor Joseph M. Maestas
Councilor Christopher M. Rivera

MEMBERS EXCUSED:

Councilor Ronald S. Trujillo

OTHERS ATTENDING

Oscar S. Rodriguez, Director, Finance Department
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

NOTE: All items in the Committee packets for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Lindell moved, seconded by Councilor Maestas, to approve the agenda, as presented.

VOTE: The motion was approved unanimously on a voice vote.

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Lindell moved, seconded by Councilor Maestas, to approve the following Consent Agenda as amended.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT AGENDA

A copy of a proposed Ordinance, with attachments, regarding Item No. 21.1, is incorporated herewith to these minutes as Exhibit "1."

- 5. **BID NO. 15/10/B – PROFESSIONAL SERVICES AGREEMENT – INSTRUMENTATION EQUIPMENT PROGRAMMING AND CALIBRATION SERVICES FOR WATER TREATMENT PLANT FACILITY AND WASTEWATER TREATMENT PLANT FACILITY; YUKON & ASSOCIATES, LTD. (ALEX PUGLISI AND LUIS OROZCO)**
- 6. *[Removed for discussion by Councilor Lindell]*
- 7. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – DEVELOP SIGNAL TIMING PLAN FOR RODEO ROAD/ZIA ROAD FROM CERRILLOS ROAD TO YUCCA FOR TRAFFIC ENGINEERING DIVISION; CIVIL TRANSFORMATIONS, INC. (JOHN ROMERO)**
- 8. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT – COMPRESSED NATURAL GAS (CNG) FACILITY UPGRADE AND EXPANSION FOR TRANSIT DIVISION; HUITT-ZOLLARS, INC. (JON BULTHUIS)**
- 9. **REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT AND AGREEMENT – SOFTWARE SUBSCRIPTION AND HARDWARE UPGRADE FOR PARKING DIVISION; T2 SYSTEMS, INC. (JP GRIEGO)**
- 10. **REQUEST FOR APPROVAL OF LEASE AGREEMENT – AERIAL RIGHTS CONTAINING APPROXIMATELY 81 SQUARE FEET FOR PROPOSED USE OF UPPER DECK FOR OUTDOOR SEATING AND FOOD AND DRINK SERVICES AREA OVER A PORTION OF THE PUBLIC SIDEWALK ADJOINING THE SOUTHERLY BOUNDARY OF 60 E. SAN FRANCISCO STREET LTD. CO. D/B/A SANTA FE ARCADE. (EDWARD VIGIL)**

11. REQUEST FOR APPROVAL OF REQUEST FOR APPROVAL OF GRANT AWARD AND AGREEMENT – 2014 STATE HOMELAND SECURITY GRANT PROGRAM FOR SANTA FE FIRE AND POLICE DEPARTMENTS; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (ANDREW PHELPS)
 - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND.

12. REQUEST FOR APPROVAL OF GRANT AWARD AND AGREEMENT – 2014 STATE HOMELAND SECURITY GRANT PROGRAM – COMPETITIVE ALLOCATION FOR OFFICE OF EMERGENCY MANAGEMENT COMMUNICATIONS/UTILITY SUPPORT PROJECT; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (ANDREW PHELPS)
 - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND

13. *[Removed for discussion by Councilor Maestas]*

14. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR ANNEXATION TO CREATE INDEPENDENT CITIZENS REDISTRICTING COMMISSION, HIRE INDEPENDENT CONSULTANT AND STENOGRAPHER AND PROVIDE GIS PRECINCT/DISTRICT MAPS. (ZACHARY SHANDLER)

15. *[Removed for discussion by Councilor Maestas]*

16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – 2014 MEDIX TYPE III FORD E350 AMBULANCE FOR FIRE DEPARTMENT; SOUTHWEST AMBULANCE SALES, LLC. (JAN SNYDER)
 - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – STATE FIRE PROTECTION FUND.

17. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE NATIONAL ELECTRICAL CODE AND THE NATIONAL ELECTRICAL SAFETY CODE; AMENDING SUBSECTION 7-1.1 SFCC 1987, TO ADOPT THE 2014 NATIONAL ELECTRIC CODE AND THE 2012 NATIONAL SAFETY CODE (COUNCILORS RIVERA AND BUSHEE). (TOMAS MONTANO) Committee Review: Public Works Committee (approved) 01/12/15; City Council (request to publish) 01/28/15; and City Council (public hearing) 02/25/15. Fiscal Impact – No.

18. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO COLLABORATE WITH STAKEHOLDERS TO ACHIEVE GOLD LEVEL STATUS WITH THE INTERNATIONAL MOUNTAIN BIKING ASSOCIATION (IMBA) AND TO PURSUE NEW TRAIL DEVELOPMENT OPPORTUNITIES (COUNCILOR BUSHEE). (BOB SIQUEIROS) Committee Review: Bicycle & Trails Advisory Committee (canceled) 12/17/14; Public Works Committee (approved) 01/12/15; Bicycle & Trails Advisory Committee (scheduled) 01/21/15; City Council (scheduled) 01/28/15. Fiscal Impact – No.

19. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE ELIGIBILITY AND INTENT OF THE CITY OF SANTA FE TO SUBMIT AN APPLICATION TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR FEDERAL FISCAL YEAR 2016/2017 TRANSPORTATION ALTERNATIVES PROGRAM FUNDS TO COMPLETE IMPROVEMENTS AT THE DOWNTOWN TRANSIT CENTER (COUNCILORS MAESTAS AND BUSHEE). (KEN SMITHSON) Committee Review: Public Works Committee (approved) 01/12/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.
20. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE ELIGIBILITY AND INTENT OF THE CITY OF SANTA FE TO SUBMIT AN APPLICATION TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR FEDERAL FISCAL YEAR 2016 SECTION 5310 PROGRAM FUNDS FOR ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM (COUNCILORS LINDELL, ~~AND BUSHEE,~~ IVES AND MAESTAS). (KEN SMITHSON)) Committee Review: Public Works Committee (approved) 01/12/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.
21. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING AN APPROPRIATION OF 1.44 MILLION DOLLARS BY THE NEW MEXICO STATE LEGISLATURE, DURING THE 2015 LEGISLATIVE SESSION, FOR THE NM GROWN FRESH FRUITS AND VEGETABLES FOR SCHOOL MEALS INITIATIVE (COUNCILOR IVES). (SUE PERRY) Committee Review: City Council (scheduled) 01/28/15. Fiscal Impact – No.
- 21.1 REQUEST FOR APPROVAL OF AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF SANTA FE (THE "CITY") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$37,375,000, TOGETHER WITH INTEREST AND FEES THEREON, FOR THE PURPOSE OF DEFRAYING THE COST OF ADVANCE REFUNDING THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN DATED MARCH 28, 2006; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST AND ADMINISTRATIVE FEES DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE CITY'S LODGERS' TAX AND CONVENTION CENTER FEES; APPROVING THE FORM AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. Committee Review: City Council (request to publish) 01/28/15; and City Council (public hearing) 02/25/15. Fiscal Impact – Yes.

 END OF CONSENT AGENDA

CONSENT CALENDAR DISCUSSION

6. **REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO AGREEMENT BETWEEN OWNER AND ARCHITECT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; SURROUNDINGS STUDIO, LLC. (MARY MacDONALD)**
A. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – PROJECT FUND.**

Councilor Lindell said she wanted to check on this, commenting she is sure this is more of our costs of not having the infrastructure put in the way that we had thought it was going to be, or the timing of it, and asked staff to expound on it a little bit.

Ms. MacDonald said that is correct. She said they also are asking for additional design services related to not only the delays caused by lack of utility infrastructure, but also for lack of the NMED permit for effluent discharge in time for all the plantings needed at the park, including the sod.

MOTION: Councilor Rivera moved, seconded by Councilor Maestas, to approve this request.

VOTE: The motion was approved on a voice vote, with Councilor Rivera and Councilor Maestas voting in favor of the motion, and Councilor Lindell voting against.

13. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR IN-HOUSE LOCAL CREW SALARIES TO WORK ON CIP PROJECTS FOR FACILITIES DIVISION. (DAVID PFEIFER)**

Councilor Maestas said in the Memo which is in the packet, paragraph 3 says, "No funding was placed in Salaries in the 2014 CIP Bond for any of the work to be completed by in-house staff." He asked why that wasn't done, since we did it in the previous CIP Bond in 2012.

Mr. Pfeifer said it was a mistake. He said, "We have done it in the past. Tony usually had called me and asked if we would some put in salaries. We put it in at that time. This year no call was made and it was placed in WIP Design and WIP Construction."

Councilor Maestas asked if we already have incurred the labor expenses associated with in-house work on this 2014 CIP Bond.

Mr. Pfeifer said most of it was taken care of with the last CIP, and there was a little funding left. He said, "I think we're real closed to being balanced at the moment. We might be a little in the red, but we might be a little in the black. I would have to actually go look at the numbers today."

Councilor Maestas said last year in the budget hearings we had some conversations about the practice of using CIP Bonds to fund in-house labor for projects that are in the Bond. He asked what has been the prevalence of that, prior to the 2012 Bond. Is it something we've established a practice of doing, or is it something we just started where we pay for in-house labor using Bond funds.

Mr. Pfeifer said, "It's been established in the past. I think, although I'm not positive, but I think your major discussions were around the General Obligation Bond, and not so much the CIP Bonds. The CIP Bonds in the past, they go both ways. The majority of it is contracted to do big projects like replacing the Dectron units at GCCC and reroofing projects, and major plumbing changes, and things like that are all done through contractors. But when we can do them with in-house staff, painting the outside of Salvador Perez, doing some of the major painting inside when we remodeled the whole inside of the locker rooms, and any work we can do with in-house staff saves a great deal of money, and we're able to do more with less."

Councilor Maestas said he is still debating whether or not this is a sound practice for the City to be engaged in, with regard to CIP bonds. He said what he is accustomed to seeing is that the CIP Bond projects are contracted out, bricks and mortar type projects, so he isn't used to seeing so much in-house labor used for these projects. He asked Mr. Rodriguez to comment on this practice. He said we all know that our tax revenues could be doing better, noting the trend is improving, but there's no doubt we've permanently lost a part of our tax base. Ideally, he would like to see CIP Bonds to be used solely for bricks and mortar, primarily as a means to stimulate our economy. The City doesn't have too many ways to do that, and he thinks the CIP planning funds and other bonds, G.O. Bonds are a primary means of doing that. He said he would hate to be a part of encouraging this practice to continue paying for in-house labor as a means of subsidizing personnel on the City side in lieu of real bricks and mortar, economic stimulus projects that should be in CIP Bonds.

Councilor Maestas continued, "We have time to address this in upcoming hearings, but you're new here, you come in, you've got a fresh perspective, Mr. Rodriguez, how do you see funding labor for in-house services using CIP Bond money."

Oscar Rodriguez, Finance Director said, "With just that short statement you must made, you just put your finger on a very big challenge that the City faces. I'll be addressing that very specifically in my presentation and remarks as we go into the budget. But yes, a basic rule of good finance is that you use 30 year money to build 30 year assets. And I would tell you, the problem is not so much that you use employees to build 30 year assets. Millions of dollars of CIP projects were constructed by inside staff. The problem is that we have, over the years, expanded that definition of what is a capital item. So for example, in the future I would not deem that to be a proper use of a 30-year asset. So I'll be addressing that directly, but yes sir, that is a big challenge. And I would urge you, as someone who has fresh eyes, to change that practice."

Councilor Maestas said, "And I'm not in any way disputing that services were used for these projects, and I know those projects were in that Bond fund, but I raise this issue only so that we can begin coming up with practices to minimize this. Maybe it's not totally unavoidable, but I would like to see more of these CIP Bond funds used for bricks and mortar projects to help stimulate our economy. So I'm hopeful we can continue the conversation about this issue. I wanted this pulled to make that very point and hope we stay focused, at least on this issue in addition to others."

Chair Dominguez said, "Some history on that. In order to not lay people off and keep the economy stimulated, at one point that was why we were moving some of those functions into CIP to keep them employed. Having said that, I think you are definitely on the right track. And we need to do what we can to move those positions out of CIP and into the General Fund, or wherever they land, so we can continue to keep CIP. And part of the discussion we're going to have later on in setting priorities, I think that's one of the priorities is to ask staff or direct staff to start thinking about how we can not only move those positions out of CIP and into the General Fund or wherever, but also some the other functions like the GCCC, the Southside Library, and I think the MRC is another one that is out of CIP. No, I don't think we can make that far of a leap right now, because it will be a lot of money. But I think we can start to move in that direction, and maybe have a plan that weans us off CIP so we can use CIP for what it is intended to be used for, and that's bricks and mortar. I think we can give that direction as it relates to this, later in the agenda when we have some of our budget discussions, but I think you're definitely on the right track and we need to move there and get those people out of CIP and into the regular operation."

Councilor Rivera said he agrees, and he isn't sure where this is going. He said in 2012, we had \$250,000, and we've only requested \$200,000 this year. He asked the reason for the change, and if there were less projects.

Mr. Pfeiffer said, "Yes. The plan is to do less projects with the locals group and hopefully we do it more effectively and not charge as much money to do that."

Councilor Rivera said in the past we utilized these crews from within to do work, and then found out they weren't able to do the work, and had to come back and make changes. He said there have been times where the scope of work they've been asked to do is out of their realm of expertise. And we've had to either pay more or have somebody come in and take care of it. He said, "So, all the work they are going to do is within what they are capable of handling."

Mr. Pfeifer said, "That is the plan, yes."

Councilor Rivera asked Mr. Pfeifer if he is their direct supervisor and watches what they do, or if there is somebody else who supervises them.

Mr. Pfeifer said, "There are some ladders in there, and there are a couple of people in between. But I have a very good pulse of what's going on and then basically feed all the projects to them. The projects all start with me, and then they're fed down to those crews."

Councilor Rivera asked how many are already full-time City employees.

Mr. Pfeifer said, "There are a total of 5 full time classified employees. 3 of those are project funded, and 2 are General fund. And 5 temporary employees."

Councilor Rivera said so the temporaries would be in danger of losing work if this were not approved.

Mr. Pfeifer said, "Both the temporary and the 3 classified that are not on General Fund would be... that could possibly happen. Yes sir."

Chair Dominguez said then this will fund those positions, and Mr. Pfeifer said yes.

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request.

DISCUSSION: Chair Dominguez said, "I think just take what we've said so far, Oscar, and the City Manager probably will have to help with that of course, and we'll expand that discussion later in the agenda."

VOTE: The motion was approved unanimously on a voice vote.

15. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SERVICES TO INVESTIGATE BUSINESS, FINANCIAL AND ECONOMIC FEASIBILITY OF A PUBLIC BANK INITIATIVE FOR CITY OF SANTA FE; BUILDING SOLUTIONS, LLC. (KATE NOBLE)

The Committee commented and asked questions as follows:

- Councilor Maestas said on page 5 of the packet, under Phase 5, it says, "Engage Arrowhead Center in the review of the economic impact anticipated from the chosen strategy," and asked who is Arrowhead Center.

Ms. Noble said Arrowhead Center is part of New Mexico State University and was the economic impact team which was put together as part of this proposal that was selected through the RFQ.

- Councilor Maestas asked if Arrowhead is going to be paid, and what is its role – an objective third party to evaluate the strategy selected and then, gratis, give us recommendations on how to tweak it, or what.

Ms. Noble said Kate Updike, Principal, Building Solutions is here, noting our contract is with her. She said she doesn't know if there is a plan to pay Arrowhead which was a part of the proposal process in doing the economic impact study, and are very interested in this for their own reasons. She said she can let Ms. Updike answer as to whether they will be compensated.

Kathryn Updike, Managing Partner, Building Solutions, said the Arrowhead Center has done work for the City and the State, noting all of the State's economic analysis which serves New Mexico. She said, "We are compensating them. The reason we looked to them is specifically because they had done a study on the effect of the State's depository relationships with community banks, and we felt they had the expertise to address the Santa Fe question of a public bank. We will consult with them throughout the project, but they have been specifically retained by us to do the final economic analysis based on what the City and we develop as one or more strawmen during the process of the study."

- Chair Dominguez asked who is "we."

Ms. Updike said, "We, the City and we, Building Solutions."

Chair Dominguez asked for her name for the record, and Ms. Updike provided that information.

- Councilor Maestas said so this is part of the overall proposal. He said he didn't see any measurable factors in Phase 1, or some metrics for the strategy. He realizes this contract has already been negotiated, and asked Ms. Updike to comment, noting he has some suggestions. He said Councilor Lindell has similar suggestions on incorporating some measurement factors in this. He asked if they have thought about this, and if they plan to apply some kind of criteria to evaluate and come up with a chosen strategy for this..

Ms. Updike said, "One of the key questions on feasibility, especially economic feasibility is to choose how and where the City would use the funds, and particularly in light of how the City chooses to manage its funds. The reason we developed the idea of one or more strawmen is so that a real economic analysis could be done. Because doing an economic analysis out of thin air really doesn't get you the kind of metric or measurability. It makes a big difference as to whether you put the funding that a bank or a financial entity might have into affordable housing or a pre-school – education. Those two have two very very different economic models attached to them. And so we felt that it was really important for the City to begin to tailor how it could use the funds, with our help, and also in looking at whoever the other collaborators might be in the City or the State in developing that. In order that, by the time an economic analysis is done, there really could be good, measurable projections of what kind of economic impact could be. Does that address what you're asking."

- Councilor Maestas said that does answer his question. He said, "I'm trying to imagine what folks out there are thinking about public banking and the City's effort to give it a go, but be very cautious but yet moving forward. I want to make sure that they know that one of the reasons for us to evaluate this is that it's going to save the City money, whether it's debt financing cost, and could possibly even bring in revenue. And that's what I would maybe see some prominent measurement factors, very simplified, because I know the world of financial management can be very complicated and difficult to understand."

Ms. Updike said, "They definitely will be developed, but what those metrics are and whether they're coming from the private sector participating with the City, I don't want to pre-judge that yet. But I'm hoping we can meet, and I would love any suggestions. Certainly there are community suggestions that have come about. The one thing I mentioned to the Committee that did the review is that this is an opportunity for the City to look at its overall financial ecosystem. And look at ways, is it helping the bank sector be as good as it can be. Is it helping the CDFI, the Community Development Financial Institutions, do everything they can do to give Santa Fe a healthy economy. So it really is looking at the City as potentially a facilitator, whether it does itself or helps somebody else do it.

- Councilor Maestas said his last question is basically a point he made when we were asked to support a resolution to initiate this effort. One of the issues I had is it seems the pattern of success of public banking in other parts of the country, is that they had to pick a very certain, specific area and that seemed to be a common denominator for success. He said North Dakota's initial focus area was agriculture. And here in Santa Fe, we thought perhaps affordable housing could be one of the potential logical, initial policy areas to pursue. He asked, "Have we selected those policy areas. If we go through this process to evaluate which policy area, what is going to be the basis for selection. If it's not affordable housing, then what will it be."

Ms. Noble said, "I think that is precisely the point of identifying the strawmen projects, is in looking through the City's financial assets as well as the will in the community and the whole financial ecosystem. It will be a three-dimensional puzzle to come up with the projects, the strawmen, that we can then look at. So the contract is..... a large part of the scope of work is to identify that and drill down and build some will to focus on projects that could be successful, could match appropriate financial resources with community need, and build upon that success. Rather than trying to pick one thing according to one or the other – the financial assets or the community need. We really saw that these things need to be matched up. And already the comments we've received about different advocates wanting to weigh in on what the public banking investigation, the scope of work would be. We have felt better about this scope that does that work to identify the financial assets and the community needs. And ideally we will find some good, manageable projects we can start with, because we have a long way to go in building the understanding and the will in the community to work on public banking functions"

- Councilor Maestas said he is excited about this, commenting he has a lot more questions, but knows we will have time at another point to ask those questions. He said, "I will support this action item and look forward to the chosen strategy."

MOTION: Councilor Maestas moved, seconded by Councilor Rivera for purposes of discussion and questions, to approve this request.

DISCUSSION: Councilor Lindell said she wants to be assured as it says on the Legislative Summary Sheet, "At a minimum, analysis of the process, feasibility and relevant factors for establishing a public bank, including associated costs, flow management, requirements, long term risks and potential community impacts." She asked when and where in this long process does she get that information."

Ms. Noble asked if that was including all of the community impacts, and Councilor Lindell said she is just looking at the Legislative Summary Sheet from the Resolution.

Ms. Noble said, "The work in this contract is scheduled, and we put the contract date throughout this fiscal year. I think that as you may have gotten a sense, the Contractor, Katie Updike, is very eager to get going. So we would expect to have some initial understanding, some of it depending on the availability of Finance staff to work with the Contractor to help answer her questions about assets and all of that. But I think that we will move a long way in six months to really developing a full understanding, or a more full understanding of what initial steps this community can take to move forward public banking functions."

Councilor Lindell said she would ask that we continue to hold onto this Legislative Summary as this moves forward, noting it is a nice "Reader's Digest" condensation of what we're looking for.

Chair Dominguez asked about the general liability insurance coverage, what it is about and what is it for.

Ms. Noble said, "In our boilerplate contracts we have requirements for three types of insurance – general liability is usually placed where there is a premises. For YouthWorks, for instance, general liability is very important. In this case, because we have a contractor who is going to be going to different premises to do the work, general liability is not a concern for her."

Chair Dominguez said then this is not liability on performance.

Ms. Noble said, "No. We actually have asked that she have what is known as errors & omissions professional insurance."

Chair Dominguez asked when we're given that information and we start to make decisions based on information provided via this contract, is the City covered.

Ms. Noble said, "Yes, that's precisely what it's designed for."

Chair Dominguez said in the contract there is compensation at the completion of certain phases, and perhaps it's not needed, but there are no timing requirements on each phase. He asked if there is an expectation that Phase II is done in 20 days or 30 days.

Ms. Noble said, "Because.....we didn't put we didn't put timing on this, partly because there is a lot of will and eagerness to move forward, but because Phase I and Phase II in particular, are very dependent on external factors. So I think we would expect this work would be done in more like 3-6 months, than by the end of the calendar year, but we wanted to leave ourselves flexibility and the phases will overlap."

Chair Dominguez said, in terms of transparency, he believes some education needs to happen. He asked if there is a need to make the results of each phase public. He is looking for some sort of public process, not only as the result of what comes out of the contract, but through the life of the contract and as it pertains to each phase..

Ms. Noble said, "We had not talked about any particular outreach at the completion of each phase. There are documents and what is submitted will be public, and you may want to consider that. The contract was specifically designed for quite a lot of community engagement and input, particularly as you have may have noticed in Phase II and in Phase IV. It is clearly, and as you know, there was a public banking forum. There has been a lot of public discussion in this community around public banking and we can certainly consider an outreach and information sharing strategy throughout the work of this contract, and the accompanying work in the Resolution."

Chair Dominguez said he appreciates what is says in Phase IV, when you talk about "work with a broad array of technical experts and community members to minimize risks." He said, really the public, and not organizations such as the Community Foundation, the public are the collaborators that are going to be the bank. He said, "I almost feel like some of that public input needs to happen on the front end, and not so much on the back end. I know it could increase the cost of contract, because there's going to be another component to it. But I just think, in terms of transparency and in the spirit of collaborating with the public, that there might need to be more of that, or maybe it needs to be a little more identified in the contract."

Ms. Updike said, "I was just going to add.... I can't agree with you more about the need for kind of an open door policy and openness. But until there is something that people can actually see and understand, the concept of public banking is a little bit amorphous and is a little hard to understand, even for the group that gathered around the Public Bank Symposium, all of whom were there because they had a specific interest in it. And so, I think we'll garner a great deal more specific and actionable community input once we've got something more tangible that can be brought to the public. In point of fact, I think the Public Bank Symposium, that we had people here and the banking on New Mexico groups, have elicited a tremendous amount of public engagement around the topic. And at least my engagement with that group is that they're looking now for, okay, what are we going to do. So I'd like to see that engagement occur when we can begin to answer what we are thinking about doing."

Chair Dominguez asked how many "people in poverty" attended the symposium.

Ms. Updike said, "I would say about 200, and I would tell you...."

Chair Dominguez asked Ms. Updike, for clarification, if 200 people who were in poverty attended.

Ms. Updike said no. She said she doesn't know how many people in poverty attended, commenting she doesn't know what the demographic build out of it was.

Chair Dominguez asked if people in poverty have anything to gain or benefit from this.

Ms. Updike said, "I hope so. Whether they have... if they don't, then we're not doing the right job as a City."

Chair Dominguez asked Ms. Noble what the City done to reach out to explain to those folks, to people who could really benefit from this concept of public banking.

Ms. Noble said, "We have not specifically reached out to any particular income band and demographics. We have only been working on this and the Resolution, but we certainly can work on outreach in lower income demographics."

Councilor Dominguez said, "I don't necessarily want to negotiate the contract here. But if you look at these two it says, 'Prepare a presentation to the City which outlines the initiatives, their history, so on and so forth.' It almost seems like that is something the public should be invited to. So the presentation shouldn't necessarily come to the City or the Governing Body. And there should be a significant or aggressive effort

to make sure that we reach all people of the community, not just those who understand it, have the time to learn about it, or necessarily interested in it. We need to what we can to engage folks to participate. So I don't necessarily want to negotiate it right now, but I think you've captured the concerns."

Councilor Rivera said in the initial Resolution, it directed staff to analyze public banking, and it said one of the bullet points was, "Include measurable factors of City banking, like debt servicing cost, profits returned to the City, municipal and other tax revenue and other key areas of economic concern." He asked if this has been included in the proposal before us today, or in the contract.

Ms. Noble said, "We would expect, particularly once we have the strawman approaches, that those measurable factors would be included. Yes."

Ms. Updike said, "This is really a joint City project, so that will be an incredibly important element of participation and cooperation with the City's Finance Department."

Councilor Rivera asked if that language needs to be included in the contract or is it pretty clear.

Ms. Noble said, "I think it's clear, and we can take what's being discussed tonight as direction to staff to do a significant effort to engage constituencies as well as to ensure that those measurable factors, that is the work that we were directed to do for the Resolution, so we have that responsibility to bring that back to you."

Councilor Rivera said it says, "At a minimum that there should be an analysis of the process, feasibility and relevant factors for establishing a public bank, including associated costs, cash flow management requirements, long term risks and potential community impacts." He asked if this language "is in here as well, or is that implied."

Ms. Noble said, "It's not included explicitly in the contract. We have, as we have dug into this, looked more at public banking functions as a way to understand and pin down this concept, establishing a public bank. We have some decent numbers from other places as to creating an institution, but again, we would expect that those specific factors would be included in the final analysis that wraps up both the work by staff and the work explicit in this contract."

FRIENDLY AMENDMENT: Councilor Rivera said on page 2 of the contract it says, "... unrestricted cash, and dept capacity..." He asked to amend the contract to insert after "capacity," the words "and other resources." **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THEIR WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

Councilor Maestas said, "I just want to state for the record, that we did provide clear direction regarding the scope of this contract. And it's very difficult for us to propose amendments to a potential legal instrument that's already been negotiated. No, it hasn't been signed yet, but it is much more difficult because there is cost associated with the scope as well. In the future, we want to makes sure that our direction is fully considered when negotiating scopes of future contracts."

VOTE: The motion, as amended, was approved unanimously on a voice vote.

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

22. PRESENTATION AND APPROVAL OF CITY OF SANTA FE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014 BY ACCOUNTING & CONSULTING GROUP, LLP PURSUANT TO STATE AUDIT RULE 2014, 2.2.2.10(J)(3)(d) NMAC. (TERESITA GARCIA). (BRING CAFR BOOKS)

A copy of a power point presentation *City of Santa Fe*, prepared by Accounting & Consulting Group, LLC, is incorporated herewith to these minutes as Exhibit "2."

A copy of the *Comprehensive Annual Final Report [CAFR] for the year ending June 30, 2014*, is incorporated herewith to these minutes by reference, and copies are on file in and can be obtained from the City Finance Department.

Ms. Garcia said the auditors were Accounting & Consulting Group, LLP, and they will be presenting the CAFR to the Committee.

Mr. Rodriguez said, "The reason it is being presented to you is a matter of transparency, but there is a State law requiring that we present it to you and that you fully accept it, and you as a subcommittee have the power to do that."

Ms. Garcia introduced Bobby Cordova, partner, and Morgan Browning, Manager, Accounting & Consulting Group, LLC.

Mr. Cordova thanked the Committee for the opportunity to work with the City. He said, "The CAFR is the "cream of the crop," in terms of financial reporting. And so I personally just want to give some kudos to Teresita, Erica and Helene for their hard work during this process. It is a very big project and they collaborated this really well to be able to accomplish these goals."

Mr. Cordova presented information from Exhibit "2." Please see Exhibit "2," for specifics of this presentation.

Mr. Cordova noted they also will be making this presentation to the presenting to the Audit Committee.

Chair Dominguez asked Mr. Rodriguez if he has comments.

Mr. Rodriguez said he has nothing to add and would ask for a formal vote of approval of the CAFR if that is the desire of the Committee.

Chair Dominguez thanked Mr. Rodriguez and staff for their work. He said audits are good, and in his opinions, findings are good as well. Because there is always room for improvement and findings help you to do that. He said the level and significance of the findings are what we always have to look out.

Chair Dominguez noted there are repeated findings, one of them dealing with the entry level general computer controls which has repeated and has been modified. He asked what is meant by computer controls – is it process or infrastructure and our ability to report data.

Mr. Cordova said, "You talked about the repeated part. So if you look at the number at the front there, for example FS06. That first number is the fiscal year that the finding first appeared, so that was Fiscal Year 2006. So the second question you said, in 2013 it showed up, we said the term modified because it was more turned around, but it was actually the recovery plan. And so in the finding we spell out there are some policies out there, it's just fully implementing those and actually testing the backups. Because if this place burns down, or maybe there's an earthquake in Santa Fe, highly unlikely, but something happens and the systems are all destroyed, are you going to be able to get back up and running. So it is fully implementing that, and making sure those are tested and assure that, in terms of information technology, do you have a contingency plan."

Chair Dominguez said a discussion is on the agenda later on, and imagines that this will be part of that discussion.

Mr. Rodriguez said, "Not totally technology. As much as possible I'm going to try and stay out of the weeds."

Chair Dominguez said not in Mr. Rodriguez's discussion, but IT is on the agenda and he would imagine that some of this relates, hopefully, to the discussion we're going to have in IT."

Mr. Rodriguez said, "Yes sir."

Councilor Maestas said this good news, in terms of the submittal of the statements and getting it cleared through the State Auditor's Office. He said he thinks the long term debt portfolio of the City is substantial, but he isn't an accountant. He said, "In your opinion, given our long term debt, how would you characterize it in terms of the overall health of the City." He noted that some of the issues of the long term debt were not insured, and some were. He asked what is the ratio of debt to income, and how does that play into the long term liability.

Mr. Cordova said in the financial highlights, we included the long term liability and that includes other things, noting it decreased \$9.5 million dollars worth of bonds sold, so it's going in the right direction, you paid some debt. He said, "In terms of ratio, we really don't compare. Let's take another municipality similar to Santa Fe's size and get the ratios and see how they line up. When you look at the statement and that position, the equity position looks pretty strong, and it looks like you have had some refunds to

minimize the interest going forward. If you look at current working capital, so current assets minus current liabilities, and how things are going to look and the long term debt is excluded from that. We could do some sort of comparison for you, I think – get some ratios and just see where does Santa Fe sit.”

Councilor Maestas said, “In the next audit, I want to get some sense, in terms of our debt capacity for long term debt, \$350 million seems like a lot of money for long term debt. But I’m obviously not looking at the overall financial health of the City. But I want to know going forward, if there are other ideas about acquiring land or incurring more debt service through large bonds, I want to get a sense of how we’re going in terms of long term debt. Should we ease off the pedal and reduce that, or not incur any more. I would like some indication, using long term debt to guide us in our decisions if and when these things come before us. And I have no doubt, I’m sure, we will have a significant quest, whether or not we want to incur debt. I’m just concerned about long term debt. That seems like a lot of money to me and I want to understand it better. And if we could look at that in the next audit, that would be great. I would like to see that.”

Mr. Cordova said that can be done.

Mr. Rodriguez said he will be talking specifically about that point in his presentation.

Councilor Lindell asked Mr. Cordova if he could comment on non-compliance with Social Security Administration requirements on page 6.

Mr. Cordova said the detail on the finding revolved that certain employees are excluded from participating in FICA. He said there is a form put out by the IRS which acknowledges this. He said this is more from a risk management standpoint for these employees to come back saying they didn’t know they didn’t pay FICA. The form acknowledges they aren’t paying FICA, won’t be eligible for that benefit in the future and that they know that.

Councilor Rivera said, relating to the “untimely deposit of Senior Center Receipts.” In the CAFR it says, “In test for receipts at the Senior Centers and related programs.” He said there were several times where cash is not deposited. He asked if we have made changes to that program and for all programs that handle cash so it is deposited promptly.

Ms. Garcia said, “We have a process in which an armored service comes in every day and depositing the cash. It’s just that this one is for the Senior contribution boxes, and they aren’t allowed to open the boxes. They have to bring them to City Hall for us to open them and make the deposit. And sometimes the drivers wouldn’t bring them in on a daily basis.”

Councilor Rivera asked Ms. Garcia if she knows why this wasn’t done.

Ms. Garcia said, “Sometimes we just didn’t get a driver down here, the timing. They had been lax in getting us the deposit on a daily basis, but we did talk to the Director. And we set up a log sheet so as soon as we know they didn’t bring the box, we would call them up.”

Councilor Rivera asked if there are similar issues at other facilities that handle cash.

Ms. Garcia said, "I don't believe so. An internal audit was being performed on the cash sections, but since we do have an armored service picking up on a daily basis, they're pretty much depositing it daily."

Councilor Rivera said, "On page 232 of the CAFR, it talks about the prior year findings, it talks about 'Entity level general computer control, this is repeated and modified.' Does that mean the same mistake continues to happen or there are the same findings continue, and we're looking for a way to remedy it."

Mr. Cordova said, "It was the issue we were talking about a little bit ago with the IT general controls. I think progress has been made, but was I think focused around the contingency plan and in recovery and testing that process. So it was repeated in the same area. If you look at the scope of the finding, it is modified to fit that for FY 2014."

Councilor Rivera asked, "What does Budgetary Compliance refer to."

Mr. Cordova said, "It is a handful of funds in the grand scheme if you look at the City's budget. We classified that as another matter which is least severe. If you look on page 212 those are the funds that established a certain budgetary authority and what the City actually spent, and there is an overage amount and it's reported on 212 in those funds."

Councilor Rivera said it was found originally in 2006, but Budgetary Compliance continues to be...

Mr. Cordova said, "In 2007 all the way at 2014, and so we talked about it at the exit. In terms of dollars maybe it's not that big, but since it's been around, get a process together to get that remedied."

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve the City of Santa Fe Comprehensive Annual Financial Report [CAFR] for Fiscal Year ending June 30, 2014.

FRIENDLY AMENDMENT: Chair Dominguez asked to amend the motion to direct the City Manager or the Finance Director to give us a summary of some of the repeat findings and what is the plan to resolve those. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

FRIENDLY AMENDMENT: Councilor Maestas like to amend the motion to direct staff to look at the Executive Order the Governor issued regarding the condition of audits of local governments. That Executive Order provides some conditions under which the Governor would refuse Capital Outlay funds if there were certain outstanding findings in Local Government audits. He said, "I think we're okay, but I think this Committee at a minimum should know what those findings are."

[STENOGRAPHER'S NOTE: Unfortunately, at this time there was a power failure in the outlet used by the Stenographer and a portion of the proceedings, as follows, were transcribed from the Stenographer's rough notes.]

Mr. Rodriguez said none of these findings are even close to those in that provision. He said, in terms of findings, there are essentially minimum findings to no findings.

VOTE: The motion, as amended, was approved unanimously on a voice vote.

- 23. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO COORDINATE A JOINT CITY COUNCIL/COUNTY COMMISSION MEETING TO DISCUSS AND DETERMINE IF AND HOW THE CITY AND COUNTY MAY PURSUE A JOINTLY OWNED ELECTRIC UTILITY; DIRECTING STAFF TO REVIEW THE LEGAL AND TECHNICAL OPTIONS RELATED TO THE DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY FOR THE CITY OF SANTA FE AND SANTA FE COUNTY AND REPORT BACK TO THE GOVERNING BODY ON STAFF'S FINDINGS RELATED TO THE PRELIMINARY ASSESSMENT AND OTHER RESOURCES, REPORTS, STUDIES AND DOCUMENTS AS DEEMED NECESSARY (COUNCILORS MAESTAS, RIVERA AND IVES). (JOHN ALEJANDRO) Committee Review: Public Utilities Committee (approved) 12/03/14; Finance Committee (postponed) 01/05/15; City Council (remanded to Finance Committee) 01/14/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.**

Chair Dominguez said he would suggest a motion with the following language: "Motion to direct the City Attorney's Office to expand the study on the legal issues and options the City has in creating a publicly owned utility, and within 60 days of the adoption of this Resolution, report back to the Governing Body its findings during a public hearing. After that report, the Governing Body may then direct the Renewable Energy Planner to conduct a study of the technical options the City has in creating a publicly owned electric utility, which would include the fiscal impacts associated with those options."

Chair Dominguez said we don't need to go down that path until we have that information, and he is expanding the study to see if we can do this legally, and if so, what are the legal barriers, and what is the plan to get around that.

There was a short break while electricity was restored to the outlet used by the Stenographer

Councilor Ives arrived at the meeting

Councilor Maestas, said, "I'm just going to quickly restate that this Substitute Resolution is in direct response to every concern, not most of the concern, but every concern that was voiced at the previous Finance Committee meeting, and I just want to reiterate that I think there was a desire from the Chairman,

Councilor Dominguez, that we really need to take a position on 2012 Assessment which hasn't been done. And that's what this Resolution is asking for.'

Councilor Maestas continued, "Councilor Trujillo, who is not here today, wants a more definitive answer from the County as to whether or not they want to continue in this joint partnership and joint dialogue, to pursue the feasibility of a jointly owned City/County utility. This Resolution specifically directs the City Manager to request a joint meeting of the City Council and the County Commission to discuss that very topic and get an answer."

Councilor Maestas continued, "And then the other, is it emphasizes the need to answer the legal questions. We can take a more deliberate and efficient way and say let's answer the legal questions first, see where we are. I believe the legal issues and getting a staff recommendation as to whether or not we should ratify the 2012 assessment, can be done in parallel and done concurrently. And I think that would be a great step forward, and again, as I said before, helping this dialogue move forward simply by ruling things out. I have always contended that the City ought not to assume all of the risks and all of the costs. I felt like we started this conversation and this partnership with the County. It makes sense for us to move cautiously and share the risks and the costs as we proceed forward, but I want us to proceed forward. And my Resolution does just that. And I was willing to kind of step back and regroup and craft a Substitute Resolution that was entirely responsive to, I think, the primary concerns that I've already stated."

Councilor Maestas continued, "So I'm open to enhancing the Resolution, but I really think that folks really want us to converge on some kind of consensus. And I am trying my level best to do just that with this Resolution. Mr. Chair, I'm interested in hearing how your possible amendment can enhance this. But again, I think you requested a ratification of that 2012 assessment, and I think that's what this Resolution does. It doesn't direct any new or expanded scope of any kind of feasibility. Staff is simply going to look at the assessment and other issues, and make some preliminary recommendations to the Governing Body. That way, we can take a formal position. And if we decide that the assessment is outdated or too vague or too general, or not specific enough, then that's fine. We can set the assessment aside and just start as if there's been no feasibility study and no assessment on a public utility."

Councilor Maestas continued, "If the County, at the end of a Joint City/County meeting, says we choose not to pursue this, then the City is on its own. So I'm simply seeking to rule things out to move forward. I don't even think it's all that bold; I'm trying to take some logical steps here and be as responsive as I can to your issues."

Chair Dominguez thanked Councilor Maestas saying he appreciates that. He said, "I think we're close to something that we can agree on. One of the problems I have with the assessment is that staff will have to end their study of the assessment, determine what is going to be relevant to the County, and what is not going to be relevant to the County. I think when it's all said and done, the staff is going to come back and say, well, if the County agrees to join this is what the assessment looks like, and if the County doesn't agree to join us, then this is what the assessment will look like. And so the assessment, I think at that point, would really be inconclusive at that point."

Chair Dominguez continued, "Now that doesn't mean that I think we shouldn't ratify the assessment. I think we should have some technical review and/or opinion of what that assessment says, because it's quite complicated. I certainly am not an energy expert. I certainly do not understand the ins and outs of exactly what it is some of that assessment may say, but I do understand that this is about process, for me anyway. It's about process and making sure that we do not go too far down the road without really understanding of what it is we need to do now."

Chair Dominguez continued. I would be amenable to maybe having staff provide us with a summary or an analysis or an assessment of what the study says. Then, once that is done, then taking the step, if you want to call it that, but determining what the legal challenges may be. But my intent here is to somehow compartmentalize it a little bit, so we understand exactly what it is that we're getting into, and where we could ultimately asking the voters to participate with us. Because ultimately they are the ones that are going to pay the price if we do go down the road of municipalizing. And quite frankly, they pay the price if we don't do something to take care of our environment as well, so I see both sides to that."

Councilor Dominguez continued, "The other thing that I want to make sure that we do is that we have some sort of public process built into this. I think the public needs to be able to chime in and say, not even say yes, we want a public owned utility or no we don't, but that they understand and they can even ask questions from their perspective about what the assessment says or doesn't say, or what things mean legally, or don't mean, legally. Maybe the public wants us to participate in a long, drawn out process to change the law at the Legislature, I don't know, but I think that is ultimately what it is going to come down to – there's going to have be some legislation done at that level in order for us to create a publicly owned utility."

Councilor Dominguez continued, "And so, having said that, if we go down this process of looking at things technically, if we do that, when really we can't do anything with regard to a public owned utility without that legislative change at the State level, then it's almost as if we've done all of that work, and I don't want to say it's all for naught, because it's education and understanding it better. But we really can't do anything to change that dynamic unless we have that State legislative change. And so, if that's the case, I would rather understand that more and understand it better than the technical components of it. But, I'm only one vote and I'm willing to try to work on something that works for everyone. So there's my speech. Who else wants to speak."

Councilor Maestas said, "Well just on your points, if I may, I think we all know and many know that the City Attorney issued a legal memo. And one of the conclusions in that Memo was that the City does not have the power of eminent domain to acquire existing electric infrastructure. However, the very consultant that she used, disputed those conclusions of the Memo, at least that's my interpretation. It is probably clear that there is not a legal consensus, therefore that's why I'm asking that we really get a more comprehensive.... almost a white paper."

Councilor Maestas continued, "I think the legal analysis as presented by the City Attorney in her Memo was somewhat rushed. I think we should look into all these case studies. I think that I mentioned in the past, the creation of a city utility by the City of Albuquerque in the 1970's, the City of Las Cruces' attempt to acquire El Paso Electric, the exclusionary State Legislative Delegation that gave them power to

acquire infrastructure. The acquisition of the water company. What was the process and the legal framework that the City used. Obviously that's a totally different deal, but I think it's germane to this whole dialogue about creating a public utility company."

Councilor Maestas continued, "So I really felt like we probably do need an expanded decision paper and looking at all these related case studies and to try to draw from those circumstances and see what we can apply to this circumstance, and I feel this can do that. In terms of vetting the assessment again, basically picking it up and looking at those recommendations and have staff come back before us, I see that as necessary prior to having a joint meeting with the County Commission. And the County Commission is going to ask for the same thing: Well, if we meet, what do we talk about. They're going to go to staff and say, well our last milestone, our last data point was this 2012 assessment. Refresh it. Give us some preliminary recommendations. Is it on the right track."

Councilor Maestas continued, "So I see what my Resolution asks for, it's going to be necessary in terms of staff prep for a joint City/County meeting to discuss this. And so I think it has everything. If you're concerned about the sequence, I'm interested in maybe some amendments in that regard, but I don't think we need 60 days to enhance an existing legal memo that the City Attorney already released on this very subject. I think that can be done in a much shorter time frame. And I do believe that staff's assessment of the 2012 Study can be done concurrently with that."

Chair Dominguez said, "I want to make sure staff has enough time. I don't know, maybe 60 days is too long, maybe it's not enough, I don't know. I think they're the ones who are going to know best. I just think it's interesting. In many ways, this is more complicated than public banking,. In many ways, it's even more important than public banking, but we're going down this very methodical approach to public baning – getting information. We went through that discussion already. I almost feel like we need to go down a much more methodical approach to this sort of thing even than public banking. And so, I'm just trying to clear the air a little bit, if you will, and as I said before, be a little bit more compartmentalized. Make sure that we don't put the cart before the horse. Make sure that we understand the road it is that we're taking. And if you want to do... I don't know that 30 days is enough either. Maybe 40 days."

Councilor Maestas said, "Let's say if we're going to do this in series, if we're going to...."

Chair Dominguez said, "Let me ask Kelley. How long, since you've done a kind of preliminary legal assessment, how much longer will it take for you to kind of tie it all up, given the fact that you don't have any money to get an outsourced opinion."

Ms. Brennan said, "It's an interesting problem. Chair Dominguez, I can probably do it in less than 60 days. I will say that I am going to be on vacation, out of town for the last two weeks in February, so that will factor in. And I'm also engaged on a number of other projects. However, I have looked into it. I have had a number of discussions with some other lawyers. I don't think my fundamental position will change. I can certainly address the water company. I have addressed it independently in emails to some Councilors who asked about it. I didn't address it in the Memo, because I don't believe it's relevant, particularly to the electric utility question, but I can address that. So, looking at the calendar, it may be the beginning of March, in any event."

Chair Dominguez said, "50 days put us at the end of February."

Ms. Brennan said, "And what meeting would that be."

Chair Dominguez said, "So on February 16th, that puts us at 40 days."

Ms. Brennan said, "Councilor, I will be out of town from the 14th to the 28th. Sorry about that."

Chair Dominguez said, "So we have March 2nd, March 16th and March 30th. That takes us too far out, that takes us beyond the 60 days. Again, I'm just kind of looking to make sure, again, that... two things. That we don't put the cart before the horse, and that we take a methodical approach to this. And number 2, that we have some built in public process as well. And I don't know if that needs to come at the technical part, or the legal part, or both, or specifically, just the public process in and of itself, but those are the two things."

Chair Dominguez continued, "Kelley, one last thing."

Ms. Brennan said, "Yes. Chair Dominguez, I think could probably do it... I'm trying to think what the meeting is, the first meeting in February is... February second. That's Finance. I can try to do that. I would like to be able to answer any questions the Committee may have. I've done most of this work myself."

Chair Dominguez said, "We can just take it to the full Council on the eleventh, Councilor Maestas. I would like for it to come to Finance, but at the same time..."

Councilor Maestas said, "I want to make sure we have some consensus on this. And I am trying to be methodical and very cautious. I'm open to some realistic amendments and we have a realistic timeline from Ms. Brennan to get us that really comprehensive legal analysis you are requesting, most of which has already been done. I don't want you to feel like we're rushing and I certainly want to make anyone feel like I'm rushing this. I'm an engineer and engineers are boring, most of them anyway, like me. But we are very cautious and methodical, so I'm trying to do this through this Resolution."

Chair Dominguez said he appreciates this, and he appreciates the debate and the discussion which we really need to have.

Councilor Ives said he is a cosponsor of this measure with Councilor Maestas. He said the measure brought forward is designed to pursue that considered process forward by beginning with staff, internally, a communication and then a discussion with the County on its interest and intent. He said, "I think it actually is doing what you are requesting to be done, which is to look at this methodically beginning internally in conjunction with the County. To me, it makes sense to go ahead and move this matter forward, because I think it will advance the interests we want to get to. If we wait until we have perfect information before we make any decision [*inaudible*] and I don't think we should let the perfect become the enemy of the good, is the way the expression often runs. Again, we make a lot of decisions based on the advice that counsel gives and we move forward. And I do not doubt that in this process, and before

anything substantive is done by way of looking at that, any sort of issue of acquiring PNM, that there would be many opportunities for the public to be heard. Just looking at the issue, studying what we can, figuring out from the County, doing the points in Councilor Maestas's measure, from where I sit really makes sense. Thank you."

MOTION: Councilor Lindell moved, seconded by Councilor Maestas for purposes of discussion, to approve this request with proposed amendments to the Substitute Resolution as follows:

1. Page 1, line 14, as follows: "~~....REVIEW THE LEGAL ISSUES AND TECHNICAL OPTIONS RELATED TO THE DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY....~~"
2. Page 3, line 4, "~~.....conduct a study of the legal options and technical options the City has in creating a publicly owned electric utility, including the fiscal impacts...~~"

DISCUSSION: Councilor Lindell said, "One of the reasons for this being that this Resolution has a Fiscal Impact Report for \$5,000, and I don't believe that it is reasonable or plausible that we would be able to conduct any type of technical review or expansion with a total budget of \$5,000. I think that we need to keep in mind, even for the amendment that I've proposed into the existing Resolution.... I just remind everybody, we have a \$5,000 Fiscal Impact Report on this, so that is the amendment that I would make to this

Councilor Maestas said, "I still think the previous comments that have been made in this Committee, regarding the preliminary assessment, haven't been answered. I really feel like this body needs to take some position on that and take formal action. And the amendment really doesn't call for that. So, that is one of my questions. And the second is in response to the FIR. I think this very Resolution set a precedent in basically estimating in-kind labor services associated with Resolutions which had never been done before. The reason why I think it is a realistic estimate is because, and I stated this before, we assumed that City and County staff would be reviewing the assessment in preparation for making recommendations to their respective governing bodies. And so that's why the \$5,000. And not only that, the technical options and the analysis is primarily going to be limited to the assessment just for that very reason to have this Governing Body make a decision."

Councilor Maestas continued, "We made a decision to invest money in this assessment. Do we uphold it, do we partially adopt it, do we fully adopt it. So, again, that still remains unanswered with this amendment. I do feel like we need maybe a more robust, a more comprehensive legal analysis, but I don't know that needs to happen in the absence of moving forward with regard to setting staff on a path to lead to ratification of the assessment. But, if we're going to take a plodding approach, a slow approach, I think it's too slow frankly, but I may go along with this amendment."

Chair Dominguez asked, "Councilor Lindell, do you want to provide any limits or timeframes for staff to do some of this. Because Councilor Maestas is right. We need to make sure that we do keep on a track. And I've found throughout my 9 years of being a City Councilor, that it's a lot better when you give staff

that timeline and those parameters if you will, because not only do they know, but we know as well. And Kelley I know that it kind of conflicts with your personal schedule, although we have a City Manager who should be able to make sure that the appropriate staff is doing the work that needs to be done, because the City ought not shut down because Kelley Brennan isn't here. So I just want to throw that out."

Councilor Maestas asked, for clarification, what was the timeframe, because he thought we were discussing a timeframe shorter than 60 days, perhaps 45 days.

Councilor Lindell said that would be fine.

FRIENDLY AMENDMENT: Councilor Maestas proposed to amend the motion to "change the timeframe to come back with a complete, comprehensive legal analysis in 45 days." **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

Chair Dominguez asked Ms. Brennan if this is okay with her.

Ms. Brennan said, "Yes, Chair Dominguez. And if I can do that before then, I will."

VOTE: The motion, as amended, was approved unanimously on a voice vote.

24. REQUEST FOR APPROVAL OF 311 PILOT PROJECT FOR CITY OF SANTA FE. (SEVASTIAN GURULE)

Sevastian Gurule presented information from his Memorandum of January 13, 2015, which is in the Committee packet. Please see this Memo for specifics of this presentation.

Chair Dominguez said then there is no fiscal impact to this and it will be all staff time.

Mr. Gurule said, "The pilot project that we are presenting here will be budget neutral, and it will be all constituent services staff and done with in-house staff.

Chair Dominguez said, "When you say 'develop budgetary needs,' it almost makes it sound as if we're moving forward in developing a budget to implement a full program."

Mr. Gurule said, "That's it exactly. We'll be collecting information and being prepared to develop numbers, and then we'll do a thorough analysis, if it was the wish of the Governing Body to implement a full 311, and then provide several options to the Governing Body of how that would work, what it would look like, what it would cost, what would be the technical needs, staffing needs, so on and so forth. Right now, we're just looking at basically implementing a pilot program to see how this would work. We've done some preliminary analysis as far as the numbers of phone calls that are received, and with potholes, animal control and graffiti, I feel very confident we can go ahead and handle that level of increased phone calls. Again, our intent would not be to change the current process on how requests are submitted or

handled through the respective divisions. It's more to provide a single point of contact. And then as we go through that, we'll be able to collect a series of data that can be used to analyze measurements if you will, to be able to analyze it further. And then I will work with the City Manager and prepare several options that we can present to the Governing Body.

Councilor Rivera said, "Your staff seems to be a little bit spread out right now and doing other duties besides constituent services. Are they going to be pulled into a central location."

Mr. Gurule said, "It will be primarily Therese and myself and Jenna, and we're going to be located right here in the Constituent Services Office. And we'll be located centrally so we can work together and have that communication and help each other do some trouble shooting and brainstorming as we develop the larger options."

Councilor Rivera asked, "Is it going to be a true 311 service, or what I heard you say was phone calls that are received by other departments are going to be transferred to you."

Mr. Gurule said, "During the project, it's basically going to be handling those phone calls transferred into the Constituent Services Office, and it will be my staff that will be responding and answering those phone calls. We're going to work very closely with those respective divisions and sections to continue on with their same process so that we don't create inefficiencies. Eventually, the idea would be that we would be able to provide several options to the Governing Body that would be either looking at continuing on with the further pilot. We could potentially look at options that would be providing the 311 services with internal staff or a combination of internal and external. The goal ultimately now would be with internal staff."

Councilor Rivera said, "So it's not actually calling 311 and getting your services, you will just be transferred those calls that normally would be 311."

Mr. Gurule said, "That's correct. And in talking with Ms. Tenenbaum from Albuquerque, that's how they initiated the implementation of their 311 system when they went to the pilot project. And we are mirroring basically, exactly what they did. They started out with some high level, high demand services and they started preparing the blueprint for what a full blown 311 system would look like."

Councilor Rivera said he has been in favor of this for some time, and thinks it's a good way to see what it's all about and see if we can handle it internally. If not, what more do we need. I think it's going to be a good step forward, busy, but good."

Councilor Ives said, "Sev, you say this request would result in redirecting staff within your department to look specifically at the 311 issues. Correct."

Mr. Gurule said, "What we're going to be doing is my staff and I will be working on providing the same customer services, answering those phone calls, responding to public inquiries and we will be basically the same services as currently done, except for now you have one central location. The public isn't going to know the numbers are changed and will continue the same phone numbers. The phones will be answered by constituent services personnel."

Councilor Ives said, "We've had proposals involving staff in inquiries on energy issues, and we heard that request to use staff for these requires an FIR. And we've heard it expressed that we don't really know what the fiscal impact is. When the energy matter originally was brought forward by Councilor Maestas, it had no fiscal impact because staff is doing it and it had a \$5,000 impact, and I'm questioning where that fiscal impact is. This seems to be another measure asking staff to look at something simple, a 311 system which, based on the presentation by the woman from Albuquerque, suggested a significant restructuring within the City of Albuquerque on how they handled all such systems, and yet there is no fiscal impact here. So just wondering if you coordinated with the Finance Director, maybe bringing forth new policies on how we assess fiscal impacts. So I'm just trying to understand, what within our system, when we are asking staff to look at new opportunities and proposals, actually just involve fiscal impact, versus what has no fiscal impact and on what basis we're making that determination, if you know."

Mr. Gurule said, "I can say, very confidently, that Jenna and Therese, their services they are providing right now, fall directly in line with answering and responding to these public requests for information. We would just be increasing the number of phone calls they would be addressing. My responsibility would be to monitor the volume of phone calls coming in, and be able to report that back to the City Manager, and be able to determine if we can continue to handle the number of calls."

Mr. Gurule continued, "We did some preliminary research, and right now we're looking at an additional number of phone calls within a given day of 50 additional phone calls every single day. And that falls right in line with what Jenna, Therese and myself can handle. So as far as budget neutral, during the pilot project we can absorb those services internally. At the time, if we build a pilot project, I would be working very closely with IT, and Renee and I will be working and doing additional research on 311 management systems. So as far as the services for the pilot, we can absorb that for the six weeks. Our goal would be to be able to provide information back to the Governing Body with several options, and then be able to obtain some data in that six week period of time for review of the Governing Body and for you to give staff direction on."

Councilor Ives said, "In terms of each phone call or other request for information that's received, how much time is spent on each of those items, on an average in terms of determining what the request is seeking, determining what the answer is and then determining what response to make back out to the person who had made the request in the first instance."

Mr. Gurule asked if he is asking the time duration from when the request is filed to when it is complete.

Councilor Ives said, "I'm asking how much time is involved on an average in receiving that information, the request, and then to gather the information to respond to it and then responding to it."

Mr. Gurule said, "In my conversation with Ms. Tenenbaum, Director Albuquerque 311, the average phone call time duration is anywhere between two minutes and three minutes for an average phone call. So the amount of time spent on each phone call is basically that. Once the request is entered into the system, my staff is pretty familiar with our system, it takes us maybe 30 seconds to a minute to enter a request which is fired to the direct division or section that is responsible for addressing that request. That's in regards to the time duration for the phone calls. When a request is submitted, depending on the type of request, it varies from the type of services and then the severity. For example, potholes, depending on how big that pothole is there could be variable time to resolve it. The complaints could be something that could be addressed within the same day or with 72 hours. Our goal is to make sure the system itself, and our Citizen Relationship Management System is working properly so the internal controls that are automated are working efficiently and effectively. And myself, and Renee and Mark from IT are working with our digital element folks to make sure that is taking place. So that should alleviate a lot of phone calls and follow up questions. The system will be designed to do that automatically."

Councilor Ives said he appreciates that we are moving in this direction, and he isn't questioning the need for the service. He is trying to be clear on our FIR policy. He looks forward to the clarification of why some carry a fiscal impact while others don't.

Mr. Gurule said, "During the pilot project, there will be no fiscal impact."

Chair Dominguez said, in all fairness to City staff, it behooves the Governing Body to come up with a policy of exactly how we should deal with fiscal impacts. He said, "I've seen it in the past, this isn't anything new really, that can either make or break a policy. Absent of a clear policy on that, it is difficult to put staff in that position, but I hear exactly what you're saying."

Councilor Ives said he is looking for that policy.

Chair Dominguez said we are the policymakers and we probably should come up with one.

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request as proposed

DISCUSSION: Councilor Maestas said, "With regard to the language we are speaking, I agree the justification for this pilot is that it's budget neutral and that is different from whether or not it has a fiscal impact. So I agree that we need to start speaking the same language and know exactly what those terms mean. And I don't want to use it for the convenience of any certain request. And I think in the future.... I appreciate the effort, I am in support of it, but there really should be a fiscal impact report. And also, we've talked about the extremely high cost of a fully implemented, comprehensive 311 center. And anytime you engage in pilot efforts like this, it raises expectations."

Councilor Maestas continued, "And I can't help but think whether or not the City will be in a position to permanently implement even a limited 311 type service to the highest demand type services. So we really need to temper those expectations. I really want to see a realistic, objective report regarding the success of the pilot project and the potential benefits of some kind of 311 program with phases and options to suit the City's current financial condition. So I hope we're not raising expectations unnecessarily that we will

move forward next year with a 311 program. A lot is going to ride on the results of this program and the report and I look forward to that."

VOTE: The motion was approved unanimously on a voice vote.

**25. DISCUSSION ON FRAUD, WASTE AND ABUSE HOTLINE TIMELINE IMPLEMENTATION.
(LISA KERR)**

Councilor Rivera thanked Ms. Kerr, City staff and the Audit Committee that have working for more than a year to design this hotline. His intention was to catch things on the front end and don't wait until a significant amount of money is missing or other problems occur before we find them. He said, "Those employees on the front lines that have a lot of character and integrity maybe will find things on the front end and hopefully, prevent some of these issues we just talked about. He thanked her for including City employees on the poster and the flyer, so there are people we recognize..

Lisa Kerr presented information from her Memorandum of January 20, 2015, which is in the Council packet. Please see this document for specifics of this presentation. She thanked the Committee for its support in getting this initiated. She said the implementation team from the company selected, which is Navex Global, Inc., finished its part of the project, and they are ready to go live after receiving comments from the Finance and Council. Once approved, she can move everything forward. She said once that is in place, they will move forward with the materials and the cards. She said the timing of including this in the employees' paycheck may be in the first paycheck following the Council meeting or the next one after that, so we may be 2-4 weeks away from that.

Chair Dominguez said this is a good first step, and a good way to kick it off and get it started to get our employees engaged in this process.

Councilor Lindell thanked Ms. Kerr. She asked about our contract with Navex Global.

Ms. Kerr said we pay Navex Global, Inc., an annual fee, noting the full contract for the first year, including the implementation, licenses we need and such is of less than \$6,000, which seems to be fair and reasonable. Navex Global is a nationally known company. She noted the renewal fee is approximately \$3,500 a year. She said they do answer all of the phone calls. The reason this company was selected is because of its reporting mechanism. She said they do have section on the website that allows City employees to generate some very reports we can share with the City Council, Finance Committee, the City Manager, the Audit Committee and whoever else needs to see those reports.

Councilor Lindell asked if this program has an annual review.

Ms. Kerr asked what kind of review she is speaking about.

Councilor Lindell asked if we can look at this program in a year and see how many calls have been generated and such.

Ms. Kerr said that can be done periodically, as often as you would like. She wants to keep this Committee apprised of the number of reports that have come in, the status and the nature of the reports.

Councilor Maestas said this is a good step forward toward creating good government, and commended Councilor Rivera for championing this. He said we are still lacking the investigation component. He said this body declared they wanted to look into creating an independent, impartial and transparent Office of Inspector General, to make sure these investigations are done in an objective and thorough manner without conflict. The result was that it is feasible, and he is still waiting for an Ordinance. He has been under the assumption that, at a minimum, Ms. Kerr's Office, the City Attorney's Office, and Human Resources and other officers have been collaborating and drafting the Ordinance to create an inspector general office. He realizes we aren't Philadelphia, Chicago or Boston, but one of the preliminary recommendations is that we could start with a fraud investigator and then perhaps grow from there."

Councilor Maestas continued, saying, "I'm not going to let up. I'm going to continue asking for the draft ordinance to create an Inspector General Office to ensure again that yes, we're doing a great job of getting anonymous, objective intake on any fraud, waste and abuse. But if we don't have the investigation mechanism to assure the people that it is, again, it's objective, it's independent, it's impartial, then we're still falling short. So I want to see that last element to this. And so, I'm going to be on my crusade to be sure we get that draft Ordinance creating an Inspector General's Office."

Ms. Kerr said, "Thank you Councilor Maestas, and what I would say in regard to that is I think this program is going to be a great initiative to see exactly what the need is for that. As calls start coming in and we start generating reports, we'll be able to see either we have 10 cases and we can only work on one, that means we need a full time person, or possibly expand that into a different department. And by its very nature to the Internal Audit Department is independent. We worked a really long time to ensure that office is independent. And a fraud auditor working in that department would be independent and objective, and would fulfill the needs that you're speaking of. But I could see that evolving over the course of the next 2 or 3 years, into a full blown separate department as well. I really appreciate your support on all this. You've been a good champion for that. Thank you very much."

Councilor Maestas said, "And just in response to your points, Lisa, much of your program has already been pre-determined. I'm not sure that you set aside an appreciable amount of time for fraud, waste and abuse complaints to come in that you investigate. I think your program area is already set and pre-determine, but such an IG would be solely focused on fraud, waste and abuse type cases and investigating them. As you know, that if the mechanism to initiate a complaint, if it's threatening or hostile, it's not going to happen. And so I think this going to go a long way in diffusing anyone that may feel inhibited from coming forward. And we need to make sure that we continue, and I think this hotline is going to do that. But if anyone has any motivation to call in with a complaint, if they feel the investigation process is really not impartial and objective and transparent, that could still inhibit someone from coming forward with a complaint. And that's why I think that we need to set the entire path and put the entire process in place and then we will really see what the true need, demand, problems, however you want to call it, exists with regard to fraud, waste and abuse. I think the final step is getting, as Kelley calls it, a baby IG in place."

Responding to the Chair, Ms. Kerr said she needs Committee approval to move this forward to the City Council would be greatly appreciated. She once it is approved by the Council they can move forward to implement the hotline.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve moving this item forward to the City Council.

VOTE: The motion was approved unanimously on a voice vote.

26. BUDGET DISCUSSION

A. ITT

A copy of *City of Santa Fe Finance Committee – IT Budget Assessment (January 20, 2015)*, is incorporated herewith to these minutes as Exhibit "3."

Chair Dominguez said, "I want to let the Committee know that I brought this forward for a number of reasons. Number one, we've had some legislation sitting on the table which Councilor Ives proposed some time ago. I think we've seen an uptick, even in the Consent Calendar, with I guess they're Budget Adjustment Requests [BARs"] to resolve and/or fix some of the issues that the IT Director has identified and has needed to get people paid, so on and so forth. I also think that even just tonight, we've kind of had a discussion about how IT is so important in the function of City government. So I wanted to bring this forward so we could at least start there. My intent is at the next Finance Committee to have a discussion on Health Insurance, so I think staff is going to have to be prepared for that. Hopefully we can begin to give staff some direction with regard to IT with this presentation."

Renee Martinez, Director, ITT Department, said, "I really want to be respectful of your desire to get a report on ITT budget priorities, because I know you've had a lot of discussion on this in past years, especially on very critical needs and critical risks to the City. I also want to be respectful to the Finance Director's desire tonight to talk about budget priorities in general. So I have prepared something, and I wonder whether or not you really want to delve into it with a lot of detail, or maybe have a follow-up conversation. I can, for example, based on the conversation we had about the audit, I can really speak very directly about disaster recovery and some of the things we need to do and budget for that."

Ms. Martinez continued, "I have also prepared a general discussion about my assessment of the ITT organization, its resources, its staffing. I've done a lot of work over the last four months, talking to departments, talking to peers in other cities. I've put together a draft reorganization plan. I have some recommendations for how to invest in IT, but that's a more involved discussion. So if you could give me some direction for this evening's discussion, especially given that right after this you're going to be talking about the budget in general. I will try to meet everyone's needs."

Chair Dominguez said, "Can you give us the 30,000 foot summary."

Renee Martinez, Director, ITT Department, presented information from Exhibit "3." Please see Exhibit "3," for specifics of this presentation.

Ms. Martinez said she is finding that the level of the City's investment in both staffing and spending in ITT is woefully inadequate, and probably one of the reasons we're having issues with implementing big projects. As well we just did a Department Satisfaction Survey and we're seeing some real deficits in terms of our ability to help the departments automate and improve their services.

Ms. Martinez continued, saying her recommendations are in two different areas. First, in personnel. She has put together a reorganization plan that says we need to add at least 18 FTEs to the Department, and half of those FTEs she would be recommending placing in business applications area and have a key role called an IT Business Analyst or Business Liaison. And that position actually will spend a lot of time with Department understanding their business processes, their service portfolios, current level of automation and working with them as a consultant to understand how we can really provide value through business systems.

Ms. Martinez continued, "Councilor Lindell, thank you very much for responding to our survey. Your desire is to have all our permits on line. Exactly. That's something that we really need to be able to do, but we just don't have the resources to get into the Departments and work with them closely enough so we can build the plans out for either enhancements to our current systems, or purchases and implementation of new capabilities, etc. I'm recommending 9 additional FTEs in the business applications area."

Ms. Martinez continued, "Another area that is very deficient is in the policy and compliance area and that's the reason for what you're seeing in the internal audit and the data center evaluations. We have no staff doing anything related to policies and compliance around security, doing risk assessments. We don't have any fiscal or budget personnel that are looking and making sure we have best practices for financial policies or purchasing policies, making sure we are getting the best value from our IT spend to look at how we can consolidate our purchases and get our cost down with software licenses and hardware purchases."

Ms. Martinez continued, "If you look at the number of policies we have in the City for IT, we probably have two policies. If you look at Albuquerque's website, they list all their IT policies – they have 50. So the organization hasn't had the capacity really to put the formal processes and procedures in place to be a professional organization. And that's going to require additional staff that have skills we don't today. So this is the tip of the highlights. And I'm happy to come back and give you some more details. I can give you my handout tonight, if you want it, take it and look at it and have follow-up conversations."

The Committee commented and asked questions as follows:

- Councilor Ives said whatever information Ms. Martinez can give the Committee will be helpful, because as we get into some of these budget discussions, the Governing Body is going to have to start prioritizing, if that's the direction they want to go and having a starting point would be helpful. "So, whatever information you can give us would be helpful."

- Councilor Ives said, "I'm glad Councilor Maestas was talking about the crusades a little earlier, because this is certainly an issue I feel that I'm riding my horse to the holy land, and ready to do battle. Your information and the studies you have been doing, in my mind, act as a confirmation of the Presidio Report, which was done 2-3 years ago. My recollection of the imbalance in terms of staffing was that they had a 4.1% as opposed to the 4.3% that you mentioned. But, nonetheless, it confirms the fact that we are significantly understaffed in terms of our IT function, and that we are significantly underfunded in terms of our IT function."

Councilor Ives continued, "I will say that I think one of the wonderful things about IT is that, if it's done properly and right, the efficiencies you get out of your system end up saving you significant dollars as well as enhancing the experience across the City of Santa Fe in dealing with the City when those functions function well and you can get things done on-line. And clearly, as a society as a culture, that's the direction we're moving in. So I hope as you come back and talk about the priorities and what you would like to do, you look significantly at those efficiency questions. To me, that's a great selling point with regards to IT."

Councilor Ives continued, "I like the idea of a business liaison, because I don't know how many times we've heard about the recommendation to put our business licenses and that entire process on line to look at various types of permitting and land use on line, and a host of other applications that some of the municipalities and others around the U.S. and the world are already using in their systems which we have not gotten to. We have made some progress, and I'm still curious to hear at some point in terms of the \$750,000 that was allocated out of the bond proceeds, how that is being expended. I presume that is in place and moving forward, just to note which items that have been identified previously are being checked off. And I certainly look forward to not a new expansion request, but seeing these issues fundamentally and integrally a part of the IT Department's budget. So again we have the opportunity in responding to emergencies, and to be doing an intelligent job with regards to our IT systems. Thank you for being here tonight, and the opening remarks and for confirming the dire needs that I think exist in terms of IT here at the City."

- Councilor Maestas said, "Because of Councilor Ives, in all seriousness, I did go through the Presidio Report. And I must say I'm not an IT guy, my eyes were glazing over. But there are some serious deficiencies, lack of a backup generator, lack of an environmental humidifier sensor to ensure that we take care of our equipment, just things like that. Some of the needs are very fundamental is what I'm trying to say. The issue I have is, as a decision maker, trying to determine relative priorities, priorities among all departments that come before us. I know that was an issue I had in the last budget. I don't even think expansion requests are even a fair characterization. Some are just basic needs, but they're unfunded. And each department did rank them, but it's a ranking process and a methodology that department came up with. And that can't work for us to make those decisions across the board. I really appreciate you coming on board and providing your own assessment, your own perspective."

- Councilor Maestas continued, "And I'm very anxious to see what your thoughts are on the Presidio Report. What could be helpful to me is if you could break it down. I realize there's been a previous ranking, and I don't know if you agree with that ranking, in terms of the IT reports. I

assume they're all from the Presidio Report. I would hate for the City to be engaged in this automatic do nothing option because of cost, without knowing the consequences."

- Councilor Maestas continued, "Which leads me to bring up the issue of risk. We really haven't talked about risk. What are the consequences of doing nothing. I think if you can do that objectively, I'm in your court and you'll get my attention and I'll understand your needs, but that doesn't solve allowing us to make those decisions on priorities across the board. That's why I think we need some kind of comprehensive priority setting methodologies so we can make those distinctions between what Public Works wants, what IT wants. So I read the report, I understand the needs, they're very fundamental. They're not even expansion requests, they're basic fundamental needs that had to be met yesterday. But I still don't want to make a decision in a vacuum, for two hours to be totally enthralled and sympathetic with IT needs, and then hear what Public Works has to say. And all of a sudden I'm doubting what I agreed was a top priority City-wide for IT after hearing Public Works."
- Councilor Maestas continued, "So Mr. Rodriguez we need a way to make those decision across the City, feeling like, okay, I feel good about that. I wasn't really in any way diminishing or compromising needs of one department for another. And so let's not go down that road again. And we might even have the needs of IT fall short by spending too much time in one department over another. I want it to be objective and to make sure that we make fair decisions across the City and be able to differentiate all these priorities among different departments."
- Mr. Rodriguez said his presentation starts off with this, the budget kick-off discussion. He said, "I got your recommendation clearly, and I will be recommending precisely that direction as we move forward. Rather, I'll be recommending that unless you say specifically otherwise, that is the direction we'll be going."
- Councilor Martinez asked, "In terms of process, are we going to start hearing from other departments prior to budget hearings to spend more time in those areas. Or is it your intention to say, no the primary needs are in these departments. We need to devote more Committee time to discuss them prior to budget hearings. So can you explain why we're rolling out..."
- Chair Dominguez said, "We're going to do the budget kickoff presentation tonight. It's not necessarily a budget kick-off, but it's to kick off the discussion so we can start to design that for staff, so we can let them know exactly what direction we want to go, and then how we want to set priorities, if you want to set priorities. But I think it's important for us to get that presentation from Oscar, and then we can envelope and design the budget process really from today on, and in subsequent meeting. Again, there are some, I don't want to say priorities, there are some glaring challenges we have. IT definitely is one of them. One of the questions I have, is there any way to determine how much revenue was lost because of our deficiencies in IT."

Ms. Martinez said, "That's a tough one. You could go back to say did we not do things we wanted to do, and what was going to be the return on the investment of that thing we didn't do. So, I'm not sure..."

- Chair Dominguez said he is talking about simple on-line things – people being able to pay on line and that sort of thing. Is there a way to determine how much potential revenue we've lost. Chair Dominguez said, "Not that it's going to make up for the challenges we have, but I think it's worthy of a discussion to determine if we can start to measure some of that return on investment. I think that's something the Governing Body should know."

Ms. Martinez said, "I am planning to re-establish the IT Steering Committee. And the City Manager and I will be the chairs of that Committee. There will be 10 Department Directors on the Committee, and that will be the Committee that will provide oversight to IT investment decisions and IT policy decisions; and looking at the City as a whole, and the priorities for the City related to IT. And I'm intending to use a business case methodology for reviewing and vetting any large investment proposal. When you have the business objectives fairly clearly stated related to the project, what the alternatives are and what their cost and benefits are, and what, if any, is the return on investment. And having that sort of process and discipline around making IT investment decisions will help us. Then, later on, if you would like to say, what was the opportunity lost, or what was the revenue lost, you actually could go back and possibly do that. And it's really a matter of putting good, best practices, processes and disciplines in place around IT, just like any other business area."

- Chair Dominguez said, "So to kind of answer your question a little more Councilor Maestas. I think that this is an obvious example of how we're not going to fix it over the course of one budget cycle, but, in speaking of long-term budgeting as we've talked about before, I think this is one of those areas where one small step forward could help us in the long run. And it's the same thing with health care. We're going to be able to balance the budget, but we're not going to necessarily resolve that issue over the course of one budget and make us whole I should say."
- Chair Dominguez continued, "So I think it's just an opportunity to continue the discussion and learn, engage and educate ourselves a little bit more about some of these issues and the realities of it. But, the next item is really going to answer your question a little bit more as we start to develop the process that we want to take, that we want to have for the budget development. So before you give us the information you have prepared, make sure you get with the City Manager with that, so you can help to determine what is relevant and what is not."

27. OTHER FINANCIAL INFORMATION

A. BUDGET KICK-OFF PRESENTATION. (OSCAR RODRIGUEZ)

A copy of a power point presentation, *City of Santa Fe's Financial Condition Current State and Improved Plan – Budget Process Kick-off*, dated January 28, 2015, is incorporated herewith to these minutes as Exhibit "4."

Items 27(A) and 27(C), were combined for purposes of presentation and discussion.

Oscar Rodriguez, Finance Director, noted that Item 27(C) will no longer appear as a separate item, noting the intent is to provide a report every month and that will be part of that presentation, unless the Committee would like to have a specific report on the GRTs.

Oscar Rodriguez, Director, Finance Department, presented information from Exhibit "4" Please see Exhibit "4" for specifics of this presentation.

The Committee commented and asked questions as follows:

- Councilor Maestas asked Mr. Rodriguez if he factored in the repeal of the Hold Harmless.

Mr. Rodriguez said it kicks in next year at about \$660,000, "but that's before I get there and a few other things."

- Councilor Maestas asked if that is in his forecast.

Mr. Rodriguez said yes.

- Councilor Maestas said, "It would bump I would think, and it would kind of come down and then follow your assumptions your 1 to 2½%."

Mr. Rodriguez said there are a number of other things at this point. At this point, "I'm not telling you this is what I'm forecasting, I'm telling you that's the range of possibilities. So to answer your question, yes, it would be within that cone. So for example if I were to factor that in, then I would have to expect that revenues are going to grow smaller, right, because we're to lose that \$660,000. Likewise, benefits, costs have gone up, and will go up by some 8%. There are a couple of other cost factors that are out there which are going to go up a little bit, which is why I'm also saying that the range of possibilities for expenditures is also going to go the other."

Mr. Rodriguez said, "Unless the Governing Body specifically directs otherwise, when you get the budget in March, it will be put together using these basic assumptions – this is how we are going to play."

- Chair Dominguez said in many ways, he envies some of the new Councilors because this is a new way of budgeting. He said when he first started there was growth of 4-6% every year. He said he learned quickly that when there is money to be spent, that is when the real battles begin. Because when there is no money, it's just trying to stay afloat. He said, "I have to thank some of my mentors and past members of the Governing Body, because when the economy was really bad, there were some tough decisions that had to be made, and I think their leadership was instrumental in making sure we didn't get to the position that some municipalities are in."

- Chair Dominguez continued, "I think when we talk new realities, tourism in many ways subsidized a lot of the benefits that many of us enjoy today, out of the General Fund. And that's not necessarily the case any more. I think tourism, the whole climate of tourism has changed. The City used to be the game in the State in terms of tourism, but that's not the case any more. We're not only competing with Albuquerque and T or C, but there's less tourism dollars generally speaking, in not only this economy, but nationwide."
- Chair Dominguez continued, "That's just one little example of how the game has changed and the new realities that exist. Quite frankly, it's just that revenues aren't keeping up with inflation. I've3 tried to look at this from different levels of priority. I would have to say that one of my priorities is employees. That means not laying off employees in right-sizing our government – whether through dealing with payroll, whatever the case may be. I think just making sure that we continue to value and take care of our employees the best we can, is one of those over-arching goals. And so that means no layoffs, etc."
- Chair Dominguez continued, "I think one of the things we need to look at is collections. Making sure we have systems in place to collect the revenue we already should be collecting, whether through tax rolls, business licenses, permits, whatever the case may be, just so we have systems in place to make sure we're collecting those revenues. And I'm reluctant to, but I think I'm going to throw economic development in there. I'm sure it's policy, but until we are focusing on economic development and generating revenue, collections always are going to be one day after the other. We're going to be trying to catch up and collect."
- Chair Dominguez continued, "Before we even talk about revenue generators through tax increases, or whatever the case may be, I think we need to prove that we are as efficient as possible. And I'm not sure how you articulate that, or how you demonstrate that, but we need to prove that we are as lean and as mean as possible. When I say that, I guess I'm talking about making sure when we talk about right-sizing our payroll or right-sizing government, that the monies go to where they need to be going to. And that we don't waste in personnel and other things."
- Councilor Dominguez continued, "And that leads to the last thing in terms of overarching priorities, and that's policies. We need to make sure we have policies in place to deal with some of the guidelines you have identified here. We don't have a lot of policies in place, it's just kind of internal policy that are implemented from one administration to the next, and are changed from one City Manager to the other. We don't really have those hard line policies in place, on exactly how we're going to be doing some of this stuff. And I'm talking about how we deal with vacancy savings. I know we're talked about this before, Councilor Maestas, in reserves and having a hard line policy on how we are going to deal with reserves. And then just the number of funds we have. We have one fund paying part of another fund, that pays part of another fund. I know some of that stuff is mandated by the public. But it seems to me that for too long we've just kind of borrowing from 'Peter to pay Paul.' I think that's a bad policy. I don't even think that we have some of that stuff clarified yet."

- Councilor Dominguez continued, "I guess in terms of some of the specific challenges we have and specific issues, such as hold harmless, health care, reserves, one of the things I would like to see is moving money out of CIP as we discussed before. Relatively speaking, I think that is a small step, but I think it's a step in the right direction. In terms of making sure we know where our money is coming from and we know exactly where it's going. I just wanted to make these few comments to open the discussion, and perhaps get some of this stuff on the record so that staff has some direction. And so what I'm going to do is to turn it over to the Committee now."
- Councilor Rivera said, "I would agree that our employees should be number one. And I know in the past, and I've brought this up before, we left out a group of employees in recent raises, or raises that occurred last fiscal year. Those employees are just as valuable as the ones covered by the union and the ones that receive raises because of appointments, and I would like to see that taken care of either in this fiscal year, if we can get it done, or at least look at it at the start of the next fiscal year."
- Councilor Rivera continued, "With that, I'm not sure where we are with negotiations, but it would be nice to have them done at the front end of the fiscal year instead of the back end of the fiscal year. I think that happened last fiscal year, we finished a budget discussion and where we were going, and then the union contracts were complete and came up and were passed without much discussion on where that funding was going to come from."
- Councilor Rivera said, "The other thing I would like to see is when we have discussions on big ticket items. Every department put its best forward and tries to argue for what it needs and what it wants. And in my opinion, the City Manager who probably has the best pulse on the City with regard to an overall look of how things are going, I feel he should be the one to arrow down that list of large ticket items to 3-5 or whatever number we set. And then we would take a look at those top priorities and decide how the money is going to be spent. And I think with the City Manager's guidance, again, if an IT project was brought up and it was going to cost several million dollars but it was going to affect 4-5 other departments and be something that could save time and money. He has a better sense of that, versus every department trying to put its needs forward. I would like to see a change in that, and I think it would narrow the time and decrease the amount of discussion we have overall with regard to the budget and how we're going to spend. That is what I would like to see moving forward."
- Councilor Maestas said he becoming concerned that we are setting the stage for a repeat of last year. He realizes we are going to make changes, but the vision we discussed, before talking about considering any revenue enhancement would be to tighten out belts. He said we would all like to stay at the same pre-recession levels, but we all know that isn't sustainable. He said, "What do we do in the face of that. Do we continue playing this shell game and hope that things get better. Well I think we know this economy is not going to rebound, it's recovering, but it's a slow recovery. We know we're facing a decrease in our GRTs because of the repeal of the hold harmless subsidies."

- Councilor Maestas continued, "I had a certain sequence in mind, Mr. Chairman, I really thought we would do a comprehensive assessment of the efficiency of government as you said, and make some recommendations to streamline the organizational structure. We are continuing to invest in these wireless radio meters that should bring down our labor costs, and other improvements that help us to become more efficient, but we don't seem to realize the efficiencies from those investments. I know that this Committee looked at different scenarios of across-the-board cuts. And I almost feel, Mr. Chairman, that we need to continue looking at that. In fact, we probably should have a budget submittal from departments with an across-the-board cut. And I think, that is what will this do. It's not my intent to inflict shock therapy on all the departments. Bu I think this across-the-board cut would force departments to look seriously at the way they manage, operate, services they provide, and do a much better job of associating a performance in their services to their budget request, which we don't do."

Councilor Maestas continued, "And so, if we continue on this path of just incremental improvements, I don't foresee myself considering any kind of revenue enhancements. I really think what we need right now is a comprehensive assessment of the efficiency of our government department by department. I think we need to tie our budget request to the performance and services and I think we need to have this discussion about services. What are core services and what are not. Should we diminish those services that are not core services. It's got to be a combination, Mr. Chair, and I think if we continue the status quo in cobbling together a patchwork budget, and yet ask the citizens to understand the need for a revenue enhancement, they're going to run me out of town. I don't about you all. So I don't want to get run out of town..."

- Councilor Maestas continued, "So Mr. Chairman really, and this whole idea of.... I know certain legislators have said the City is doing fine, that \$650,000 of lost GRTs is really nothing, that the new form of incentives through a positive economic response would more than make up for those revenues. I don't buy that. And besides, we shouldn't be dependent and hoping for any kind of resurgence in any sector of the economy based on what the Legislature does. We were elected to be responsible stewards of the government and taxpayer dollars. I still see us engaged in kind of incremental improvements. I really think we need something much more comprehensive."

- Councilor Maestas continued, "In terms of the budget assumptions, Mr. Rodriguez, you wanted some guidance. I know you want to focus on where we have the widest demand delivery gap. For example, in Streets, we have an incredible funding gap in terms of the needs versus secured funding. What are the consequences of allowing potholes to continue and not improving our streets, versus building a backup generator for IT systems. So I still need a sense of risk and consequences, so it's not just about the overall gap – what are the consequences of doing nothing. And I still don't see that, so we might need to add to your criteria under operations to help us make those decisions on those operations related requests for additional funding. Because if we base it solely on a funding gap, I don't think that's enough. I think we need to look at other factors in that regard."

- Councilor Maestas continued, "So, Mr. Chairman, I don't know. We're going to have to caucus on this and maybe have a more fundamental discussion about kind of a sequence of what we want to have happen. And I know we talked about a strategic plan and I thought maybe the strategic plan would be kind of a reassessment of priorities among each and every department with this new administration. I haven't seen anything like that, even remotely close to that. And I think that could be the basis for us to make budget decisions. And I'm prepared to make the hard decisions. But either we get some recommendations on what kind of pain folks want to endure to kind of tighten our belts or we make the decisions for them."
- Councilor Maestas continued, "And the sky's not falling Mr. Chairman, but I think we've heard our financial position is diminishing, our revenues are not what they used to be. We're going to take a hit in this next year with regard to GRTs. I think the picture is becoming clear in terms of the forecast. It's like what do we do now, and don't think we're doing enough right now. We're certainly not talking about what I envisioned we would talk about, since we had this very same discussion at last year's budget hearing. So I'm concerned, and I think we need to start thinking much more broadly, much more fundamentally, and start setting ourselves on the path to make some much tougher and broader decisions."
- Councilor Lindell said Mr. Rodriguez and Ms. Martinez are very lucky that we don't shoot the messenger around here. She said, "I appreciate the clear picture, that's what we need. We need a clear picture to make good decisions. I think we have our work cut out for us in being more efficient, tightening our belt. At this point, I would take nothing off the table. I think it's incumbent upon the Governing Body to be careful about new spending, and pet projects, not collecting revenues, giveaways and having realistic costs on the projects that we approve. I think the Chair or Councilor Rivera said we do need to look to the City Manager to prioritize. He sees the big picture, and I hope that he will help us with that. We see shrinking revenues and we hear that we are 38 FTEs short in IT to average staffing, that's staggering. The sky's not falling, but we need to get pretty realistic in this budget for the next year. And I think the Committee's work is really cut out for it, and I do look to the City Manager to help us with prioritizing some of this. I don't need to belabor this any more. We've got a lot to do."
- Councilor Ives thanked Mr. Rodriguez for bringing this forward, noting there is still a lot he doesn't understand, but "we'll certainly get there."
- Councilor Ives said, "One thing that you didn't cover in your bridge over the recession was the fact that I believe City employment went from approximately 1,860 employees down much closer to 1,500, between 2007-2008 to 2013-2014. So there was actually a huge loss of human resources across the City platform that says that whole darkening of the economy has happened. And clearly, we dipped heavily into reserves and interest, which along with the GRT, resulted in, I always heard the figure of \$104 million as opposed to the \$90 million that you've quoted, but that might just be the difference in one year, plus or minus on what gap period one was talking about."

- Councilor Ives continued, "On page 3 of your materials which is the FY 2015-2016 context, you have the GRT numbers by sector, 2008 to 2014. Who prepared that graph."

Mr. Rodriguez said, "I did."

- Councilor Ives asked, "Is it possible to get a large copy of it with true colors so I can actually read it."

Mr. Rodriguez said, "Yes sir. I will confess that I am color blind, and so I rely on my staff to say, yes, those are big enough there. But yes sir, no problem at all. You will have that tomorrow."

- Councilor Ives said if you could put it on an 11 X 17, I wouldn't complain, just so I could actually see the colors and understand the numbers.

- Councilor Ives said, "Another question is on page 5 of the materials which is the City's financial condition, net position, and you have it broken down into general government business type activities. I'm wondering what goes into business type activities."

Mr. Rodriguez said it is primarily utilities – water, sewer, garbage collection and such.

- Councilor Ives said there are a few things that are "enterprise funds," like Genoveva Chavez which inevitably is supported by.... 5/6 of its budget every year is from the General Fund. Where would that sit.

Mr. Rodriguez said he believes that would be counted in general government funds, noting he will clarify that and follow up with an email.

- Councilor Ives noted the capital assets between 2013 and 2014 in the business activities dropped from \$463 million to \$456 million, and asked what caused those drops, commenting it would be helpful in understanding the information this diagram is intended to show.

Mr. Rodriguez said, "There will be lots of... and I think what you'll see there is that the story will have a lot of characters in it, including the way we've been using CIP funds.

- Councilor Ives said on page 7 we talked about the City's credit profile. He would be curious to hear if one planned to bring the City back up to a AAA rating, what steps would be necessary to do that.

Mr. Rodriguez said, "In all likelihood, the City of Santa Fe sees a very very steep climb to get to AAA. At this point, if I didn't make it clear enough, we would have to do significant lifting to keep the AA+. And I will just point out to you that the credit rating agencies, Fitch and Standard & Poors, review all of the credits out there periodically. The last the time they reviewed us they did not like the trend in the reserves and they just said it merits looking at it again and so, of course they're going to be looking at what the budget looks like the next time. Obviously if they see that

our reserves continue to do down, we could be subject to be put on the credit watch of some kind, or even lose our credit rating. I've been in those environments, and it's very noisy when that happens."

- Councilor Ives said, "In order to plan appropriately, it would be helpful to understand the actions that we should avoid, the actions we should undertake certainly to preserve the....."

Mr. Rodriguez said, "That's what I've put here. What the actions are to get within the averages... to move forward toward those averages."

- Chair Dominguez asked, "For clarification, is that what page 8 is."

Mr. Rodriguez said, "Yes. 8 and actually then the page 7 he has right there."

- Chair Dominguez said, "If I may Councilor Ives, one of the questions that I had when you look at these critical ratios that you have on page 8, which one is the most important, if there is one."

Mr. Rodriguez said, "I would say one is that more important than the others in terms of the plan to get you in the credit rating. Because some of it has to do just how far you are from the average. And so I very specifically put that table there so it would be clear to you where our ratios need to be. So I gave you 2 benchmarks there. For us to be just be simply close to the average of the clear rate of the category we're in right now, with is the AA+, as well as the one just above us, which is the one you see to the left of that one. And so you see there..... the idea is to move forward from there."

Mr. Rodriguez continued, "I want to point out to you, this is what's critical to maintain those credit ratings in light of what we've done. It happened last year, and what the rating agencies have said they're looking at, is one to have a plan. It is important for them to see in us that we understand the situation that we're in, and that we have a plan to address it. Two, that we've taken some movement along the lines of that plan. So I would tell you then that as we develop a budget, you will have a budget proposal with a balanced budget. But among the things that we will take into account, along with the many other very serious things that need to be taken into account, is to make some progress. And that's why I put the horizon at 5 years, so if we don't take care of it right away, but it is within a reasonable framework for the credit rating agencies so that we can take movement forward. So if we are 35 days down, we'll try to add another couple of days and that way the trend looks like it's going the other way, obviously not to come in with any kind of a deficit."

- Councilor Ives said, "Then if I compare page 8 with page 11, if these are the critical ratios we're trying to reach against which we logically would be assessing our actions, I see in the reserves, cash at 20% of revenues in 5 years, and that's the first line. I don't so easily translate over the other 3 items and the critical ratios into the guidelines plan."

Mr. Rodriguez said, "Right, we're going to be doing more than just amending them. [inaudible] the idea of increasing our liquidity is a good management plan. The other ones you see on the lower left hand side, in terms of our debt ratios, you see intend to address those in that fashion."

- Councilor Ives said, "Maybe I don't understand them quite well enough."

Mr. Rodriguez said, "The plan is to move toward those average ratios, and then also to do other things, including increasing our [inaudible]."

- Councilor Ives said, "I note on that final page 11, under the Operations bullet, 'Cost of operations should be competitive with that of comparable cities. We know that personnel is our major line item across the City platform. I remember when I made my run for this seat, there was a piece in the *New Mexican* by a local commentator, Mr. Bemis, that pointed out that those ratios were off. And again, I don't have the benefit of recollecting, or ever having known what he based that on. But I will be very curious to hear what those are and what the basis for that information is as we go through the budget process, so we can have level of confidence we are or are not, at or about the level of comparable cities."

- Councilor Ives continued, "So I certainly appreciate that, and I agree with Councilor Maestas that the notion of risk is a great compensating factor in the third bullet point under Budget Assumptions, the infrastructure and/or critical mission services with widest demand delivery gap are the highest priority. I would say I would agree with him, not necessarily, what are the risk components, what do we face if we do and/or don't do that, notwithstanding what might appear to be a relatively high demand delivery gap. So, again, I appreciate you putting this together, and look forward to the process with you, and thank you for getting us headed in the right direction."

- Councilor Maestas said, "I would like staff to give us an updated gap sheet that is a typical component in our briefing book. I think that's got to be one of our barometers as we go into these budget hearings, I want to see where the gaps are, because we've really got to up our game on this, and I think that gap sheet will help us, Mr. Chairman. So that's my direction to staff."

- Chair Dominguez he agrees, and one of the things he hoped would make it into this packet was that gap sheet, because it, in many ways, tells us what it is we're up against.

- Councilor Maestas said in addition to the gap sheet he would like a revised scenario on across the board budgets cuts 1.5% to 2%.

- Chair Dominguez said he has that on the list already.

- Councilor Maestas asked if we can get that in the next meeting.

- Chair Dominguez said, "I'll be working with staff to figure out how we are going to parse some of this information, because quite frankly there are a number of things I've heard – efficiencies, better sense of risk. I heard right-size government in different forms and fashion, so yes, I'll be parsing

some of this stuff out and talking with the rest of the Committee members to figure out how to develop the next steps.”

Chair Dominguez thanked Mr. Rodriguez for the information.

B. BUDGET DEVELOPMENT CALENDAR – FY 2015/16. (OSCAR RODRIGUEZ)

The proposed Budget Development calendar is incorporated herewith to these minutes as Exhibit “5.”

Chair Dominguez said he will be working with the Committee and staff to figure out the next steps and the budget calendar, and the budget process. He said, “My hope is that we do things a little bit differently this year and that we don’t have long, drawn out, 3-day marathon budget hearings. This will be the tenth one that I’ve been in. And every year I learn something which is good, but since we’re starting a new page, if you will, maybe we can do something a little different. We’ll see. We’ll get there when we get when we get there. Chair Dominguez said, for all intents and purposes, the budget hearings will start on April 3, 2015. He asked if there is any information the Committee would like in regard to the budget development calendar. He asked if everyone is going to be here in April. He reminded the Committee that the State mandates that we submit our budget to DFA by June 1st.

C. UPDATE ON GROSS RECEIPTS TAX REPORT RECEIVED IN DECEMBER 2014 (FOR OCTOBER 2014 ACTIVITY) AND LODGERS’ TAX REPORT RECEIVED IN DECEMBER 2014 (FOR NOVEMBER 2014 ACTIVITY). (OSCAR RODRIGUEZ)

Mr. Rodriguez said, “The graph you see there, does not have the latest GRT numbers that we got late last week, but information went out in the Report that typically goes to the Council and the public. And that line just continues the parallel line that you see there already. So it didn’t change. It’s just going like \$11 million below what the other ones are.”

28. MATTERS FROM THE COMMITTEE

Chair Dominguez said he wants to let the Committee know this presentation will be going to the full Council on January 28, 2015. His goal is to have a study that the Governing Body in its entirety will be invited to so that we can keep going down this road “and hammering away at it, and hopefully getting to where we need to be.”

A copy of bills and resolutions scheduled for introduction by the members of the Governing Body, for the Finance Committee meeting of January 20, 2015, is incorporated herewith to these minutes as Exhibit “6.”

Councilor Maestas introduced the following:

- A. A Resolution supporting proposed State legislation, House Bill 111 (HB 111), relating to utilities – providing for shared renewable energy facilities to qualify as distributed generation facilities; requiring investor-owned utilities to allow construction, connection and operation of renewable energy facilities within their operating territories. A copy of the Resolution is incorporated herewith to these minutes as Exhibit “7.”

Chair Dominguez said the Finance Committee will be introducing on behalf of Councilor Ives the following:

- A. A Resolution supporting proposed State legislation, House Bill 44 (HB-44) during the 2015 Legislative Session, the proposed Firearm Transfer Act. A copy of the Resolution is incorporated herewith to these minutes as Exhibit “8.”
- B. An Ordinance approving a lease between the City of Santa Fe and Jet Center at Santa Fe Real Estate LLC, for the lease of City owned land located at the Santa Fe Municipal Airport for development of such fixed base operation services and other related purposes. A copy of the Ordinance is incorporated herewith to these minutes as Exhibit “9.”

Councilor Ives said the Resolution will go straight to the Council regarding HB-44, and the Ordinance to Public Works on January 26, 2015, City Council for a request to publish on January 28, 2015, the Finance Committee on February 2, 2015, and then back to the City Council for a public hearing on February 25, 2015.

Councilor Ives said he would like to Join as cosponsor of Councilor Maestas' legislation.

29. ADJOURN

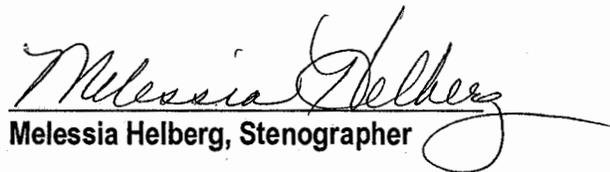
There was no further business to come before the Committee, and the meeting was adjourned at approximately 9:00 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:



Oscar S. Rodriguez, Finance Director
Department of Finance



Melessia Helberg, Stenographer