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FINANCE COMMITTEE MEETING
Monday, October 20, 2014

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END OF CONSENT CALENDAR DISCUSSION

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MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, October 20, 2014

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, September 29, 2014, 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:
Marcos A. Tapia, Finance Department
Yolanda Green, Finance Division
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 Trujillo moved, seconded by Councilor Lindell, to approve the agenda, as published.

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

4. APPROVAL OF CONSENT AGENDA

Ms. Garcia noted a Supplemental Memorandum was distributed on Item #7 regarding the security contract for the airport. [Exhibit "1"].

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.

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CONSENT AGENDA

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6. ***[Removed for discussion by Councilor Lindell]***

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

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

9. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – PROJECT MANAGER FOR CAPITAL APPROPRIATION PROJECT #13-I-1772; LA COMUNIDAD DE LOS NINOS HEAD START, INC./PRESBYTERIAN MEDICAL SERVICES. (DAVID CHAPMAN)**

10. **REQUEST FOR APPROVAL OF GRANT AWARD AND SUB-GRANT AGREEMENT – 2013 STATE HOMELAND SECURITY GRANT PROGRAM; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (ANDREW PHELPS)**
    A. **REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND**

11. **REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING (MOU) – DAY REPORTING PROGRAM SERVICES FOR JUVENILE JUSTICE SYSTEM THROUGH STATE OF NEW MEXICO CHILDREN, YOUTH AND FAMILIES DEPARTMENT FUNDING; SANTA FE COUNTY. (RICHARD DeMELLA)**

12. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – CITY OF SANTA FE VOLUNTEER TRAILS COORDINATOR; SANTA FE CONSERVATION TRUST. (LEROY PACHECO)**

13. **REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – ON CALL ENGINEERING SERVICES FOR PHASE I RESERVOIR INFRASTRUCTURE IMPROVEMENTS PROJECT FOR WATER DIVISION; SANTA FE ENGINEERING CONSULTANTS, LLC. (ROBERT JORGENSEN)**

14. ***[Removed for discussion by Councilor Lindell]***

15. REQUEST FOR APPROVAL OF PROCUREMENT AND PROFESSIONAL SERVICES AGREEMENT – SANTA FE LIBRARY COURIER SERVICES (RFP #15/08/P); CREATIVE COURIERS, LLC. (PATRICIA HODAPP)

16. REQUEST FOR APPROVAL OF AWARD AND AGREEMENT – 2012 GENERAL OBLIGATION BOND CAPITAL APPROPRIATION PROJECT FUND FOR LIBRARY BOOKS, MATERIALS, EQUIPMENT AND SUPPLIES FOR SANTA FE PUBLIC LIBRARY; STATE OF NEW MEXICO DEPARTMENT OF CULTURAL AFFAIRS, NEW MEXICO STATE LIBRARY DIVISION. (PATRICIA HODAPP)
    A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GO BOND FUND.

17. REQUEST FOR APPROVAL OF GRANT AWARD AND GRANT AGREEMENT – FY 2014 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM; DEPARTMENT OF JUSTICE ASSISTANCE (BJA). (MARIO SALBIDREZ, DEPUTY POLICE CHIEF)
    A. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – JOINT APPLICATION; COUNTY OF SANTA FE.
    B. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.

18. REQUEST FOR APPROVAL OF GRANT AWARD AND GRANT AGREEMENT – PROJECTS AIMED AT REDUCING TRAFFIC-RELATED INJURIES AND DEATHS; NEW MEXICO DEPARTMENT OF TRANSPORTATION. (MARIO SALBIDREZ, DEPUTY POLICE CHIEF)
    A. END DRIVING WHILE IMPAIRED (ENDWI)
    B. BUCKLE-UP (BLKUP)/CLICK IT OR TICKET (CLOT)
    C. 100 DAYS AND NIGHTS OF SUMMER (100 DAYS)
    D. DISTRACTED DRIVING (DNTXT)
        1. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.

19. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – TEN (10) EMS GURNEYS FOR FIRE DEPARTMENT; STRYKER EMS EQUIPMENT. (JAN SNYDER)

20. REQUEST FOR APPROVAL OF SOLE SOURCE PROCUREMENT AND PROFESSIONAL SERVICES AGREEMENT – DRUG AND DUI COURT PROGRAMS FOR SANTA FE MUNICIPAL COURT MILLENNIUM TREATMENT SERVICES, INC. (JUDGE ANN YALMAN)

21. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO EARLY NEIGHBORHOOD NOTIFICATION (ENN); AMENDING SUBSECTION 14-4.1(F)(3) SFCC 1987 TO REQUIRE THAT AN ENN BE CONDUCTED FOR NEW PARKS OR RECONSTRUCTION OR EXPANSION OF EXISTING PARKS, AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY TO CARRY OUT THE INTENT OF THIS ORDINANCE (COUNCILORS DOMINGUEZ AND BUSHEE). (DAVID PFEIFER) Committee Review: Parks & Open Spaces Advisory Commission (approved/w amend) 09/16/14; Planning Commission (approved) 10/02/14; Public Works Committee (approved w/ amend) 10/06/14; City Council (request to publish) 10/29/14; City Council (public hearing) 12/10/14. Fiscal Impact – No.

22. **REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RULE 16A OF THE *CITY OF SANTA FE PERSONNEL RULES AND REGULATIONS* REGARDING DRUG AND ALCOHOL TESTING POLICIES FOR TRANSIT DIVISION EMPLOYEES WHO PERFORM SAFETY SENSITIVE FUNCTIONS (COUNCILORS BUSHEE AND LINDELL). (DEBBIE ROUSE) Committee Review: Transit Advisory Board (approved) 09/23/14; Public Safety Committee (scheduled) 10/21/14; and City Council (scheduled) 10/29/14. Fiscal Impact – No.**

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

24. **REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE CITY OF SANTA FE HAZARD MITIGATION PLAN (COUNCILOR DIMAS). (ANDREW PHELPS) Committee Review: Public Safety Committee (scheduled) 10/21/14; and City Council (scheduled) 10/29/14. Fiscal Impact – No.**

25. **REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO THE CHALLENGE OF FIRST LADY MICHELLE OBAMA TO END VETERAN HOMELESSNESS BY 2015; ACCEPTING THE CHALLENGE AND DIRECTING STAFF TO EXPLORE THE RESOURCES AND PROGRAMS PROVIDED BY THE FEDERAL GOVERNMENT THAT WOULD HELP END VETERAN HOMELESSNESS IN OUR COMMUNITY BY 2015 (MAYOR GONZALES AND COUNCILOR IVES). Committee Review: City Council (scheduled) 09/23/14. Fiscal Impact – No.**

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END OF CONSENT AGENDA

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5. **APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE MINUTES – SEPTEMBER 19, 2014.**

The following correction was made to the minutes:

Page 7, paragraphs 4 and 5, remove the % sign.

MOTION: Councilor Maestas moved, seconded by Chair Dominguez, to approve the minutes of the Regular Finance Committee Meeting of September 29, 2014, as amended.

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

CONSENT CALENDAR DISCUSSION

6. BID NO. 15/01/B – FY 2014/15 WASTEWATER MANAGEMENT DIVISION RUFINA STREET SANITARY SEWER LINE REHABILITATION PROJECT AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; SASQUATCH, INC. (STAN HOLLAND)

A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND.

Councilor Lindell said in the recommendations on packet page 6, it requests approval of a 10% contingency to be budgeted in the amount of $166,000. She asked if this is something we do typically on contracts of this size.

Stan Holland said, yes, this is typically done, to be used in the event of "the unforeseen."

Councilor Lindell asked how often are the contingency funds used.

Mr. Holland said it hasn't been used on the last three projects. He said the ones in the past were the Alameda and Agua Fria lines which were in advanced stage of deterioration. He said, "We were keeping our fingers crossed, even though we had built in an allowance to allow for a sewer line collapse. We still wanted that 10% contingency because they were in such bad shape. This line on Rufina is not as bad as those, but it still has places in it where the pipe is missing, you can see dirt showing through it, so we've built in some for that, but the 10%, that's what's that is there for."

Councilor Lindell asked if we keep track of companies that make bids with the City that show a pattern where the project isn't completed for the amount of the bid and we have to go into contingency.

Mr. Holland said, "So far, from our experience with the sewer rehabilitation projects that I've been involved with, that has not been the case."

Councilor Lindell said that is the hoped for answer.

Mr. Holland sais, "We've typically come in under budget."

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

DISCUSSION: Chair Dominguez asked Mr. Rodarte if he can answer Councilor Lindell's question.

Mr. Rodarte asked if she wants an answer on the contingency or cost over-run.

Councilor Lindell said she wonders if we keep track of contractors that bid on things that show a pattern of not completing the job for the bid and continuously have to use contingency funds..

Mr. Rodarte said, "There are lot of different factors. The most important part of this before we challenge a contractor is the engineer's estimate and what they put into the design. That makes a big difference. As far as patterns, I haven't seen anything that has come to my attention. There are a lot of change orders

out there and a lot of contingency currently that we have for the unforeseen, such as at the watershed. There are lot of things going on up there right now as they drain that system out, so we're using contingency. But as far as patterns, nothing has come to my attention."

Chair Dominguez asked if this is done department by department, or if his office does its own tracking.

Mr. Rodarte said no, that is done at the project manager's level. He said as they are getting ready to bill the next payment, they have to check that thoroughly, noting this is the department's responsibility. In the event something is incorrect, they will bring it to his attention.

Chair Dominguez said then your office doesn't keep a tally of some of these issues some departments may have and you're leaving it to the department to manage the contingency and to determine if there is a pattern created.

Mr. Rodarte said, "That would definitely be the determination of the project manager in the department because they know more about these companies than we would."

Chair Dominguez asked what happens if the project manager leaves.

Ms. Garcia said the process of change orders is, "We get an estimate of the change, and if there were unforeseen costs that determines a change to the project, or they didn't anticipate, or they didn't have to do some projects, then they submit a change order. The change order goes to the Project Manager through the Department Director, and then to Finance, and the City Manager. And if the change is greater than $50,000 then it goes to Finance and Council. So there is a process to evaluate, just like any other contract."

Chair Dominguez said he appreciates the process, but improvements can be made. He said it sounds as if there is no clearinghouse to determine if there are patterns in how the taxpayer money is being spent.

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

7. BID NO. 15/06/1 – SECURITY SERVICES AT SANTA FE MUNICIPAL AIRPORT; AAA SECURITY. (FRANCEY JESSON)

A. REQUEST FOR APPROVAL TO INCREASE COMMERCIAL AIRCRAFT LANDING FEES.

B. REQUEST FOR APPROVAL OF BUDGET INCREASE – AIRPORT FUND

A Memorandum dated October 20, 2014, to the Finance Committee from Francey Jesson, Airport Manager, in this matter is incorporated herewith to these minutes as Exhibit "1."

The Hazard Mitigation Plan for the City of Santa Fe, submitted to the New Mexico Department of Homeland Security & Emergency Management, is incorporated herewith to these minutes by reference, and is on file in the office of the Airport Manager.

Councilor Maestas asked if this contract is for two or 4 years.

Francey Jesson, Airport Manager, said it went to the Public Works Committee which recommended a four-year contract, and the directive from Public Works was to reduce it to two years, noting that amendment is reflected in the Supplemental Memorandum. She said the final PSA contract will be for two years.

Councilor Maestas said the proposal to cover the costs of the contract is to raise the Landing Fees. He said in the enclosed Lease Agreement, packet page 36, it still shows it as $3. He asked if the increase is approved, if Ms. Jesson then will process a subsequent amendment to that Agreement with the Commercial Carriers.

Ms. Jesson said that is correct.

Councilor Maestas asked if the contract will come back to the Finance Committee.

Ms. Jesson said she will have to talk with legal about how to make the change. She said the lease does have a section for the Airport having the authority to amend fees, but she would work with Legal to ensure the process is done correctly.

Councilor Maestas said if the Committee does have to act on it, he would like to have the amendment to the lease agreement by Council, so we can take action on everything and it is all done.

Ms. Jesson said she will do so.

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

DISCUSSION: Councilor Rivera asked if going out for an RFQ prior to going out for bid is typically how this is done, or if she could have hired from the RFQ.

Ms. Jesson referred the question to Mr. Rodarte.

Mr. Rodarte said they went through the RFQ process because it is for the Airport and there are so many different requirements compared to other areas of the City. He said we cannot hire from the RFQ, we have to prequalify the bidders. He said 7 submitted bids, only 3-4 made the cut and out of the 4, this company was selected.

Councilor Rivera said the Memo says 3 companies were pre-qualified to bid but only two actually submitted bids, and Mr. Rodarte said that is correct.

Councilor Rivera, referring to the bid tabulation sheet, said the company that won the bid, indicates that from June through October the hourly rate will be $17, and for the rest of the year it is $15.50. He asked what changed "in the scope that they thought that they could charge less per hour during November through May. What has changed at th Airport.'

Ms. Jesson said nothing changed in the scope, it was the way the bid form was submitted to differentiate the different seasons and that's how they bid it.

Councilor Rivera asked what is the difference between the seasons.

Ms. Jesson said there is no difference.

Councilor Rivera said then the Company is, on its own initiative, charging less per hour during November through May than June through October.

Ms. Jesson said yes.

Councilor Rivera asked why not the $15.50 from June through October. He said, "If the job is the same throughout the year, why not the same hourly rate throughout the year."

Ms. Jesson said she hasn't asked the contractor, noting they haven't gotten that far in the negotiation process. She said, "It was on the bid form really more to show the total for the seasons, as opposed to the hourly rate, but it was on the bid form that showed an hourly rate added to the total, and they put in a lower amount."

Councilor reiterated that he wonders why it isn't the same rate all year long.

Ms. Jesson reiterated that she doesn't know and hasn't asked the contractor, but she can ask.

Councilor Rivera asked her to do so, and to get an answer by the time this goes to the Council.

Councilor Rivera said it indicates that Ms. Jesson will be reviewing the qualifications of each person to ensure they have the appropriate certifications and will be keeping track of the expiration dates and good standing.

Ms. Jesson said yes, she will be doing all of that.

Councilor Rivera said the last time Ms. Jesson was here, she was talking about the TSA [Transportation Security Administration] having some type of involvement.

Ms. Jesson said it is mainly her. She said will submit copies of the records she receives to the TSA for its records. She asked TSA if they have a clearinghouse through which records are checked and they do not, noting they would do the same document review she would do, so there would be another set of eyes looking at the documents.

Councilor Rivera asked how often she will be doing the reviews during the two year contract.

Ms. Jesson said the information is required to be provided prior to any employee starting work at the Airport. She would do an initial review and then a random review for existing employees. She will keeping a record of the expiration of certifications so she can make sure she gets the updated certifications.

Councilor Rivera said it says, "The Airport may randomly contract certified agencies to verify the documentation. You're saying you won't need to do that, you'll be able to handle that yourself."

Ms. Jesson said yes.

Councilor Rivera reiterated that he would like to have the additional information by the time this goes to Council.

Councilor Maestas said it seems there are different focal points for security situations. He said, "In the lease agreement, it's your office, the Airport Manager's Office. On packet page 44, Section F, it says, 'The lessee shall immediately notify the Airport Manager of any suspicious activities in or about the designated ramp space.' But if you look at the Lease Agreement, the next step up from the Security contractor is to notify local law enforcement. Do we maybe need to look at the security roles and responsibilities in the Lease Agreement and in this proposed PSA. That way, we're coordinating consistently. I don't want there to be confusion over who to call in what situation."

Ms. Jesson said, "The Lease Agreement is set the way it was established several years ago. Protocols have changed internally with the Airport. Actually when we had our previous security contractor before we went out to bid, we had some internal protocol changes regarding how to make notifications and who to make notifications to. The primary internal protocols that I've set, are obviously, if it's an emergency, call 911, don't wait to call anybody else. Get the Police Officers on the way. But, as the Airport Security Coordinator, I'm also federally obligated to be notified as soon as possible. So those internal protocols, outside of the Lease Agreement and outside the contract agreement, are notifying 911 immediately and then notifying me, especially if it's a critical situation where we need law enforcement there immediately."

Councilor Maestas said he would like to see the updates to the Lease Agreement when she comes back with the Airport Landing Fees modification to the Agreement. He wants to make sure this is in compliance with all federal laws and Homeland Security, and that it gets the appropriate review.

Ms. Jesson said that would be the appropriate time to see if there is language which needs to be modified for new trends or changes in the Airport. The Airport is significantly more busy now than when the agreements were first signed, but those agreements expire in June 2015, so we are going to be getting into negotiations very shortly with the airlines for the new lease agreement, so hopefully the new language is in place at the time of renewal.

Ms. Garcia noted on page 12 of the contract, it indicates this is a two year contract so changes from Public Works are reflected in the contract.

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

8. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – PROJECT MANAGER FOR CAPITAL APPROPRIATION PROJECT #13-L-1772; EL MUSEO CULTURAL DE SANTA FE, INC. (DAVID CHAPMAN)

Councilor Maestas said his issue is with anti-donation, and the arrangement to ensure we are in compliance with that. He asked if we do an estimate of the costs to be the project manager.

Mr. Chapman said, "That wasn't done on this project. However, the project management portion of it is at the request of El Museo, and the anti-donation issues are essentially that we have an operating, professional services agreement, which we have, and that we have copies of the lease agreement which the City has, that El Museo has with the Railroad Association which manages that area for the City."

Councilor Maestas asked how the appropriation is covered in anti-donation.

Mr. Chapman said, "There are contingencies in the PSA that say that the City will retain ownership of the improvements. It is a City-owned building, so the improvements going to El Museo, essentially are to a City building. There is sometimes an issue when the City doesn't own the building, and there is a whole different kind of agreement that needs to be drawn up, like a professional participation agreement. There are a whole new line of agreements that need to be put in place, but since the City does indeed own the building, they're just concerned that we will retain ownership of any of the repairs and improvements to the building."

Councilor Maestas asked if the arrangements are audited, and if they are a part of the City audit or part of the non-profits audit, or do they rely on the City for coverage of anti-donation.

Mr. Chapman said, "What needs to happen on these agreements is the DFA will not release the severance tax bond agreement to the City until they get a working draft of a PSA which they've approved. So, in other words, we have submitted to DFA a copy of the PSA, they've approved it and now we're executing that PSA. So that was a contingency of them releasing the agreement."

Councilor Maestas said, "And that's the State's way of verifying that we are in compliance."

Mr. Chapman said, "Yes. Their Legal Department looked over what our Legal Department drafted and okayed it."

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

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

14. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – ON CALL ENGINEERING SERVICES FOR PHASE I RESERVOIR INFRASTRUCTURE IMPROVEMENTS PROJECT FOR WATER DIVISION; SANTA FE ENGINEERING CONSULTANTS, LLC. (ROBERT JORGENSEN)

Councilor Lindell asked for a summary of the project so far.

Bill Huey said, "Basically, the Hospital Tank is one of the chief tanks used. It is the second most highly used tanks in the City when it is available. It has been off line up until this last June for a little over two years due to leakage. It is not typical in construction, as the other tanks in the City. It's a hopper bottom tank built of concrete, and the construction is basically... it's also semi-buried. It's located off St. Michael's drive, just east of St. Vincents Hospital. Most people don't recognize it is a storage tank, because it has tennis courts on top of it."

Mr. Huey continued, "When it was built, basically it was constructed as a buried retaining wall, about 14 feet in depth and then below that, the bottom slopes into a floor and it holds 4 million gallons. Hopper bottom tanks are used fairly commonly back east where the water level is about the tank level. And in most cases, groundwater is about the level of the water in the tank. So water leakage in or out is not really noticed. Where we have this tank, the water level is about 29 feet in the tank. Water level outside the tank is about 290 feet."

Mr. Huey continued, "Since it was built has always had a leakage problem, anywhere from 4 gallons a minute to 29 gallons a minute. It has leaked since it was constructed and they've caulked it. And in the past, they went in and got an estimate from an engineer for two typical fixes, one to zipeck it, and one to put a liner into it. And in 1992, they chose to go ahead and line the tank. When they lined it, that didn't do anything to lessen the leakage. They went ahead and had the lining company work on trying to fix it for a while. And it went through legal and eventually they got money back from the liner company, which we took a few years ago and got money to take the liner out. The liner material chosen to be used for the vapor barrier underneath the roof was an opaque polypropylene liner, and you couldn't see what was happening inside the tank."

Mr. Huey continued, "A few years back, Sasquatch got the project to take the liner out. We did that. We brought the tank on line and the leakage was no better. At that time, it was chosen to take the tank off line and study how to improve the leakage rate. It was chosen to go ahead and zipeck the tank at that time – once we finally got everything on line to go ahead and zipeck it. We finally got that back on line this last June. It turns out the tank is set on a geologic structure where the soil changes about midway through the tank, and there are non-shrinkage soils under about 70% of the tank, and about 30% of the soil under the tank is high-shrinkage soil. And in the two years, the soil under 30% of the tank has shrunk and basically dropped away. When we refilled the tank, we basically ended up with about 50 gallons a minute leakage."

Mr. Huey continued, "We went in, drained the tank, repatched some cracks, refilled it. We've got it where we can run it and get about 12 gallons a minute with it about 2/3 full. The engineering firm that was supposed to have been there during the original work was not able to do that work because of some

conflicts. They were finally able to come on at the end of that. They did the study and whatnot. They're on line, that's NCS. We're trying to get this approved for them to go ahead and design a replacement for the tank because it's judged not to be serviceable any more. And so we need to replace the tank because, other than it being the second most used tank, the tank is set up in a zone where it works as a blow-off for the City wells. All of the City wells, when they're in operation, pump into this tank to relieve the pressure when they're operating. When the wells are in operation, they pump at a higher pressure than the City water mains can handle."

Mr. Huey continued, "While the tank was off line, we are having several hundred thousand dollars of extra main breaks. And that's one of the things we're trying to avoid by replacing the tank and keeping this tank on line, even at a lower level. So we're trying to replace the tank within the next couple years with either a rectangular divided tank of 4 million gallons or two cylindrical pre-stress post-tension concrete tanks."

Councilor Lindell asked if Sasquatch was one of the contractors on this.

Mr. Huey said, "They were on the remediation. They weren't in any of the work before. Sasquatch removed the liner and they caulked the tank initially. And Sasquatch was also the contractor that installed the new valve vaults that will be used for the new tank that will be built."

Councilor Lindell said, "So they were the contractor that carried out the engineered work of NCS."

Mr. Huey said yes.

Councilor Lindell said this is a long, unpleasant story to say the least. "It seems like we've been working on this for a long time, with no success and spending rather massive amounts of money. I have to tell you that I'm not enthused to grant another almost $600,000 to an engineering company that it sounds like that they've missed the mark three times to a price tag of nearly $300,000. Is there a reason that we don't send this out for a new bid."

Mr. Huey said, "It isn't... NCS really hasn't missed the mark. They had nothing to do with the design of the original tank. The problem with the tank is all in the structure of the tank and the materials the tank is made of."

Councilor Lindell said, "That's all well and good. We said earlier in this process that this tank is not salvageable. We need new tanks."

Mr. Huey said, "The reason that we have done we work that we just concluded was to try to put the tank back in service, so that we wouldn't have issues with main breaks. We would have something to serve as the pressure relief for the City wells. It's sort of like on your hot water heater, you have the little tank for the blow-off. Without that, anytime they turn on one of the City wells, especially if they turn the Agua Fria well on or the St. Mike's well on, when those wells come on, they tend to spike the water pressure in the zones that they're in, and a lot of the pipes in 3-4 of the neighborhoods are aging and need to be replaced. We are working on replacing those in the Water Division, but they're expensive to do and

we're working on doing that. But until we can get around to replacing them, they break. And when they break, it's not just the pipe we have to replace, it's also hundreds of feet worth of street, and that's expensive. And the decision was to try to put the tank back on line while we were planning replacement of the tank. And it was an internal Water Division decision to spend some money to put the tank on, instead of taking it out of service now and replacing it. The decisions that were made were not NCS's."

Councilor Lindell said, "In hindsight, was that a good decision."

Mr. Huey said, "Probably not, but not all the decisions were mine."

Chair Dominguez said, "This is an issue that has been around since both myself and Councilor Trujillo first got on the Governing Body. I would like to tell you what the solution is, but I'm not an engineer or a water engineer."

Councilor Maestas said, "I'm not going to take a shot and try and second guess. I think, given an infrastructure asset like this where we don't have any redundancy in the system to take it off line without having a replacement, takes I think, requires a lot of front end work to diagnose the problem. And then to conduct a comprehensive alternative analysis in terms of which option to pursue. It seems to me, that's where the problem was, was the original diagnosis of the problem, and I think it was *[inaudible]* from there on out. I think our take-away, at least my take-away, is I think this is a story that will be very rare in our City's history, number one. And then number two, if we could use this as kind of a case study in asset management, problem diagnosis for an asset like a water tank that really you just can't take it off line without having a replacement tank in place. You know the risk is extremely high when you have an asset like this water tank, given the role it plays in the entire water system."

Councilor Maestas continued, "It probably doesn't look good at this point. I'm not familiar with the history. All I see are the original contract amount and all the subsequent amendments. And today, I think we found the problem and it comes at a price. So I really identify with Councilor Lindell that, let's really use this going forward, even to the point of doing a value engineering analysis and identifying where we can save money if we're looking at a significant investment of a new design so we can save money in the face of changing circumstances like we had in the case of this tank."

Mr. Snyder said, "After looking at some of the details, I would like to make the request to postpone it. I am concerned about the original contract value being around $100,000, and currently, with it's amendment, it will grow to over $800,000, so I am concerned with that, and that's what I was speaking with the Procurement Manager about. So I would like to pull it, postpone it, revisit it with staff, and possibly bring it back before you with modifications, or to consider going out for bid."

Chair Dominguez asked if this is something that would go to Public Utilities.

Councilor Rivera said it probably should. He said they haven't discussed the Public Utilities Committee agenda for November.

Chair Dominguez suggested we can use Public Utilities, and asked if there are time constraints.

Mr. Snyder said, "Bill said it had been at Public Utilities and passed at Public Utilities. Nevertheless we can postpone it and take a look at it, and that is what I would recommend."

Councilor Maestas said, "Also I want to ask that we look at other circumstances where we've used this old, old concrete in a real vital role like the role it plays in this tank. Maybe we can do some kind of a forensic analysis, maybe take some core samples and see if we have this similar problem with old concrete in some of our existing infrastructure that we need to look at as part of a pro-active measure."

Mr. Snyder said, "We can do that. And Councilor Maestas we can do that. This is the only concrete tank that we have in the system. The others are metal tanks."

Chair Dominguez said, "I think what we'll do then is, if we can, if the timing works out, let's use Public Utilities as a clearinghouse, and bring it back to Finance. In the discussion at Public Utilities, if we can have, in that conversation, the option, or the idea of getting this thing rebid – what does that look like, what is the process that we've utilized to date. Just as much information as we can at Public Utilities, and then we'll bring it back here on November 17, 2014."

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to postpone this item to the Finance Committee meeting of November 17, 2014, with direction to use the Public Utilities Committee as a clearinghouse on this item.

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

23. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO ANALYZE THE POTENTIAL OPPORTUNITIES OF ESTABLISHING PUBLIC BANKING FUNCTIONS FOR THE CITY OF SANTA FE AND PROJECTING WHETHER A PUBLIC BANK WOULD PROVIDE A LONG TERM BENEFIT FOR LOCAL BUSINESSES AND RESIDENTS (MAYOR GONZALES AND COUNCILOR IVES). (KATE NOBLE)

Councilor Maestas said he supports this feasibility effort. He said we issued the RFQ and he thought we were going to get assistance from the public banking/technical community to assist us with the effort to look at the feasibility of public banking. He saw no mention of working with a consultant, and asked if that has changed and if the effort is now all on staff, and if we are going to hire a support entity to help us with this effort.

Kate Noble said, "The plan is to review the responses to the RFQ that are scheduled for this Wednesday, and to map a course from there. The Resolution would direct staff to do this work and however we need to do it, we would then bring forward the RFQ. Through the answers we'll have a decent idea as to whether we go ahead and develop a scope of work with a contractor. Staff might not have the anticipated level of detailed expertise around public banking, hence the issuance of the RFQ. The RFQ would assist staff in the work that is resolved in the Resolution. That's the anticipated way forward. We

will chart a path after the Committee meets. This would put it on staff, but the RFQ would give us the expert assistance if we need it, which we anticipate we would. And the RFQ has been fit within the existing Economic Development budget approved for the fiscal year."

Councilor Maestas asked if there should be some language about a consultant, unless we're asking the staff to do the feasibility portion. If so, we hire a consultant to explore implementation. Or will the feasibility be shared between staff and a consultant, noting there is no mention of a consultant and the role of a consultant.

Ms. Noble said it makes sense and language can be added to include the expertise staff has sought through the RFQ.

Councilor Maestas said he will work with her on the amendment before it goes to the Council, so everyone will understand. He would like to be a cosponsor as well.

Chair Dominguez said that would be good, noting he had some of the same questions.

Councilor Lindell said she wants to be in the loop of seeing those drafts. She said on packet page 3, she talks about "positive energy and MCCS. Who is MCCS."

Ms. Noble said MCCS is the financial institution involved in the PV system on the Convention Center.

Councilor Lindell said in the next paragraph on packet page 2, in talking about banking we need to be careful in earning interest on an investment. She thinks we had earnings on that, but she is unsure it actually was interest. She would like to take a look at that language. She said we clearly had benefit, but is insure interest was part of that. She said on line 7 it says, "..demonstrating the potential benefits of public financing." She said it was actually private financing and not public financing.

Ms. Noble said, "The way that worked in a very rudimentary sense is we actually lent money from the Convention Center reserves. The MCCS is paying interest on the money we loaned them, noting they own the system and we have signed an agreement to buy electricity at a fixed rate over a period of time. We are benefitting financially from earning interest. You're right, it's used in the wrong context there, but we are earning interest on the money loaned as well as saving money on the fixed price of electricity."

Councilor Lindell would like to work on that language to clarify it to get this as clear and right as possible. She said on the bottom of page 2, where it says, "Now, Therefore, Be it Resolved. The next couple of sentences with that, if we maybe could work a little on that language for more clarity of what we're actually trying to do. We don't need to wordsmith this here, but maybe you and I could go back and forth a little on it."

Ms. Noble said, "We can work on this tomorrow morning, I'm not quick enough on my feet to do the language now, to add the drafted language referring to the RFQ and the expertise needed by a contractor, well as clarify that section and then more clarity on what we're trying to do in the 'Be It Resolved'."

MOTION: Councilor Lindell moved, seconded by Councilor Maestas, to approve this request, in view of the direction to staff.

DISCUSSION: Chair Dominguez said it's good we're moving this forward. "As Councilor Maestas said, the clearer we can be on this from the very beginning, the better the process will roll out in the end."

Chair Dominguez, referring to page 3 of the bill, asked in the second 'Be it Resolved,' if the 90 days will be sufficient and if she will have sufficient time to do all of this in 90 days. He wants to ensure that the Committee doesn't short change the effort so we can accomplish what we need to accomplish.

Ms. Noble said, "I think we are okay with that. The holidays sometimes can complicate the usual timeframe, and we will know much more by the time it reaches the Council, because the Committee will have reviewed the proposals which is very much related. So, I think the 90 days is sufficient and I would say in the meantime before Council if we feel it is insufficient, we would raised it at that time."

Chair Dominguez believes conceptually, a lot of this can be answered, but the direction being given gets to be pretty detailed in talking about feasible and relevant factors which can be complicated and take a lot of staff time. He wants to be sure we do this right from the beginning and not have to expand the scope of the bill and have it turn into something we hadn't anticipated.

Councilor Maestas said it's not just about the feasibility. One of the common denominators which led to the success of public banks in other areas is that there be almost a singular purpose to initiate it, and "not that it be all of these things." He thinks there will be policy considerations, and at certain points over the next 90 days, as we look at the feasibility, he would like this effort to come back to the Council to allow us to weigh-in, in terms of where we think public banking can serve a purpose, depending on some of the preliminary recommendations.

Councilor Maestas continued, "For example, I think affordable housing could be that singular charge to ignite this effort, but others on the Council on this Committee may think of a different reason. So there's policy implications, and I think that we need to weigh-in. If we have to whittle down what the genesis of this public bank will be here in the City, I think there have to be key points, key milestones in the feasibility effort where it comes back to the Council to have that discussion."

Chair Dominguez agreed, commenting once we start the effort and get some of these things in place, we are going to have to have a good policy discussion on priorities and such. He thinks this is a great start. He said there are people from the community that are going to be helpful which is great. He said, "Whatever we, as a Committee, can do to help, as well, just let us know."

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

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END OF CONSENT CALENDAR DISCUSSION

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DISCUSSION

26. REQUEST FOR REVIEW OF INFRASTRUCTURE CAPITAL IMPROVEMENTS PLAN (ICIP) TO ESTABLISH PRIORITIES FOR CITY-WIDE AND DISTRICT LEGISLATIVE PROJECTS FOR FY 2015/2016. (ISAAC PINO)

Isaac Pino presented information regarding this matter.

The Committee commented and asked questions as follows:

- Chair Dominguez said this is the initial discussion about establishing legislative priorities, noting not all priorities are capital improvement projects.

  Mr. Pino said this discussion is only for the capital improvement projects part of it. He said, "You are correct that you will have other priorities that don't have to be tied to the ICIP." Mr. Pino said this is the first time we've picked the Legislative priorities in Committee, noting it generally is done one-on-one in meetings with the City Manager and the City Councilors to put that list together.

  Mr. Pino said Councilor Maestas has provided him his top 12 priorities, and Councilor Dominguez mentioned 3 priorities in an email, noting this is the only feedback he's received so far.

- Chair Dominguez said he was under the impression we had to resubmit an ICIP for the Legislature.

- Councilor Maestas said then you want our overall priorities and then preferences for projects in our Districts.

  Mr. Pino said what we need ultimately before Thanksgiving, are the top 5 priorities for Legislative capital outlay funding, City-wide, which all have agreed upon, and 3 projects from each District in addition.

- Chair Dominguez would like to know Councilor Maestas's top 5 priorities to see if there are consistencies among the Councilors, and asked if staff could provide a copy of that list.

- Mr. Pino said the list is as follows:

  Downtown Bridge Improvements
  Airport Terminal Building
  Genoveva Chavez
  Senior Services
  Main Library Rewire

- Councilor Maestas said he tried to strike a balance – library, senior services, public safety, traffic safety, traffic signal systems and parochial District #2 projects.

- Councilor Lindell said she sent an email to Mr. Pino a few minutes ago on her two District priorities, but she hasn't submitted the overall list. She said the first 3 priorities on the existing list she will submit, but one thing which will be high on her list is #70 City Hall Improvements as a City-wide priority.

- Councilor Trujillo asked if the District priorities must come from this list specifically.

  Mr. Pino said the choices have to come from this list.

- Councilor Trujillo said he will submit his list by Wednesday.

- Chair Dominguez said then the priority has to be on the list, and Mr. Pino said yes.

- Chair Dominguez said in the past, we've had projects such as water projects and all sorts of things.

  Mr. Pino said, "What we used to do is to submit the top 5 City-wide water projects, City-wide sewer, City-wide streets like that. And DFA ended that practice 3 years ago."

- Chair Dominguez said then they want more specificity, and Mr. Pino said yes.

- Councilor Rivera said, "So Ike, was I clear in understanding that what you want tonight is to have us define the top 5, and then either separately, or together, we can submit you a list for the 3 specific projects for each District."

  Mr. Pino said it would be fine to do it that way.

- Councilor Rivera said, "When you're looking at just the District priorities, is it possible to add things that aren't on the list, or are we committed to sticking to things that are on the list."

  Mr. Pino said we have to stick to the list now.

- Chair Dominguez asked Mr. Pino if he is sure about that, and Mr. Pino said yes.

- Chair Dominguez asked what would happen if he were to go to one of his Representatives and get them to fund something which is not on the list.

  Mr. Pino said, "What will happen, Mr. Chairman, is it will go to the Governor's first veto test. Is it on the list, and when it's not on the list then It'll get taken off."

- Chair Dominguez asked if it is vaguely on the list, but more specific to the project.

  Mr. Pino said, "As long as it's on the list, that's all the Governor cares about on the first veto pass. I should just mention, part of the process is, once you pick your projects, DFA and LFC both, under their own administrative authority, had me fill out all kinds of information about the projects that come off the ICIP. Some of the first questions are: Is it on the ICIP and what number is it. If you miss loading that number up, they automatically delete the project from the list."

- Councilor Rivera said, "A couple of other suggestions again. Then for the top 5, the SWAN Park is there at number 5, and I think it should stay. It has received funding in the past, continues to have momentum, and I think as long as we're moving forward on projects and design and continuing to build that, we'll continue to see funding for that. Also the Calle Po Ae Pi , the road between Airport and Rufina that goes along Thomas Ramirez Elementary which the School Board, several Congressmen and some of our State Representatives and Senators have mentioned they would like to see that Road extension continue all the way through, mainly because there are kids that jump on buses and have to go all the way around the block to get to a school that is less than 1/4 mile away. There seems to be some momentum for that as well. And I think if we all collaboratively are asking for that, we can find some success in that as well."

- Councilor Rivera continued, "And one more thing to consider is something that has come up on our radar recently, is funding for the Southside Transit Center. We found a spot for it, and I think we're probably going to need some funding to make that a top notch facility. So, those are at least 3 that I would like to see on there, and would hope we would consider those."

- Chair Dominguez said, "So let's make a commitment from each of the Committee members. I know Councilor Maestas has already done his, I've done mine, Councilor Rivera, Councilor Lindell and Council Trujillo will get you theirs as well. We'll just make sure the Committee is committed to getting you that information and then you can parse it out."

- Councilor Maestas said Councilor Ives sponsored a Resolution identifying a category of projects the City would pursue in the future to the Water Trust Board. He said he didn't recommend any water and wastewater projects because they are enterprises, have dedicated funding and are self sufficient. He focused on General Fund funded capital improvements. He said he focused on improvements in the ICIP that had multi-year funding requests, which means the needs is high over the next 5 years, noting this is his thinking.

- Councilor Maestas asked if we will get a list of proposed water/wastewater projects we might pursue through the Water Trust Board and other funds so we aren't duplicating requests. He

doesn't think those projects have to be on our ICIP. He asked when you inform the Council of proposed projects with which we intend to move forward with the Water Trust Board. That would be helpful to him as we're deliberating changes to the ICIP.

Mr. Snyder said, "You're correct. The Water Trust Board is a separate process from this one. The projects that go to the Water Trust Board don't have to be listed on the ICIP." He said there is a varying history of how those projects have been submitted. He understands if we have a project with which we partnered with someone, such as Santa Fe County, it gets a higher ranking. He can speak with Nick Schiavo to find out the status. Mr. Schiavo has discussed the possibility of a 4 million tank at the BDD facility to add to the storage capacity there to be a joint project, but that hasn't been approved by the Governing Body or the BDD Board to his knowledge.

- Councilor Maestas said there will be varying priorities with what we've submitted. He asked Mr. Snyder to give guidance in terms of which projects are still in play for a top ranking and can be phased. He said this is a big issue with capital outlay, noting this is one of the questions for ICIP funding. It would help us to know which projects can be phased which coincide with what we expect to get. He said there are some requests which would exceed the total amount of capital outlay funds we could expect. He said in the expanded sheets Mr. Pino indicates phasing. He asked for the "sheet on the revised priority," which might help us to reconcile any differences in the new priorities they have given him.

  Mr. Snyder said Mark Duran will be at upcoming meetings to have that discussion. He said this is to get a sense of our top 5, or top 7, and whittle it down to 5, similar to what we did last year, with an ultimate top priority with which the City will move forward and push for funding. He said we got $890,000 last year for the Airport because we put a focused effort on that. He said it is similar for District-wide projects, and we will put that same level of effort in the Legislature. He reiterated that this discussion is coming down the road. He said, "The discussion today is to "whittle and make sure we have our top number, and we whittle down to the top 5 that we ultimately put in our Legislative pack to present to our local delegation at the upcoming breakfast. But ultimately, I would like to get a top priority and we can have that dialogue with Mark – what kind of funding is there, as well as phasing the projects. I think he'll be useful in that dialogue."

- Chair Dominguez said the previous Public Works Committee did a number of field trips and developed a facilities need. He asked if a facilities needs assessment was done at that time, or if it was just an inventory.

  Mr. Pino said they got as far as doing an inventory. He said he can email him the workbook which is easy to get through, but it has the information you need on the need of each facility as compared to other facilities.

- Chair Dominguez said this has to go to Public Works, so having that information at Public Works would be helpful, and then when it comes back to Finance the debate at Public Works might be beneficial.

Mr. Pino said he will keep a running tally and prepare a matrix of how things are moving forward.

- Councilor Rivera said he thought we were going to have the discussion on the top 5 right now, or does Mr. Pino just want a list of everyone's priorities and we will whittle it down at Public Works or Council.

  Mr. Pino said, "The latter probably would work just as well."

- Councilor Rivera said, "I assume you want the two Councilors from each District to get together and submit to you a list of District priorities, not 6 from me and 6 from Councilor Dominguez, that may all be different.

  Mr. Pino said, "That would be preferable."

- Councilor Dominguez said he and Councilor Rivera have met and they have a good idea of what they want to submit.

- Councilor Dominguez asked Mr. Pino if he understands the direction from the Committee and Mr. Pino said, "I do."

27. GENERAL BUDGET DISCUSSION (PLEASE BRING ANNUAL OPERATING BUDGET BOOKS).

A copy of *City of Santa Fe Health Insurance Fund – Five Year Projection – No change to 2013-14 Funding Levels*, regarding Item 27(B)(1)(b), provided by Sandra Perez, Director, Human Resources Department, is incorporated herewith to these minutes as Exhibit "2."

A copy of *City of Santa Fe Health Insurance Fund – Five Year Projection – $1.2 million increase 2014-15, then $750,000 per year*, regarding Item 27(B)(1)(b), provided by Sandra Perez, Director, Human Resources Department, is incorporated herewith to these minutes as Exhibit "3."

Chair Dominguez thanked Councilor Maestas for chairing the last meeting, saying he understands they had some pretty good discussions. He said he doesn't necessarily want to go through each item, but he does have specific questions on the information which was provided to the Committee. He opened the floor to discussion by the Committee on any item, noting he just wants an update on 27(A).

A. UPDATE ON FINANCE DIRECTOR

Mr. Snyder said at the last Committee meeting there was discussion about going back through the applicants who had not been interviewed. He did that, but he didn't find any that he had skipped over. He said since the last Finance Committee meeting he has had two additional interviews, both of which went well. He is considering one the applicants, as well as one of the applicants from the previous interview process. He is checking references, following up with them, and will be bringing them back for second interviews, and then hopefully move forward from there.

Chair Dominguez asked if there is a timeline to fill the position.

Mr. Snyder said he has no timeline other than "yesterday or last month." He said, "Definitely, it is a top priority, but at the same time, as I said when we spoke, I think all of us have spoken off line, this is a critical position and I think we need to make the right hire moving forward. That is why I have involved you as the Chair, ultimately. I think we've met with one person so far, but as we move forward, I want to be sure we have a good working relationship among my staff with this person as well as you being the Committee Chair. As we move forward, hopefully in the next week or so, we can make some headway. And if not, one of the other discussion points at the last meeting was that we would readvertise."

B. MULTI-YEAR BUDGETING

(1) CONTINUED DISCUSSION OF 2-5 YEAR PRODUCTIONS

(a) HOLD HARMLESS

(b) HEALTH CARE

Mr. Snyder said there is information in the packet from the last Committee meeting, but there is new information in the first two tabs on the Health Plan. He asked if it would be helpful for Ms. Perez and the representative from Aon to run through the information since it wasn't discussed at the last meeting.

Councilor Maestas asked for a summary of the information.

Sandra Perez, Director, Human Resources Department, noted the information being handed out [Exhibits "2" and "3"] that goes with tonight's packet.

Todd Burley, Aon, reviewed the information in the packet, noting the previous information has been updated with actual claims data as of the end of the last Health Claim Benefit Year as of June 30, 2014.

The Committee commented and asked questions as follows:

- Chair Dominguez asked if we have a list of the largest claims by employees – which of our employees have the largest claims.

  Mr. Burley said they have that information which is presented every time they meet with the Health Benefits Committee. There is a stop loss level of $250,000, and above that amount the City is not responsible for claims. He said there have been very few claimants exceeding that amount over the past 2 years.

- Chair Dominguez asked for that number, and Mr. Burley said he doesn't have that number with him.

- Chair Dominguez asked what are our options in moving those largest claims out, or are there any options.

  Mr. Burley said there are no options to move particular claimants out of the plan, and he thinks the focus would be to try reduce service categories that may not be medically necessary.

- Chair Dominguez asked what he means by "service categories."

  Mr. Burley said things such as physician visits, emergency room visits, noting two years ago we increased the copy on emergency room visits to $125, and saw a significant reduction in utilization. He said the focus should be on ensuring that the appropriate care is being sought by the employee, rather than focusing on particular claimants.

- Chair Dominguez said, "When I focus on particular claimants, I'm not necessarily.... and I say moving them out, I'm not necessarily talking about reducing their benefits. I'm talking about what are the options that we have to reduce our liability."

  Mr. Burley said there are two things you can do. He said, "The easier of the two is to reduce benefits for employees and shift some of the cost onto them. The other, and more difficult option, is to improve the health of your population." He noted the City has a Wellness Program and has started that process. These are the two main options.

- Chair Dominguez said then these are the only two options for individuals for high claims.

  Mr. Burley said, "Again, I think the focus should be on certain conditions, not claimants. For example, diabetes, and focusing on the portion of your population with preventable, treatable, medical conditions. And I think part of that is incorporated into your wellness program."

  Ms. Perez said, "Mr. Chairman, I think what you're trying to get at is, now with the Affordable Health Care Act in place, there are a certain number of essential health benefits that every plan must cover. We could limit our plan offering to only those 25 essential health benefits, and then anything else is just not a covered benefit. We haven't studied that. We haven't begun to look at that plan. Obviously, our plan is very generous. There's a lot of things that are covered, like this alternative medicine benefit. We've had it combined with acupuncture, chiropractic, we've had it separated out. When we separated it out, it went sky-high, so now we're trying to carve back. Those are considered non-essential health benefit coverage. When we look at our claims rate and we get the claims in, not only by claimants, but by categories, we definitely respond. UHC is very good about identifying who the claimants are. They're sending out wellness notes. They're sending out preventative notes like for sciatic and back and things. So we can do preventative, but if you really want to carve it, you've got a limit."

- Chair Dominguez said, "I'm confident that what we've done, in terms of the employee health benefits is very good for the employees. I'm supportive of that concept, but I think that there were ulterior motives to doing that, that may not be beneficial to the City as it was sold to us as. I don't

think that.... in other words the jury is still out on that. So I think, what I'd like to see, and we can continue the discussion, I'll bet we have lots of questions, but we need to have a memorandum written which summarizes the discussion that we have tonight on what some of those options are, because the reality is we need to do something pretty significant in our health care benefit package in order to be able to sustain our budget. It's that simple."

- Councilor Maestas said the separate sheet which was passed out, had different health care trend rate estimates than the other handout [Exhibits "2" and "3"]. He asked the reason.

  Mr. Burley said semi-annually our actuaries update the trend rates based on latest claims data as well as any foresight into how they expect medical and pharmacy costs to increase or decrease over the next few year. So the trend rates actually have been lowered in the most recent projection.

- Councilor Maestas said, "In this handout, I guess they're the old ones, and then the stand alone has lower."

  Mr. Burley said this is correct.

- Councilor Maestas said he wants to raise the whole *pro rata* issue again, because every single scenario has the same *pro rata* for the City and the employee, and it will take a while to get out of the recession. He said, "I feel it would be good for me, as a newbie to get a sense of how our benefits rank in the Rocky Mountain area to really make an informed decision on maybe changing the *pro rata*. Maybe that's sacrosanct. And I know there are union agreement implications, but I honestly feel like if we're really to make responsible fiscal decisions, I think that's got to be in the mix. I know it presents another variable in this. We're looking at all these scenarios on when we want to make this fund solvent. But I'm not ready to rubber-stamp the existing *pro rata*, Mr. Chair, given the escalating costs. And we've had a lot of unfunded mandates imposed on us, and so I'm just not prepared to let that go, and I know that could delay a consensus on this issue. All I've heard is that it's a great plan, but the City pays a lot. If we're going to make this solvent, I really do think we need to share some more pain and truly look into, again, how does this plan rank. Is it average among the best, if so that's fine. If it's like the Cadillac of plans in the entire southwest, then we need to look at a more realistic, appropriate *pro rata* before we pick a scenario and determine which milestone year we want this to be solvent and turn a positive balance."

- Chair Dominguez said that is what part of this discussion is about, so "if you can provide us some information on what that *pro rata should be*, just think of some other values or other ratios that we can use."

  Ms. Perez said, "I absolutely understand what you're saying and we're happy to look into it. I had zigged and zagged all day trying to hook up with Legal, because I had a feeling this may come up, but I'm not prepared for it. I need to understand more clearly, with the negotiated contract which locks us in until 2017, how we broach those conversations, how we do the research and what we can present. I just want to make sure we're careful about prohibitive practice complaints and the

other. I know it's dooable, but I didn't get to connect with Legal today to be able to understand how best to have the discussion. So I'll definitely take it down, and put it back on the top of the list for tomorrow morning to try and make that connection. And I'll be happy to email you in between, but then we can continue the discussion and I'll work with Aon. I just need to make that connection."

- Councilor Maestas said, "And then if we can maybe look at CPI trends, because I'm not sure these health care cost trends are consistent with CPI. It's a different analysis. For example, going forward, CPI may be tied more to salary increases. So what happens if the CPI has a lower trend than these health care cost trends. Then it might be better to swap salary increases in lieu of higher benefits. No, I'm serious. I'm just not prepared to let that go, even if it's tough. You know, sometimes we have to make tough decisions, but it would be good to know what we're up against, not just from the standpoint of all these collective bargaining agreements, but what is in the long term best interest of the City. So I think that would be really good to see."

- Chair Dominguez said he was going ask about those individuals who are not part of the bargaining unit. He said, "You can certainly provide us information on that. Not that high level supervisors don't have stress and don't need health care."

- Councilor Maestas asked if there anything we can do immediately without making a sweeping change – any stopgaps for this year, and if we have looked at a short term fix. "And I'm not trying to kick the can down the road, but I think we're talking about some significant changes. But I think this thing is, as you said, it's right here, it's in our grill. So is there anything we can do in the short term."

  Mr. Burley said, "We did present other benefit reductions to the Health Committee, such as increasing office visit co-pays, in-patient hospital co-pays, applying a deductible to the premium plan that's the richest of the three plans the City has and 93% of the people are on that plan. None of those were acceptable to the Health Committee."

  Mr. Burley continued, "One thing I would like to point out, there is an actuarial value, which you may have heard of, in relation to the health care exchanges. And that is essentially the percentage of total health care costs that the benefits of the plan will pay, versus what the member will pay out of pocket. The City of Santa Fe's actuarial value is about 93%, meaning that the plan on average in a given year will pay 93% of the total cost of the health care for your population. The remaining 7% is paid by the enrollees in terms of copays, deductibles, co-insurance. If you look at the State exchanges, a platinum plan, the richest plan on the State exchange is 90%, so it's less rich than the premium plan. And then there's 80, 70, 60, gold, silver, bronze."

  Mr. Burley continued, "The other thing I looked at as kind of a comparative group is the State of New Mexico's plan. Their actuarial value for their two plans are in the 78-80% range, so the City's plan is significantly richer than the State of New Mexico plan."

- Chair Dominguez reiterated that we need that information articulated in a memorandum.

- Councilor Maestas said, "I was just going to say we have a platinum plan with an aluminum budget."

- Councilor Rivera asked if we have a break-down of the number of emergency room and urgent care visits we have per year, noting he is talking about the cost, not the numbers of the people who use these services.

  Mr. Burley said he has that information, but not with him. He said, "The ER visits, once the co-pay was increased, those are down significantly and more in line with the benchmarks that we've shown to the Health Committee."

- Councilor Rivera asked what is "pushing people from ER to urgent care zone," and what would that cost be.

  Mr. Burley said he is from Albuquerque, but he understands there is a dearth of urgent care availability on weekends and after hours in Santa Fe. So, that is the response they've received in talking about that – it's difficult to find an urgent care open on the weekends or at night.

- Councilor Rivera said, "Because of the Affordable Care Act, I think it's forcing everyone to look at things a little differently. And some of the things I've read or heard about that other cities and even private businesses are doing to try to curb costs, is they are opening their own little facility. So they staff a provider. They have other staff. And they encourage their employees to go there. And I don't know what the savings would be, or if it would cost us, but I think it's worth looking into a little bit to see. I think you could find a retired physician somewhere that would want to come and just help out, but if you could encourage people to attend your own in-house clinic rather than urgent care or to the ER, that could curb costs as well. And at some point, it's not cost effective, but it would be nice to know what the cost of urgent care and ER are currently. And if you could look into some of those different ideas."

  Mr. Burley said, "And we have done that with some of our other clients that have an on-site practice, an on-site clinic. It typically works really well when most of the employees are at one site. When you have employees scattered about at different locations, it doesn't work as well when they have to drive past 3 doctors' offices to get to the on-site clinic."

- Councilor Rivera said, "I think we have a small enough City that something central would be pretty convenient I think, so it may work a little bit better here. Is it saving money in those other places."

  Mr. Burley said, "Initially, it costs more, but over time, it should save money. Yes."

- Councilor Trujillo said, "As someone who had the State of New Mexico's Plan. Councilor Maestas said, the City's is the Cadillac of plans. I can tell you this, Councilor, in my opinion, the City's plan is Cadillac compared to what the State's was. That's the whole reason I came to the City's. I

made the choice to come to the City's plan. And one of the things that concerned me was what you said about dealing with the naprapathy, all these alternative medicines. Right now, as it stands, I think our employees, we pay $10 right. Now you're looking at bumping it all the way up to $35."

Mr. Burley said it is $30.

- Councilor Trujillo said, "I'm just wondering. I guess my concern is if this actually is going to save us money. I understand that. I know there are alternative medicines, instead of having the shots, the drugs. I can tell you right now, I go to naprapathy for my shoulder. I'd much rather do that than go under the knife. I do know there are a lot of employees here at the City and the State that take advantage of alternative medicines. I'm just trying to gauge it. I don't know exactly... you said we will save $200,000, but I'm just looking out for the employees. A lot of our employees do use that. I do know that they use that, and by bumping it to $30, I can tell you that's the whole reason I came to the City's plan. I got sick and tired of paying $30 to $35 copays, so explain that to me."

  Ms. Perez said, "I'll start and then I'll let Todd chime in again. One of the things when we looked at the benefits as a whole, is that it covers a variety of different uses within that. So what we're trying to do is also, and I'm going to say it and it's going to be worse than it is, but it's the only way I can describe it. We're trying to curb to get it back to the medically necessary, like you said for your shoulder there's an alternative method for that, and get to that versus the recreational massage. And so, what we saw by our statistics and the number of claims that were in, particularly to one or two certain providers, the elevation, the amount of money that had been paid, we saw the spike in what we would term as the more recreational use of it than tied to therapy, medically necessary and physically. So we've been talking about increasing the co-pays, combining the number of visits to get it back to something tied together for a treatment plan to try to help turn this around and edge out the other.

  Ms. Perez continued, "And so, this is just still in the discussion stages for that part of it. But as we go into getting ready for the RFP next month in December, we really do need to nail these kinds of things down, because that is what will go out in the RFP. So we can write the RFP in a certain way that these things continued to be delivered for that alternative medicine to prolong or even make it unnecessary to have certain surgeries and other extenuating physical therapies because you can cure it this way versus that recreational use."

- Councilor Trujillo said that clarifies the situation for him. He said, "I can understand now that there are some people taking advantage. It's more a massage every week. I'm glad you clarified that to me. At the same time, anytime you hear about co-pays going up, it's going to send a warning to the employees. So thank you guys."

- Councilor Rivera said obviously employees are going to take advantage of whatever is offered to them, and asked who came up with a limit of 24 massages per year. Was that the City, or did that come up in negotiations – who determined that 24 per year.

Mr. Burley said it was the Health Committee. He said, "And there are a few things we looked at in determining the $30 co-pay and the limits. We compared it to the State of New Mexico plan, and their co-pays are $40-$50 for these services, and they are limited to $500 total outlay on naprapathy and 25 combined visits for chiropractic and acupuncture."

- Councilor Trujillo asked if there was discussion on the Committee on decreasing the number of times you can go per year, while keeping the co-pay the same.

  Mr. Burley said, "That's what we've done for this contract year, correct. This contract year, we input the 24 visit limit."

- Councilor Rivera said the current limit per year is 24.

  Mr. Burley said, "Right. 24 per year at a $10 co-pay. And the decision was made to potentially increase that to $30. And again, based on, I believe in the last contract year, over $800,000 was paid by the City for these services."

- Councilor Rivera asked if there was discussion about decreasing the number from 24 to 12 per year.

  Mr. Burley said no, because that would make it significantly less rich than what we typically see in a benefit plan. The hope was that by increasing the co-pay, we would dissuade some of the people who are getting it for non-medical reasons – to take that approach rather than the limit on visits. If you limit the visits, you are limiting it for the people who are using it for the correct reasons also.

- Chair Dominguez said, "I will say that every single one of us, as human beings, deserve the platinum plan. But of course, we have to look at what is within reason and the costs and such. So we are going to continue this discussion. I will help staff summarize what I've heard the Committee ask for today, and we'll go from there."

  Ms. Perez said, "We are glad that we will be able to come back because we would like the RFP to go out not later than December, because it expires in June and we'll have to go through the lengthy selection and bid processes in making that selection of the vendor, and then back to Finance and then City Council. She said some of these discussions and decisions about possible changes to the plan itself and the benefits will have to be part of that RFP. Obviously, we can always write the RFP for what we want as the 'for sure' things,' and then things that could be optional, so we could say, after we accept the RFP and go into negotiations, what we are and what we are not going to do."

- Chair Dominguez asked that be included in the memorandum that "I will help you summarize."

- Councilor Rivera asked to include in the Memorandum, what we have to play with. He said, "The unions have some benefits locked into their collective bargaining agreements, so really what do we have to play with in terms of potential savings, and what is already locked in and we can't touch."

  Ms. Perez said, "The premium contribution rate at 76% is locked into the union contract as it is right now. Any of the plan design is not locked in. My understanding, and this what I was waiting to confirm with Mark, I see Blake here. But my understanding is, because this is an item within the contract that requires an appropriation every year, and because we know we're talking about the sustainability of the health fund plan itself, if we find we are in a position, this is just me talking, not legal talking, but if we find that we are in a position where we can't sustain it at the rate that it is, that would be something that I think we could go back to the table. Because there's the clause at the back of the book that says if you don't appropriate the funds to be able to do this, then you immediately go back into renegotiations for whatever that is. So, somehow, we've got to tie the two together. But right now, the only thing in it is premiums, nothing in the plan design."

- Councilor Rivera asked the union representative in attendance if he agrees with that.

  Ms. Perez said, "And some co-pays, Vicki says. So we'll make a list of what is locked in with that, and what isn't."

  The unidentified union representative in attendance said, "Mr. Chair, Councilors, I really don't want to get into whether I agree with that or not, without speaking with Mark and looking a little more carefully at the CVA. I know this seems like a very pressing issue, but it's something that I would rather take a much more careful look at, than speaking off the cuff here."

- Chair Dominguez said, "Just see that we don't negotiate here on the floor."

- Councilor Maestas said, "I want to urge my colleagues that we use the December deadline as an incentive to take action as opposed to deferring some of these issues for later down the road. So what I would like to see, I really would like that plan comparison, I think you cited the Municipal League for one, just to give us a sense for where we are. I would like to take up that debate at the right time, and I don't want to have this debate too late. So anyway, I think this December time frame could be an incentive for us to take action on this, and put this fund on a path of sustainability."

(c) ANNEXATION

C. BASELINE BUDGETING

(1) PERSONAL SERVICES & OPERATING EXPENSE

(2) CONTINUED DISCUSSION ON VACANCY POLICY

Chair Dominguez asked to dovetail the discussions on Vacancy Policy and the Organizational Chart, Item 27(E)(a).

D. UNFUNDED MANDATES

(1) CONTINUED DISCUSSION ON REDESIGNING THE FISCAL IMPACT REPORT

Chair Dominguez said you provided us with a sample in the packet. He suggested to have somewhere on the form a signature spot for the Governing Body member or members of the Governing Body who are proposing legislation which has a fiscal impact. He thinks it's important for Governing Body members to understand their legislation does have a fiscal impact and that they know the funding source and what it means.

The Committee members commented and asked questions as follows:

- Councilor Maestas said he would like to suggest, as a change in protocol, that it not be heard unless there is dedicated funding. He said, "I really don't think it's fair to the sponsors. I think it's a disservice to the whole, or a committee of the Council, to advance it without finding the money. And I think that's part of the problem with these unfunded mandates is you're told to find the money, but what I've seen lately is the money isn't there and they're still advanced. I think it just can't advance until money is identified in the budget and an appropriate budget mechanism has already been established prior to any formal action. And I know I have some fiscal impact requests and they're in that same boat, but I really think I need to do that work behind the scenes."

- Chair Dominguez said, "I think you're right that we need to, and obviously we can't be doing this stuff unless there is money to fund them. But I think as a start, just getting the members of the Governing Body to read the FIR and to understand what it means is a good thing. That's why I"m suggesting the signature line, because it puts them in a position to really have to read the FIR. Did you have anything to add to that Brian."

  Mr. Snyder said, "No. I'm taking it that as whoever is the sponsor of the Resolution or Ordinance would have a signature line on it, is what I hear you say."

- Chair Dominguez said, "I think for the beginning. I think you're right though, Councilor Maestas, that we need to... I'd hate to see that it can't advance unless there is a funding source, because we can always find a funding source, whether it's eliminating positions, or reclassifying them, whatever the case is. I think that's where the challenge is – at what level do you identify that funding source. So let's continue the discussion, let's start there and we'll go on."

- Councilor Lindell asked if this is something which the Chair is bringing forward.

- Chair Dominguez said, "Kind of. It's been talked about in various ways, at various levels about redesigning the FIR. That's really what it comes down to."

- Councilor Lindell said, so we will see this again.

- Chair Dominguez said yes, he plans to have this and more on every Finance Committee Agenda.

- Councilor Rivera said it would be nice, once the new Finance Director is in place, to develop a more simple form. He questioned whether an FIR needs to be reviewed by a City Attorney. He said we should remove things that don't need to be on the form.

- Councilor Maestas said there is a policy element to the FIR that needs to be addressed. He said, "I think there should be some kind of assessment of any conflicts with existing policy. I know the issue came up when Transit or Public Transportation came to us and they needed action on providing free shuttles on Election Day. I think we need to identify any conflicting, related policy or any other policy areas that need to be amended to reflect that action. I see a policy gap there. And I know it's a financial form, but nevertheless, I think that's the opportunity to do a policy check to ensure the proposed action doesn't interfere or conflict with existing policy. And if it does, identify those, and perhaps the sponsor shouldn't bring it forward until existing policy is also considered for amendment, so by the time it gets to the Governing Body it's all heard in proper context. Just another suggestion there, Mr. Chairman."

E. POLICY ISSUES/ORGANIZATIONAL CHART

- Councilor Rivera said, "In the packet after Health Insurance, for discussion purposes, there was a presentation by Ms. Perez on the non-union employee pay, so there were a whole group of employees which were left out of these last raises which were given to union employees. And there are some compaction issues and some overlap in pay issues between union and now their supervisors. I'm not sure we're in a position to do anything about it, but I think it should at least be heard and looked at as we progress through this, and probably before we talk about vacancy savings, if that's okay with you."

- Chair Dominguez said, "That's fine. What I plan on doing is, after we have some of this discussion, whittling some of the budget discussion to be more specific. We are going to keep some stuff in there, in general, but I think that's fine. I think we can go ahead and have that discussion now and include that specific discussion on other agendas."

- Councilor Rivera said he asked Ms. Perez and Mr. Snyder to look at this and give him different versions of what we can do for these employees, noting some are clerical workers which are classified, but not represented by the union for various reasons – in Human Resources, the City Attorney's Office – because of the nature of their job, and therefore no one really represents them when it comes to raises. He said we left out a group of people, and Ms. Perez can speak to the numbers. He said there also are exempt employees, typically the division directors, which were

left out. He asked staff to look at 3% across the board, and to look at a tiered approach so employees needing it more get a higher raise.

Ms. Perez said Councilor Rivera also inquired about situations where staff have caught up to or passed their supervisors in pay. She said it was hoped to run a report to capture all of that, but they can't run it automatically out of the E-1 system, because we don't have everybody's supervisor identified and coded at this point, noting they are making that change. She has been working with Vince Montoya in Finance, and they found issues in terms of employees surpassing their supervisors in pay. She said they used to have a compaction issue at the Police department related to the Lieutenants and Sergeants, and they broadened that gap last year so that isn't a problem there now. However, it still exists in pockets, such as in IT.

Ms. Perez said the other thing starting to creep up on us is the Living Wage. And as the Living Wage continues to increase on the automatic raise, we're bumping up against the Living Wage for entry level ranges. She said we've lost our gap and spread, and as those creep, then those will creep up against the supervisory level in the middle. We know we have to do some more work on it, and we definitely know we have a compaction issue.

Ms. Perez continued, "We tackled it about a year ago. We brought all the department heads in to get our hands around where the supervisors were. And so, between the significant classification work, we couldn't get real, hard, raw numbers. So I couldn't run [a report on] whether or not, if we gave everybody 1%, that would take care of the problem where individuals have passed their supervisors. If you look at the tiered levels, which is on page 5, you'll notice there are 102 employees at the $30 and above area, so that is where the group of the people fall, and again at the 3%. So if you gave 1% to the 102, they're already $30 and above, and I think where we're starting to creep into people is between the 87 and the 37 numbers of employees. So if I'm a betting person, which I don't typically do unless I know I'm going to win, I'm thinking a 2.5% is what you need to make sure all the supervisors have now increased enough that they are past where their employees passed them and still have enough of a gap to show the difference between supervisors and employees."

Ms. Perez continued, "That's a pretty big philosophical policy change or discussion we could have also, is does the City want to recognize that supervisors and/or managers should make a certain amount higher than the people they are supervising at any point at time, and then we keep a monitor on that. But it's not in place now. It would have to be a policy change and a rule change and all that, and we could try to bring you some fiscal impact about what that would be. I think initially, the cost would be significant and then maintaining it over time would help force the issue when union employees get a raise, then non-union employees follow suit."

Ms. Perez continued, "Some of you will remember the Evergreen Study that was done several years ago. One of the things that came out of that study was going from different pay scales into one pay scale, so what you're adopting is an increase or a change to the pay scale that affects everybody and not just pockets of people. There are alternatives, but in this particular case, this is the group, about 226 of them, taking out exempted employees and taking out those represented

by the POA that really had no voice at the table during budget time. We have made a change to that. The City Manager, by policy, has put in place, that any time salaries are discussed from a union perspective, then HR, coupled with Finance, and whoever is doing the analysis will bring forward the data related to the non-union employees so the City Council has a full picture in front of them. So we're taking on that responsibility at his direction."

- Councilor Trujillo thanked Ms. Perez for doing this, commenting it is important that we have the big picture when the raises come before the Governing Body. He thinks it's a mistake that we inadvertently forgot this one group. He said to take care of the classified non-union employees would cost about $125,000 to $150,000.

  Ms. Perez said this is correct.

- Councilor Maestas said he agrees with Councilor Rivera that this is a serious equity issue, commenting they had this same problem when he was the Mayor and they fixed it. He thinks we should fix it here. He said he realizes we don't have much budget, but believes we need to come up with a well thought-out plan to make this right, sooner rather than later. He said it raises other questions for him regarding our policy of setting aside money for merit performance. He asked if we set aside pools in each department, and asked what is the policy in funding for merit promotion increases. He thinks this needs to be in the mix here as well. He said Ms. Perez can educate him off-line in this regard.

- Chair Dominguez said, "If we're going to establish a policy on how to deal with the non-union, classified employees and fix the compaction issue, we have to be careful on the general policy that could have impacts on future fiscal years. I'll just say that. I think it's something we should continue to have on the agenda.

(1) DISCUSSION OF CHANGES MADE TO THE ORGANIZATIONAL CHART SINCE BUDGET APPROVAL

This discussion was combined with Item 27(C)(b) Continued Discussion on Vacancy Policy.

Chair Dominguez asked the policy on vacancy savings, and if there is a written policy.

Mr. Snyder said we looked at this the last meeting, it's a one-page summary, Budget by Year. He said things were added based on the discussion at the last meeting. We focused on the definition section of vacancy credit and vacancy savings, noting it is important to distinguish that. He said this page is contained in the Committee packet for this meeting.

The Committee commented and asked questions as follows:

- Chair Dominguez asked if there is a written policy.

Mr. Snyder said no, noting the range is hovering around 4% on the high side, which is sort of the unwritten rule, and this is how we set up the budget for this fiscal year.

- Councilor Dominguez commented that there will always be vacancies because they are tem positions or seasonal. He asked the dollar amount of the vacancies, noting there are 190 positions. He said a salary has been appropriated for each position.

  Mr. Snyder said that information isn't on this spread sheet, and it can be developed. However, the challenge is that this "was a snapshot in time as of October 17th." He said some of these positions are temporary seasonal in Parks and Fire. For example, the vacancies in Fire aren't filled until there are 10 and then we have a recruiting class, so they become vacant during times of the year. He said the information won't be based on just one date, but it can be done manually.

- Chair Dominguez said a starting point would be helpful. He asked if the amount will include benefits, or is it just salary.

  Mr. Snyder said it can be done one way or another, noting in the budget the salary includes benefits.

- Chair Dominguez would like that amount as well.

- Councilor Maestas asked if "Other Funds" are enterprise funds.

- Chair Dominguez said it's all kind of the same.

- Councilor Maestas noted the vacancy is much lower for the "Other Fund," since the recession hit.

  Mr. Snyder said Other Funds are non-General Funds, so enterprise fund is an example.

- Councilor Maestas said perhaps there is dedicated funding, whereas in the General Fund we tend to leave more positions vacant. He doesn't think it's an across the board thing, and 4% is a good average number, but the enterprise funds are successful in keeping its vacancy rates low. He asked if we need to differentiate between the General Fund and enterprise funds in the policy.

  Mr. Snyder said there are a lot more people paid from the General Fund than from the enterprise funds which is a factor, although he is unsure how it balances out, but he would factor that into the conversation as well.

- Councilor Rivera said at the last meeting he asked the City Manager his opinion about having to come before this Committee in order to fill a position, and Mr. Snyder expressed that he didn't think that was a good idea. He said he tasked Mr. Snyder to look at other possibilities to see if there were any benefits in doing it that way again. He asked Mr. Snyder if he has looked into that, and if he has changed his mind on anything.

Mr. Snyder said, "I have thought about it. I think we talked about pros and cons coming forward. I haven't changed my position on where I stood and what I mentioned. I think you tasked me with what are the pros for coming forward. And honestly I thought about it, I haven't been able to come up with a lot of pros, or any pros at this time, but I will continue to look into that."

- Councilor Rivera said, "Fair enough. I can think of a few right off the top of my head."

- Chair Dominguez said one of the pros is it takes some of the responsibility off the City Manager's desk, and Councilor Rivera said that was one of them.

  Mr. Snyder said, "Mr. Chair, with all due respect, there's cons to that as well."

- Councilor Rivera asked where the positions came from for the new position which was created for the old Planning and Land Use Director, commenting he is unsure what that title is. He said, "You said you took two positions away for that job."

  Mr. Snyder said, "The title of that position is Asset Development Director, and I think that appears on the revised list that Sandy just handed out. But there was a position that I reclassified, which was the GIS Manager that was in IT. So with the GIS Manager and the funding for the GIS Manager, that position was previously filled probably 9 months or so ago when Jim Varela retired, and the funding for that position along with salary savings by eliminating a position within the City Attorney's Office that was combined, brought the salary together for the Asset Development Director position. So it's one person that was reclassified from the GIS Manager."

- Councilor Rivera asked if that is reflected in these organizational charts, the two positions that are gone, the GIS Manager and then a position from the Attorney's Office.

  Mr. Snyder said, "No position left from the City Attorney's Office. It was a funding from salary savings within the Attorney's Office from new hires, and there were different things that Kelley Brennan did. One position was eliminated. We have not updated the organizational charts, and that the summary table represents all of the reclassifications that were done up and through the beginning of this month. And we will be updating the org charts, based on these reclassifications, but they have not been done yet.

- Councilor Rivera said if you use the salary savings from the Attorney's Office, it's safe to assume you'll need those savings yearly for this new position that was created.

  Mr. Snyder said, "Correct. The savings.... the positions she has filled currently will move forward, but the savings from how she filled the positions will be moved toward this Asset Development Director. So the budget would no longer be in.... approximately, I think it was about $40,000 or $50,000 would no longer be in the City Attorney's budget. It's been reallocated to the Asset Development Director."

- Councilor Rivera said, "The salary savings that was used in the Attorneys' Office are going to need to be recurring salary savings. And you said that was from a position that they haven't filled."

  Mr. Snyder said that is correct.

- Councilor Rivera said then that position can never be filled.

  Mr. Snyder said, "They scaled back a full time position to a part time position. Based on the hires that she has made here recently, she feels she does not need a full time position. She's going to reclassify that to a part time position. So the difference between the full time and part time is, ball park unit, $40,000 that will be moved permanently to the Asset Development Direct."

- Councilor River said then if she changed her mind and wanted to make that a full time position again, it's not available and she would have to come to this Committee.

  Mr. Snyder said that is correct. It's not available.

- Councilor Rivera said there is another new position in the Mayor's Office and asked the source of funding for that position.

  Mr. Snyder said, "There is one position in the Mayor's Office, it's an Executive Assistant, that has been with every Mayor, and the Mayor as far as I'm aware has had an Executive Assistant. That position has been split into two Executive Assistant positions with a salary that is equivalent to what is in the budget. I think, ballparking, the previous salary that was in the budget, $75,000, the position was divided into two positions and the salaries are like $25,000 and $50,000, so it is within the approved budget."

- Councilor Rivera asked if that includes benefits.

  Mr. Snyder said, "With benefits."

- Councilor Rivera said then the benefits would have had to double for both people.

  Mr. Snyder said, "The one position is, I don't believe it is a full time, classified position, so there are no benefits with that position, a full time temp."

- Councilor Rivera asked the title of both positions.

  Mr. Snyder said, "Executive Assistants, the same as the previous position, or Executive Administrator, but they have the same title as what is in the org charts."

- Councilor Rivera said, "When I asked you about coming to us for approval of vacancies, this is one of the reasons why, is knowing we're in a budget financial crunch and these things come up and not knowing and saying where is the money coming for these. And really it's frustrating for me

sometimes to wait between meetings to try to figure out, I know I could have called you and figured it out. But just hearing about it today, it's already a done deal. But where is the money coming from. What's going on. These are frustrating for me, knowing what the budget is like and knowing the discussions we're having here, and then sort of hearing these things after the fact is a little bit frustrating."

Mr. Snyder said, "I appreciate that, and that's why I'm being careful to work within the approved budget, so it's shifting things around, similar to what's on this sheet. These are all reclassifications, but shifting things around within the approved budget."

- Chair Dominguez asked, "Why do we approve an org chart."

  Mr. Snyder said you approve an org chart at the time the budget is approved.

- Chair Dominguez asked, "Why."

  Mr. Snyder said, "Why. I thought you said when do we..."

- Chair Dominguez reiterated, "Why."

  Mr. Snyder said, "Mr. Chair, I don't think I have a good answer."

- Chair Dominguez asked if that is a policy.

  Teresita Garcia, Acting Finance Director, said, "Usually, during the budget process, the Council approves the positions and that's what the organizational chart is, it's approving the position which coincides with the budget development."

- Chair Dominguez asked, "Is there any mandate that requires us to do that, because it makes no sense to me for us to approve an org chart, if the organization is going to be changed by the administration. So is there a mandate that requires us to approve an org chart."

  Ms. Snyder said he doesn't have an answer for it, but he will get an answer for him.

- Chair Dominguez said, "I would like for this Committee to consider making that a mandate, and that the organizational chart cannot change once it is set during the budget process without Governing Body approval. Because that speaks to some of the frustration that Councilor Rivera has talked about, some of the frustrations that I certainly have. Especially, since we're approving an org chart that isn't really respected by the administration. The budget is respected by the administration, but the positions aren't necessarily kept in whole. I say that with all due respect. I'm just saying it makes no sense for us to approve a position in the org chart, when all of a sudden it's going to be split in half or moved to a different department, or reclassified somehow some way. And to understand the benefits and how those benefits impact that organizational chart and the fiscal impact, I think is important."

- Chair Dominguez continued, "Keep in mind that the majority of our expenses are personnel, right, it's probably close to one-third of our overall budget."

  Mr. Snyder said it is more than that.

- Chair Dominguez continued, "And operations. And so our fiduciary responsibility is that budget and, given the fact that personnel, whether they're in org charts or are reclassifications, or whatever the case may be, is really our fiduciary responsibility. And so, having a handle on that I do not think is inappropriate."

  Ms. Garcia said, "Usually, in the past, what the Council approved are positions. We have Council approved positions in which the City Manager and the H.R. Director have the ability to reclassify those positions into different titles. So we do usually have City Council approved positions and the number of positions they are in. That is what is considered a mandate by the Council. And then the City manager reclassifies those approved positions. So a couple of years ago, when we would bring the position to Finance and Council, the policy was to eliminate the position and then bring it back to Finance to re-create it. So, I think that is basically the policy we've been running through, if I'm not mistaken, is that we do have Council approved positions and then the City Manager has the ability to reclassify the position."

- Chair Dominguez said, "I understand that. And we have had a practice in the past where any position, given the fiscal restraints we are under, had to be approved by the Governing Body. And I'm not necessarily thinking about going back to that practice, but I would like to think about going back to the practice because things are so tight. I think it is really our responsibility to make sure that we know how that money is being spent, and that money is being spent based on an organization that reflects the priorities that this Governing Body has set. I think that's really where the Governing Body has set those priorities collectively. We need to make sure we don't deviate from that and that we're just using vacancy savings or salary savings to fund these newly-created positions that necessarily haven't been approved by the Governing Body, and I can go on and on. So if you can find out if there is a mandate on those organizational charts, it would be helpful."

  Mr. Snyder said he will do so.

- Councilor Maestas said he thinks we need to strike a balance, and obviously we want to maximize your administrative latitude, but we're not out of the woods yet, financially. He said, "For example, when the CVB want to create the position of Public Relations Manager, there was the implication that 'we're saving money because we're not outsourcing this. But that savings was not sustainable. It could not be sustained to pay for that permanent FTE in the foreseeable future. And I really thought that was a gross over-simplification of that action, because I didn't understand how that particular office worked. And I worked with Randy off-line, but I really think that creating new positions in this climate, regardless of our policy, is a significant action and I think it needs to be done in proper context. We need to know how it's being paid for, whether those funds are sustainable, and does it truly add value to the existing operations."

- Councilor Maestas continued, "I do think we need some heightened level of oversight, but I don't want to over-extend or be intrusive and impede your administrative latitude, but I really do feel.... my own organization at the federal government, there is an approved org chart, and any changes have to be pre-approved, major structural change. So I think we can strike a balance. I think maybe desk audits seem to be administrative in nature and maybe that really doesn't require Council scrutiny. But, a reclassification.... I look at this 2216 position Administrative Secretary to Administrative Assistant. Adding these administrative assistants to department directors, creating an organization that could be perceived to be top heavy, I think sends the wrong message."

- Councilor Maestas continued, "I've made this statement before and I'm not going to go on, Mr. Chairman, but we've contracted as a City. We have 15-20% fewer employees, but we've been carrying forward the same organizational structure, on top of not cutting back any services. So something needs to give here. And we need to start looking at the overall organizational structure and create maybe a more small, more nimble organization that really reflects today's financial climate, today's service levels that we want to provide, and our current priorities as was said before. These actions are being taken without proper context, and I think we really do need to look at the City as a whole. And I know you're working on the strategic [plan], and I think first and foremost in that plan has got to be how do we right size this government. How do we consider today's demands and needs and services we want to provide to reflect the impacts the recession has had by reducing our work force, because we're not doing that. And I think the time is now for us to take action on that."

- Councilor Maestas continued, "So I agree we need to look at this organizational structure, but I don't want to pick on departments. I want to make sure we have the big picture, but we need to know what's happening, what are the consequences of this contraction, how services suffered, what burdens have been I think carried by existing employees as a result. Or maybe was the City just 20% too big, I don't know. But I really think, Brian, I think this is a symptom of that whole discussion on the organizational structure and the size of government, and providing the services that we provide at desired levels."

  Mr. Snyder said, "I agree with you. The position you called out, 2216, is exactly what you described. The position is reclassified from an Administrative Secretary to an Administrative Assistant which is one step up as the result of a desk audit. The person was doing more than what was required by their job description. I don't know the person who was in that position, but when H.R. did that job, over time, that position evolved into something else. So to right size what was going on in the Police Department, the desk audit was done and we made good, in my mind, from the standpoint..... we made sure the position was, and I'm just picking on this one as an example, because you touched on that, but I think that's a perfect example that we do this on a daily basis. It comes up, we make sure we are right sized. Do we have it done globally, no, but it's done piecemeal. But this is an example of that."

- Chair Dominguez asked who does the desk audit, and Mr. Snyder said it is done by H.R.

- Chair Dominguez said, "But we're responsible for that budget. Do you have a copy of the desk audit, or a desk audit. You don't have to give it to me, but don't you think we should be able to see some of that."

  Ms. Perez said, "Let me tell you how the process works, and we'll keep using this position as an example. In this particular case, the incumbent believed her job had evolved to a different level than what it was currently classified at. This is a desk audit I happened to have done myself. We had, as you can imagine, because H.R. is really good at creating forms and lots of paper, so we had lots of paper that got exchanged, plus an extensive interview I did with the incumbent. I compared the position to other positions around it within the department. And I released to the department my findings as a recommendation. H.R. didn't tell the department you must reclassify this. There are certain times here and there that we have something that's going to require a mandate out of H.R., the City Manager's Office to make the reclassification if it's going to be a liability or whatever. But I found and released my findings based on the information I had. And based on the comparativeness of work in other positions that were classified at the Administrative Assistant level."

  Ms. Perez continued, "The other piece of the finding with that is that we have a significant issue between the Administrative Secretary classification and our Administrative Assistant classification description. And we found that maybe those two jobs have now blended into one classification, and we don't have to have two classes that have a significant difference, so that was another finding that's now gone on to classification for work. In this particular case, the Department agreed with the recommendation and put forward the personnel action form to reclassify the position as well as the person. The reclassification resulted in a promotion and the person received a modest 9% increase in line with the union contract and seniority structure and level that was there. So it was a full desk audit, but when H.R. releases the information it's released. So when they provide for the promotion, they also have to identify in the Memo of justification where the funding is coming from and how they intend to pay for that, not just between now and June but how that will sustain. And that's the entire piece by the time they accept the recommendation or not."

- Chair Dominguez said, "And that's for every position in the City."

  Ms. Perez said, "For everyone that's on this list, absolutely. If it's a reclassification, yes, if there's a change to the position and an ultimate change to the person, the Memo of justification, that the City Manager has prescribed has to come in, has to say, what are you doing, why are you doing it, who does it affect, when is it going to happen and how are you going to pay for it. Every single one."

- Chair Dominguez asked if this is true for the newly created positions that the City Manager just talked about.

  Ms. Perez said we were talking about this particular one with reclassification and a desk audit.

- Chair Dominguez said, "Right. So this is a reclassification, Economic Development Specialist, Housing Community Development, function, role of position is being change. So a desk audit was done for that position.

  Ms. Perez said, "No. A desk audit was not done, it didn't say desk audit by that one. This is one where the department had a vacant position."

- Chair Dominguez said, "But it says reclassification."

  Ms. Perez said correct.

- Chair Dominguez said, "But I heard you say that every reclassification...."

  Ms. Perez said, "Every reclassification has a Memo of justification attached."

- Chair Dominguez said, "But not a desk audit."

  Ms. Perez said, "Not necessarily a desk audit. Right."

- Councilor Maestas said if this example we just discussed is symptomatic of our current employees doing more with less as a result of the recession and the whole contraction, I hope we have a policy that no position descriptions are allowed to remain that are older than 3-5 years. He said, "If we don't have any kind of policy on that, then we could have various claims for folks being assigned duties well outside their job description. So I think it's time for us to adopt a policy, if it's not in place, that any position descriptions older than 5 years, have to be revisited by the employee, by the supervisor and reclassified if necessary. I'm sure these probably are just precipitated from complaints. These folks are saying you're making me do work well outside. And this is more a risk management move than an across the board policy."

- Councilor Maestas continued, "So, Mr. Chair, I really think that to really protect ourselves from a risk management standpoint, I think it ought to be a policy. I'm saying 5 years, that's the federal government position description limit. We have to update them every 5 years. I suggest we do that City-wide here. And maybe we might get a handle on how prevalent this is. We could have employees that are being asked to do too much, but they just don't want to complain and ruffle feathers, but we're asking them to do things well outside their job. And what if it involves their own personal safety and they get hurt doing something not in their job description. It's not good for us. On that point, if it's not in place, we need to have an across the board policy to revisit all position descriptions and make sure they're current."

  Mr. Snyder said, we are moving toward that as we move forward with performance management. He said, "As you are aware, my contract has performance measures in it. We're rolling that out City-wide. As we do that, we'll definitely have that as part of the criteria as we move forward."

- Councilor Rivera said, "Ms. Perez, based on what you said about reclassifications and desk audits, are you saying currently that all employees that have been compacted because of the union raises. So the employees in Finance you mentioned, are you doing a desk audit on them and recommending either increases or reclassifications whatever that may be."

  Ms. Perez said in regard to the accounting area, yes. We had an official request from the managing supervisor to look at the compaction issue she anticipated happening because of the AFSCME raise, noting the request actually came in a bit before the raises went into effect. She said, "We rolled that into our classification and compensation plan for FY 14/15. I put a request out to all department heads to send in their request if they felt there were classification issues, or something wasn't described correctly or had evolved beyond the description. And then any compensation or pay rate review that they felt were needed due to a variety of changes in the job, or roles and function. We've build that priority list. We have 12 requests in, in priority order. Those will be completed by December 31st. So as that work is done, Mary Tapia is our lead on that, we will formulate those recommendations back to the department on what we found. And the department head would meet with the City Manager, myself, possibly Vince out of budget, and talk about funding if there is a fiscal impact. In some cases some of the classification changes are to make sure we are refreshed and up with industry standards so there may be no fiscal impact on those. But we have that plan now."

- Councilor Rivera asked if desk audits are done periodically, or only on request.

  Ms. Perez said at this point it is on request, or the identification of something with H.R. caused by a personnel action that came in. But typically, it is by the department head or the employee. The union contract also allows an employee to ask for their classification to be reviewed.

- Councilor Rivera said he found the GIS Manager position which will come off the organization chart. He asked who will supervise the GIS employees, or would that just fall under the IT Director.

  Mr. Snyder said he is working on that with the new IT Department Director, commenting there currently is a senior position that is supervising them temporarily. He said that discussion will continue with the IT Department Director and then finalized.

- Councilor Rivera said ultimately that person will need to be reclassified.

  Mr. Snyder said not necessarily, if they all report directly to the IT Director.

- Councilor River said the other half of the funding came from the City Attorney's Office, but he doesn't see any vacancies on page 2. He asked which is the part time position.

  Mr. Snyder said he can't speak to which position it was, but he can provide the position number and how that came about. He said when this was presented at Budget, this was a snapshot in time, so positions have changed. For example, Blake wasn't on board during budget approval.

- Chair Dominguez said another piece of information he wants on the vacancy list is how long the positions have been vacant. He said if something has been vacant for 6 months and you're holding it for a position for somebody else, or a position has been vacant and unfilled for 3 years, for whatever reason, this is something the Committee needs to know. He said there will be positions which will remain vacant.

  Mr. Snyder said one of the things we have implemented is, as the position becomes vacant as part of the closeout paperwork to H.R., we are requiring them to submit a request to advertise at the same time, to try to marry the two and mesh them together.

- Chair Dominguez said he has two pages of information on which to follow-up.

- Chair Dominguez said we still need to have a discussion about IT, since Councilor Ives introduced the Resolution. He will stay in touch with Mr. Snyder. He thanked him for the information so they could review it over the weekend.

- Councilor Rivera said, "On page 1, the Planning & Policy Administrator, I think that's the position that came over from Planning and Land Use. And my assumption is it went back."

  Mr. Snyder said that is correct and it resides in Land Use, noting it was always paid by Land Use.

- Councilor Rivera asked how the funding sources are moved, and are they done immediately when positions are created or reclassified or moved, or at mid-year, or at the end of the fiscal year when Cal puts the budget together to make adjustments.

  Ms. Garcia said part of the analysis done by H.R. is whether there is funding, and within the funding category. She sees no budgets on the list. She said they are creating a line item and moving the person to a new business unit.

- Councilor Rivera asked, with regard to the Economic Development Specialist which budget came partly from IT and partly from the City Attorney, if those funds are moved immediately, or when do they reconcile.

  Mr. Snyder said Vince Montoya referenced by Ms. Perez is part of the signature approval process as the PA goes through, and he tracks that for each of the positions being discussed. And before it comes for the City Manager's signature, Mr. Montoya makes sure the budget is available and tracks with that. Unfortunately, this is done manually on a large Excel spreadsheet, noting they are working to incorporate that into the electronic financial system. This is part of the reason it is a challenge to pull some of the information for the Committee.

- Councilor Rivera said at some point the GIS manager won't be there, and there will be a new position with a budget, and Mr. Snyder said that is correct.

- Councilor Rivera asked when that is done – mid-year, at the end of the fiscal year.

  Mr. Snyder said from an org chart standpoint, typically in the past, we have not updated the org charts on a regular basis, and those are done as part of the budget cycle. It doesn't mean those can't be updated more regularly and on a quarterly basis, and go to Leonard Padilla in GIS for update. He said, from a financial accounting standpoint, the position is eliminated.

- Councilor Dominguez said he thinks the Governing Body said anytime the organizational changes, the Governing Body is supposed to be notified on a quarterly basis.

  Mr. Snyder said that is the quarterly report.

- Chair Dominguez asked how difficult it would be to do that anytime the organizational chart changes, period.

  Mr. Snyder said that could be done monthly as part of Ms. Garcia's summary on the financial updates on the agenda, every other meeting.

- Councilor Maestas said he things those actions "should come up as they come up, instead of us being notified on a quarterly basis." Obviously, if it is within the existing approved budget, he is okay with being notified quarterly. He said, "I'm just throwing that out for possible policy."

- Councilor Maestas continued, "Just as a reminder, we have discussed a policy on reserves. I think it's time for us to start looking at some draft language, even if we start with the General Fund reserves. And then I think, Brian, it would be great, that any department that has any reserves, it's incumbent on them to give you some language for establishing a policy on their reserves. If you really want to get at the unfunded mandates, that is a way for us to start checking ourselves, because typically that is the favorite fund, the default fund to pay for unfunded mandates, and it's the General Fund reserves. So let's get some language before us. I would like to see that, Mr. Chair."

- Councilor Maestas continued, "Also annexation. I asked for established metrics in determining whether our existing resources are providing appropriate emergency response, as a guide for future investments. We have future recommendations for Fire and Police, and I want to be able to make an informed decision that we're not over-committing or under-committing resources to meet the needs of annexation." He suggested that the Public Safety Department start to come up with a tracking system of measured response time in the annexed area, so we can get an idea of what difference our investments are making as we assume public safety services in those areas.

- Mr. Snyder said that already has been implemented.

- Councilor Maestas said he also wants to see a policy on the negative cash balance carry forward at the end of each fiscal year, which is a practice we don't want to continue..

- Councilor Lindell said the one part of the packet we didn't discuss is legislation with a fiscal impact, and all the things that have been passed, and to start looking at the right column as to the fiscal impact, noting it is adding up and there are a lot of things that have been passed with a fiscal impact. She said we need to be very careful about what we bring forward. She said it is our fiscal responsibility and our fiduciary duty to the citizens of the City to be careful at this point in bringing forth legislation with a fiscal impact.

- Chair Dominguez said this is the idea in getting us to sign these Fiscal Impact Reports, and taking some of that responsibility. He said, "I will say also, that some things can't be measured purely based on finances and we have to consider those as well." He thinks there is a section on the FIR where it talks about potential revenue impacts, noting it is an Expenditure Revenue Narrative.

28. OTHER FINANCIAL INFORMATION

A. UPDATE ON GROSS RECEIPTS TAX REPORT RECEIVED IN OCTOBER 2014 (FOR AUGUST 2014 ACTIVITY) AND LODGERS' TAX REPORT RECEIVED IN OCTOBER 2014 (FOR SEPTEMBER 2014 ACTIVITY). (TERESITA GARCIA)

Chair Dominguez said he would like to postpone report on the GRTs, saying we all got this information in an email.

Councilor Maestas said Councilor Rivera at the last meeting, voiced a concern about how we are way off on the GRT projections in the first two months. He said there was an assurance that we were going to revisit our methodology for making those projections. He said DFA does peer reviews for cities and on request, checks their revenue projections, and they use it as a basis for approving the budget, so they have their own internal process to cross check City revenue projections. He doesn't know the status of that suggestion.

Councilor Rivera said he also asked staff to look at whether we are being reported accurately from DFA, noting we had 3 months which were down, one great month, and we're back down. He asked if we are getting what we are supposed to get, and if there is a way to verify that.

Ms. Garcia said Ms. Hausman usually follows through on the allocation and they don't give us any information on the reason it fluctuates. She said Ms. Hausman has tried to identify a trend to see if these are reasonable distributions, but Taxation and Revenue won't give us any information.

Chair Dominguez said, "The trend to me, if you can take anything from it, looks to be consistent, but that's just on a general basis, and it's not by industry."

29. MATTERS FROM THE COMMITTEE

A copy of Bills and Resolutions scheduled for introduction by members of the Governing Body at the Finance Committee meeting of October 20, 2014, is incorporated herewith to these minutes as Exhibit "4."

Councilor Dominguez introduced a Resolution directing staff to provide outreach and education to the public regarding the City of Santa Fe Independent Citizens' Redistricting Commission ("Commission"), and call on interested persons who meet the qualifications for Commission membership, to apply for a position on the Commission. A copy of the Resolution is incorporated herewith to these minutes as Exhibit "5."

30. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 8:00 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:

Teresita Garcia, Acting Director
Department of Finance

Melessia Helberg, Stenographer