

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, August 3, 2015

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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, August 3, 2015

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Monday, August 3, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

MEMBERS EXCUSED

Councilor Ronald S. Trujillo

OTHERS ATTENDING:

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

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

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

3. APPROVAL OF AGENDA

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

6. **BID NO. 15/30B – PROFESSIONAL SERVICES AGREEMENT FOR GUNNISON PRAIRIE DOG LIVE CAPTURE, HOLDING/QUARANTINE AND RELOCATION FOR PARKS AND RECREATION DEPARTMENTS; ECO SOLUTIONS, LLC. (RICHARD THOMPSON)**
7. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – FIRE STATION NO. 5 REROOFING PROJECT; COOPERATIVE EDUCATIONAL SERVICES/PROGRESSIVE SERVICES, INC., D/B/A PROGRESSIVE ROOFING. (JASON KLUCK)**
8. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – ONE DUMP TRUCK, ONE PLOW AND SPREADER BOXES FOR STREETS & DRAINAGE MAINTENANCE DIVISION; SUMMIT TRUCK GROUP AND MCT INDUSTRIES, INC. (DAVID CATANACH)**
9. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER FEDERAL PRICE AGREEMENT – ONE ELGIN EAGLE STREET SWEEPER FOR STREETS & DRAINAGE MAINTENANCE DIVISION; SUMMIT TRUCK GROUP AND MCT INDUSTRIES, INC. (DAVID CATANACH)**
10. **REQUEST FOR CONCEPTUAL APPROVAL OF LEASE AGREEMENT – PARKING PURPOSES WITHIN A PORTION OF THE NORTHWEST QUADRANT ADJACENT TO 786 CALLE MEJIA CONTAINING APPROXIMATELY 30, 639 SQUARE FEET; SANTA FE HEALTH CLUB, LLC. (MATTHEW O'REILLY AND EDWARD VIGIL)**
11. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENTS – CITY-WIDE UTILITY AND TELECOMMUNICATION SERVICES FOR ITT DEPARTMENT; QWEST D/B/A CENTURYLINK AND VERIZON WIRELESS. (YODEL CATANACH AND RENEE MARTINEZ)**

- 12. *[Removed for discussion by Councilor Maestas]*
- 13. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – STENOGRAPHIC SERVICES FOR GOVERNING BODY MEETINGS (RFP #15/44/P); MELESSIA HELBERG & ASSOCIATES. (MELISSA BYERS)
- 14. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – STENOGRAPHIC SERVICES FOR CITY COMMITTEES (RFP #15/45/P). (MELISSA BYERS)
 - a) CARL G. BOAZ, INC.
 - b) CHARMAINE CLAIR
 - c) ELIZABETH MARTIN & ASSOCIATES
 - d) FRANCES LUCERO TRANSCRIPTION SERVICES
 - e) MELESSIA HELBERG & ASSOCIATES
 - f) STENOGRAPHY SERVICES, INC.
 - g) LINDA VIGIL
- 15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENTS – CITY-WIDE AUTOMOTIVE VEHICLE AND HEAVY EQUIPMENT REPAIRS AND TIRES; VARIOUS VENDORS. (ROBERT RODARTE)
- 16. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING THE DISTRESS MERCHANDISE SALE LICENSE PROVISIONS, SECTION 18-5.1 SFCC 1987 TO REQUIRE ADDITIONAL INFORMATION BE PROVIDED WITHY AN APPLICATION FOR A BUSINESS LICENSE; AND TO CLARIFY UNDER WHAT CIRCUMSTANCES A LICENSE WILL BE DENIED (MAYOR GONZALES). (LISA MARTINEZ)) Committee Review: Public Works Committee (approved) 07/27/15; City Council (request to publish) 08/12/15; and City Council (public hearing) 09/09/15. Fiscal Impact – No.
- 17. *[Removed for discussion by Councilor Lindell]*
- 18. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF AN APPLICATION FOR PROJECT APPROVAL TO THE NEW MEXICO STATE BOARD OF FINANCE FOR ALLOCATION OF QUALIFIED ENERGY CONSERVATION BONDS FOR THE IMPLEMENTATION OF A GREEN COMMUNITY PROGRAM, ENERGY PERFORMANCE CONTRACT AND OTHER QUALIFIED CONSERVATION PROJECTS; AND DIRECTING THE CITY MANAGER AND CITY STAFF TO TAKE NECESSARY ACTION IN CONNECTION WITH THE APPLICATION TO THE NEW MEXICO STATE BOARD OF FINANCE (COUNCILOR IVES). (JOHN ALEJANDRO) Committee Review: Public Utilities Committee (scheduled) 08/15/15/ and City Council (scheduled) 08/12/15. Fiscal Impact – No.
- 19. *[Removed for discussion by Councilor Maestas]*

 END OF CONSENT AGENDA

5. APPROVAL OF MINUTES

MOTION: Councilor Lindell moved, seconded by Councilor Maestas, to approve the minutes of the Regular Finance Committee of June 15, 2015, the Regular Finance Committee of June 29, 2015 and the Regular Finance Committee of July 13, 2015, as presented.

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

CONSENT CALENDAR DISCUSSION

12. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SERVICES FOR WORKFORCE INNOVATION PROGRAM (WIP) FOR DISENGAGED LOCAL YOUTH (RFP #13/12/P); YOUTHWORKS. (KATE NOBLE)

Councilor Maestas said this is a great project at a total of \$196,200, noting the Program Management costs are \$93,000, which is a 47% overhead on the administrative costs, noting the usual range is 10-20%. He asked the reason for the high administrative costs.

Kate Noble, Interim Director, Housing and Community Development Department, said the administrative costs are high because this is a complete case management function the program is servicing. These are disconnected youth who sometimes are rather difficult. The case management consists of a wide variety of wrap-around services including development of a full educational plan for each individual in the program, discussion of career goals and placement, counseling of the businesses and such. So, the Case Management is the planning of the career pathway, educational plan and the appropriate placement in a workforce for on the job training.

Councilor Maestas asked about the accounting for program management.

Ms. Noble said the payment structure has evolved over the years, and the \$93,000 for administration of the program is paid bi-weekly, noting YouthWorks needed to manage its cash flow and keep someone on staff to manage the program. The other half is on a reimbursement basis upon an accounting of everything that's been paid.

Councilor Maestas asked if 47% is average for a case management contract, and if she's had experience previously with contracts which were heavy on case management.

Ms. Noble said she has had no other experience with case management such as this so she doesn't know the average.

Councilor Maestas said he would presume the 47% includes a lot of the direct assistance to the participants in the program so it's not all typical overhead, and a lot of it is for services directly to the participants paid through the administrative portion.

Ms. Noble said yes, noting it pays for a full time staff person, noting this program wouldn't exist without the contract, and it pays for a portion of the time of 2-3 other people who spend a portion of their time as case managers.

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

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

17. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE GOVERNING BODY PROCEDURAL RULES TO REMOVE THE PROVISION ALLOWING THE GOVERNING BODY TO SUSPEND THE RULES AND CONTINUE A REGULAR OR SPECIAL COUNCIL MEETING BEYOND 12:00 A.M. (COUNCILOR BUSHEE). (JESSE GUILLEN) Committee Review: City Council (scheduled) 08/12/15. Fiscal Impact – No.

A copy of the Substitute Resolution is incorporated herewith to these minutes as Exhibit "1."

Chair Dominguez noted the Resolution provides that a decision has to be made by 11:30 p.m. about anything on the Agenda that hasn't been discussed, or it basically gets removed.

Melissa Byers, Assistant City Clerk, said that is correct and the Substitute Resolution clarifies the original Resolution in the Committee Packet.

Chair Dominguez said then at 12:00 midnight there is no rule to go back on to suspend the rules

Ms. Byers said this is correct.

Councilor Lindell said then if an item is not considered and addressed, this obligates us to reconvene the meeting the next night at 7:00 p.m. She said that clause will not allow her to support this legislation. She said some people leave town after a Council meeting and couldn't attend the next night, and that would mean keeping your schedule open for two nights just in case.

Councilor Maestas said then there would be no problem with notice if it is necessary to reconvene the next day.

Ms. Byers said she will defer the issue of Notice to Theresa Gheen. She noted language on page 2, line 14 of the agenda, it says, "*Agenda items not considered prior to 11:30 p.m., shall be consider when the meeting is convened or postponed to a subsequent meeting.*" This means if there has been no discussion on an item, the Council could defer it for two weeks. She believes the Notice is sufficient because it was noticed on the meeting the night before.

Theresa Gheen, Assistant City Attorney, said she believes, as Melissa stated, there should be no notice issue. She noted the current language proposed to be changed provides, "*A majority of the whole number of members elected to the Governing Body may choose to suspend this rule pursuant to Section 10, below.*" She said the original language also permitted the Council to continue to the next day if the meeting ran too long.

Chair Dominguez said then the only new language is what is underlined in the bill, and there is no other new language in here.

Ms. Gheen said that is correct, noting the strikeout of the original language in the new bill, and the new language is underlined.

Chair Dominguez said, so the language on lines 9-15 already exist.

Ms. Gheen said this is correct and that is not being changed.

Councilor Lindell asked if that language on lines 9-15 exists currently.

Ms. Gheen said the language on lines 9-15 already exists, noting the language on lines 16-17 currently exists, but is being stricken, and the underline sentence on lines 17 and 18 is being added.

Chair Dominguez said we've never practiced this.

Councilor Lindell said language already exists that we will reconvene the next night.

Ms. Byers said this is correct, unless the Rule is suspended pursuant to Rule 10.

Councilor Maestas said this is a broader issue in terms of planning the agenda for lengthy public hearings, controversial development projects. He said a 7:00 p.m. start for the Evening Session is too late, and would like to see that moved up to 5:00 p. m. or 6:00 p.m. He doesn't think this should be automatic, and likes that a majority can suspend the rules. He said if we want to improve the way we plan proceedings in anticipation of controversial hearings, he would like to rethink having it in conjunction with the regular Evening Session. He doesn't think this will "do it." He would like the Governing Body to look at procedures, and doesn't want it to be routine, an *ad hoc* thing where if we anticipate a controversial public hearing that we suspend the two sessions, the routine planning, and have that public hearing in the 5:00 p.m. session. Or perhaps not have an evening session and just have one session beginning at 5:00 p.m., and schedule these hearing appropriately. He said we need to look at procedures to see if we can create a consolidated session which would start earlier in anticipation of controversial hearings. He said we have learned lessons over the last several months, and before we take a vote to suspend the rules we're going to think long and hard about it.

Chair Dominguez said he is unsure if he supports the bill as submitted, with amendments. He believes like Councilor Maestas, that it is a manner of agenda management. He said he's thought about putting time limits on each agenda item for the Finance Committee meetings. He would want to have the

ability to suspend the rules, especially if we've been "going at it for two hours," and we've nailed down the nuts and bolts to the place we have to make a decision. There is already language to deal with the rest of the agenda. He understands the idea and the intent is to say that at 12:00 midnight we're done period and we're not in a position to make decisions after midnight. He said there are some people who think better after midnight than they do at 10:00 p.m. He doesn't want to presume people don't have that ability. He said we don't have to take action tonight. We can forward this without recommendation, or amend it, but it is up to the Committee.

Councilor Maestas said in terms of agenda management, perhaps staff can give some lessons learned from the last lengthy meetings and see what is feasible in terms of planning an agenda that includes controversial public hearings. He reiterated that the 7:00 p.m. start is "just plain wrong and already puts us at a disadvantage." He thinks none of us should be watching the clock instead of listening to public comments, staff presentations or such, and shouldn't be rushed, or have to terminate a public hearing that is approaching midnight. We need to do everything we can to avoid a public hearing going through the midnight hour, and the best way to do that is to start earlier.

Chair Dominguez asked staff if there have been discussions about changing the agenda, the flow of the agendas recently and such. He said the Mayor sends out an email every two weeks asking us to please ask your questions on consent items ahead of time. He asked if there has been anything else.

Ms. Byers said she has had discussions with the City Clerk, but she has not had discussions with any of the policymakers, and doesn't know if the Clerk has spoken with policymakers.

Chair Dominguez said then there have been internal discussions and Ms. Byers said yes.

Councilor Rivera said some of it is the way we've chosen to do business, and there are some Councilors such as Councilor Ives who don't sit on one of the major Committees, so he doesn't see anything prior to the actual meeting. He spoke with Mayor Gonzales about giving up his seat on Public Works to Councilor Ives so at least he sees a great portion of the agenda items before the Council meeting. He said some of this probably is some of our own doing.

Councilor Rivera continued saying, "Councilor Maestas, we used to start the afternoon session at 4:00 p.m., which was great for staff but didn't work so great for Councilors, so we pushed it back to 5:00 p.m." He is unsure starting earlier would make things more difficult or not. He said we've set a hard stop for the afternoon session at 7:00 p.m., and that has problems on its own. The last meeting we went past 7:00 p.m., moved afternoon agenda items to the evening, and we had staff waiting for simple things like the statement made by Councilor Trujillo about the DOT declaring he's an employee. It doesn't seem fair to staff to have to wait an additional 3 hours for their item to be heard. He said he can't support the Resolution and it up to us to decide, and we have a decision at 11:30 or 11:45 p.m. to day this issue is too important, let's continue it on a different night. And at that point, we can decide when that time would be.

Councilor Ives said Mayor Gonzales has been focusing on Agenda issues, and one of the items is the reduction of the number of presentations. He said consideration is being given, especially on the large, controversial cases, between the public hearing and the decision component. He said often times, if it's

2:00 a.m., the desire to engage in spirited deliberation might be reduced, and this is the deliberative process we need to engage in as a Council. He thinks bifurcation, and is unsure how it would come forward, would be another potential means of controlling the agenda to prevent it from going long into the evening. He is concerned about cutting a public hearing in the middle, because we don't know if those wanting to speak would have the next night free as well. He said his preference would be as a member of public who has waited until midnight, would be to go ahead and wait until 1:00 a.m. to speak. This, rather than get a poor night's sleep and then rearrange my schedule to come back the next night. He said a number of structural modifications are being considered to address this issue. He said since he came onto the Council, there have only been 3 in the last 3½ years, so it isn't a common occurrence. He would like to separate the hearing from the deliberative process rather than make an immediate decision, commenting that would give the Council the deliberative time we really need for those significant decisions.

Councilor Ives continued saying he very much appreciates Councilor Rivera's willingness to try to get him on Public Works, because "I would love not to be criticized for not having brought amendments forward at Council because there are meetings where that could have been done where I haven't seen things. So many thanks."

Chair Dominguez said he's been on the Council for 10 years, and it doesn't happen often, but there does seem to be a trend at the last few meetings. At the last meeting and quite a few before that, the Consent Calendar is one thing, but the other items to be considered are piling up, such as the remand of the First National Bank of Santa Fe to the Historic Board, and the big case with MorningStar. It seems to him there are more of those items than we've had in the past, the number of consent items and thinks perhaps it is a combination of the two. He said this is up to the Committee, commenting he is unsure if he supports this Legislation, reiterating the options.

Councilor Rivera said for any meeting where we have to change venue and expect a large number of people, perhaps we should have stand-alone meeting where that is the only thing we consider. He would rather see that than to be changing the rules.

MOTION: Councilor Rivera moved, seconded by Councilor Lindell, to deny this request.

DISCUSSION: Councilor Maestas said he likes the idea of calling a special meeting, even if it doesn't coincide with our routine schedule for Council meetings, and take up issues and start at 5:00 p.m., reiterating that calling a special meeting is one option to consider.

Chair said he likes the rules as they are although we can tweak them somewhat, but the major components and objectives we're trying to get to are there.

VOTE: The motion was approved unanimously on a voice vote with Chair Dominguez, Councilor Lindell, Councilor Maestas, and Councilor Rivera voting in favor of the motion, and no one voting against.

19. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND PROFESSIONAL SERVICES AGREEMENT – CITY’S ASSET MANAGEMENT PLAN FOR FACILITIES DIVISION; AMERESCO, INC. (LeANN VALDEZ)

A copy of a spread sheet in this matter provided by staff is incorporated herewith to these minutes as Exhibit “2.”

Councilor Maestas he is glad to see this come to fruition. He thinks is the future of City Government in terms of managing our infrastructure. It needs to start with asset management. He said don’t have the top 5 priority projects dealing with existing facilities. He asked when this effort can give us some recommended projects for the CIP based on the timeline for this effort, although it’s limited to existing buildings and facilities, for consideration.

John Romero, Interim Director, Roadway and Trails Division, said the timeframe on the first phase of this to take complete inventory is a 3 month process, and after that they can start reducing the information to come up with a prioritization and decide what needs to be done first.

Councilor Maestas said the Council adopted a Resolution which was a requirement from the Finance Authority for the City to begin assets management in the water enterprise, and it is now mandated as a condition for future applications for funding. He asked if there is any way, through this State Price Agreement, we can start doing some assets management on the water enterprise side. He asked Mr. Romero if he is familiar with that effort.

Mr. Romero said he is unsure if the scope of the price agreement specifically coincides as applicable with the Water Company, but he can research that for him.

Councilor Maestas said his recommendation to staff is to get with Mr. Schiavo and “fish out the Resolution” we passed, noting it was sponsored by Councilor Rivera, asking that we implement asset management in the water enterprise and see if we can initiate that asset management effort in tandem with the facilities.

Mr. Romero said, “Will do.”

Chair Dominguez asked if he wants both efforts to go side by side.

Councilor Maestas said, “Yes, if we can, under this price agreement. It would be a different PSA and a different source of funding.”

Mr. Romero said then a different procurement, but try to follow the same methodology.

Councilor Maestas said if we can fit it into the State Price Agreement for the water enterprise. He thinks the asset management on the water side is more pressing than the facilities. He doesn't know when we intend to apply for NMFA funding, commenting he thinks we have 8-10 months. He wants that started soon, whether under this price agreement or a different procurement vehicle, or under our own procurement process.

Chair Dominguez asked Mr. Rodriguez how this coincides with our efforts later on the agenda to establish CIP priorities.

Mr. Rodriguez said efforts like the Ameresco contract will help the departments sharpen their proposals, and better prioritize what they submit to be part of the capital budget. The only caution here is just timing, and we'll start getting to this decision in the next two months and start seeing some of the drafts, with program decision on November 20, 2015. He said, all that said, it is a budget and things change, if priorities change, then you amend the budget. So if this information should come 1-2 months later you could bring it to the budget, take things out, substitute a number of these things which he thinks would be totally proper.

Chair Dominguez said we have to be careful in one of our agenda items later on. He thinks it's appropriate to do this, commenting we will get a lot of information from this exercise. He said hopefully, when we start in November when we set our CIP budget we won't move too far ahead of this effort and all of a sudden have to change our budget drastically. This is something they will have to figure out as they present the information and data to us.

Mr. Rodriguez said in his view, the most important, the biggest value of this is the culture that it creates, much more so than the data. So if people work this way, the data will be good, you'll be making decisions based on the data, and over time we'll get better and better. With the CIP, we're trying to create the culture to help us anchor even further.

Councilor Ives said his question relates to some things identified in the memorandum, such as there are a number of organizations that have become qualified providers of energy performance contracting services, and it talked about a fee summary. He said on page 2, "It goes into investment grades, energy audits, proposed pre-construction and other fees and such." He said there are 6-7 different ESCO's that are identified and then it appears to have pricing for Ameresco associated with energy audits. He is confused as to what we are contracting. He understands it's a pilot project, and wonders how this one was selected over the other 6, because there was nothing in the memo about how we identified who we were going to use for the pilot project.

Mr. Romero said the table on page 3 is the unit price based on the State Price Agreement. He said as you can see, Ameresco has 14 cents per sq. ft., and were one of the cheaper ones per the State Price Agreement. He said, with that in mind, they offered us a price of 8.3 cents per square foot which is lower than that. In addition, they gave us a lower quote than what they established in the Price Agreement.

Councilor Ives said he is puzzled why this information isn't in the Memo, and asked Mr. Romero if he spoke with Johnson Controls, Energy Control, Yesco, McKinstry Siemens and Noresco, to find out what was their best offer for what is being proposed to be contracted for. He said, based on what he just heard, it sounds like we are contracting for an energy audit, a pilot project, and asked if it is doing the City's 1 million sq. ft. of space we own. He continues to be as puzzled as he was before.

Mr. Romero said on page 2, Ameresco has provided a fee for the pilot project in an amount less than what is provided in the State Price Agreement, which is 8.3 cents per sq. ft. He said they contacted only Ameresco, and did not solicit additional prices from the other vendors.

Councilor Ives said we're talked many times at the Governing Body about going out competitively for bidding. He doesn't understand the process and how this complies with our Procurement Manual and trying to get competitive pricing for the City.

Chair Dominguez asked if this complies with our procurement process.

Mr. Rodriguez said yes because it is a State Price Agreement which went through a procurement process and we're piggy-backing on this. It is proper for the staff to go with the lowest price and from there to see if that was the main criteria to improve the price. It would be improper to pick any of the others here and see if they could drop their price. That would kick in a more formal procurement process. He said to duplicate what the State did here would be a duplication of effort.

Chair Dominguez asked if this complies with the standard procurement process and Mr. Rodriguez said yes.

Chair Dominguez said we have had a presentation by Ameresco in the past.

Mr. Rodriguez said yes, but that is before we were in the market.

Mr. Romero said he recalls a presentation in the Councilor's Conference Room where they presented this concept.

Chair Dominguez said there was indication at that time by staff that the level of detail staff was looking for was being provided in the presentation.

Mr. Romero said he doesn't recall.

Councilor Ives said in looking at the chart, Ameresco and Siemens both indicate 0.14 per sq. ft., so there were at least two companies on the low end of the scale, and asked the reason we went with Ameresco. He said you're saying we're going with lowest price under the State Price Agreement, and then they went even lower. He said on one hand we're saying we can only accept the lowest price on the State Price Agreements, but we can feel free for them to cut rates for us. He think that undercuts the argument that we wouldn't go to the others to try to bet a best and final. He is not convinced it comports with our procurement process for these reasons.

Chair Dominguez said this has been to Public Works, it is now at Finance, and if approved it will be moved forward to Council, and we can give staff direction to provide that information by the Council meeting.

Councilor Maestas said we obviously can negotiate a better price as indicated in the Price Agreement. He doesn't know we're obligated to contact other providers.

Mr. Rodriguez said under our Procurement Manual we're not obligated to contact any one of them or several of them. He said the value of a State Price Agreement is that State has already run through the procurement process and complies with State law and we're simply going to piggy-back on that. In this case, the State has several price agreements with these different vendors, and the way the rules work is that the municipalities that want to piggy-back that have agreements with the State can pick and choose from that point forward.

Councilor Maestas asked if this price is a deviation from the State Price Agreement and if it is up to Ameresco to start a clock and say this quote is good for so many days – is there a condition to the lower unit price.

Mr. Rodriguez said in general they can, but it would be up to the City to agree or not. He said there is no limitation to what staff has negotiated beyond the agreement we have with them. It would have been improper for them to have gone up in price or brought a contract that was higher than that because we negotiated more things in it. He said he felt it was going to be a big step for the City where it would get to the point where it could make use of this. He is very encouraged that some of that consideration was taken into account here in negotiating a lower price. It's going to take us a while to make maximum use of the data and get into the culture of that and thinks the pricing is totally proper.

Councilor Maestas said the action before us is consistent with Resolution No. 2015-48 which is in the Committee packet, so we're established policy direction and thinks we have a procurement vehicle to meet the policy objective and we even got a better price out of it.

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

DISCUSSION: Councilor Rivera said then it's against the rules for us to go back to Siemens and say Ameresco has proposed this lower rate from the State Price Agreement, can you meet it or beat it. He asked if it is against our policy or our Procurement Code to negotiate a lesser price with two companies that pretty much are on even ground.

Mr. Rodriguez said if it's an effort and we know what we want at the very beginning and ask, and if they refuse, then we move up the line with the same question. He said it should be for that reason. In this case, staff chose one and then negotiated with that company and got a lower price. He said it is going to take staff a while to ramp-up so they can use the top price. He said to choose two and negotiate would have required more guidance from the Procurement Office, and reiterated what happened in this case.

Councilor Rivera asked if we, in essence, really negotiated the State Price Agreement.

Mr. Rodriguez said yes, downwards. It would have been inappropriate to increase it.

Councilor Rivera said they would have to honor it with this price.

Mr. Rodriguez said with at least that price, with anybody that decided to go off the State Price Agreement.

Chair Dominguez said, "And this isn't really a question that I think you can answer, John, but I'm going to ask it for the record anyway. So I'm not an energy specialist or an asset management specialist, I'm not quite sure what kinds of information to ask. I guess all of the grunt work that staff does, the question is... I'm guessing that staff has some experience with Ameresco, but they also have experience with the others as well, the ones that Councilor Ives talked about, Johnson, Siemens, Noresco, so on and so forth. Do you know if we have experience with some of these groups."

Mr. Romero said he wasn't involved directly in any of these negotiations, so he is unsure what happened.

Chair Dominguez said there needs to be articulation if the recommendation is Ameresco, and that's fine, but why not Johnson and Yesco and Siemens and everyone else.

Mr. Rodriguez said the only other one they could have gone to was Siemens because it is the same price. He said he can't say with great certainty that we have experience with either one in doing this kind of work, in fact, this is quite new for the City, both ways. However, we do have contracts with Siemens for other things, but this is the only contract he knows we have with Ameresco.

Chair Dominguez said then it is staff's judgment that Ameresco is the better of all of them to provide the deliverable that we're asking for.

Mr. Rodriguez said, "Yes sir."

Councilor Ives said he still is struggling with the "Apples to Oranges" that appears to be happening here. On the one hand we have the State Price Agreements clearly relating to energy audits, but energy audits are not mentioned in the caption which talks about, "...*examine the capital funding needs for the City buildings over the next 30 years, identify potential funding strategies to meet those needs and prepare the City to meet the growing funding requirements of its aging infrastructure.*" So, on the one hand, we appear to be saying we're tapping into a State Pricing Agreement on energy audits for purposes of having somebody report on our capital funding need over the next 30 years, and granted energy use within our buildings is a component, only one of many. He said we appear to be trying to "boot strap" an argument that the ESCO's have the capacity to do all these other things, or at least a boot strap selection of Ameresco for all these purposes, simply on the basis of a State Price Agreement on energy audits. He said, "So, I'm still struggling to understand how this really..."

Chair Dominguez asked Councilor Ives if he has a specific question.

Councilor Ives asked, "Is it a legitimate exercise under our Procurement Code, to select a contractor on the basis of a State Price Agreement, limited to the performance of energy audits to contract with that party for purposes of determining a 30-year capital improvement and upgrade plan on behalf of the City. I think that's about as simply as I can state it, I'm sure others could do an easier job."

Chair Dominguez said, "So staff has to basically justify their selection of this one. Oscar."

Mr. Rodriguez said, "And to answer your question, Councilor, yes. Now I don't want to leave it there, but everything that you describe as how it works, is accurate. What you have said is totally accurate, that is going to happen. There is a State Price Agreement. The State went out and got bids on people who do energy audits, which is perhaps the most important component of use of a facility's use. There are many other things, but I would say that's one of the most important ones. Certainly for use at the City, it certainly is. And so staff... looking for somebody who could evaluate assets, etc., based on the common metric of energy use. They determined that Ameresco could do that as well as take the other steps in the direction of the other minor components. That the determination they made and that's why this thing is here with you. But you're right. So there was a Price Agreement. The State went out for bids, they got a list of people who do energy audits, etc., and they were on the short list. Staff went to that list, picked Ameresco to do that, and also related work to evaluating priorities and asset needs, etc., and that's what's here. So you are correct, and my answer to your question is yes."

Councilor Ives said the only add-on in the years that the energy audit is the sole basis for rejecting all the other people, not only including those who are listed under State Price Agreements, but all other companies that might be in the business of providing capital improvement assessment and strategic plans.

Mr. Rodriguez said, "My answer to that question is no. The only one excluded here would have been Siemens, the only one they could approach under this logic was Ameresco and Siemens the lowest price." He reiterated his previous statements.

Chair Dominguez said with that he is going back to the Committee for comment.

Councilor Maestas said to allay some of the concerns, because there is an innuendo here. He said on the procurement side, staff is saying it's all on the up-and-up, but we have had some informal contact with Ameresco and he certainly doesn't want to support anything that would create a perception of impropriety. He said a lot of people are involved in bringing this action before us. He said he will ask about the term, noting the professional services agreement shall terminate on August 30, 2019. He said if this is a pilot and we have \$64,000 set aside, shouldn't the term be 6-12 months, 18 at the most. He doesn't want this to fuel more speculation about the whole nature of the procurement. He asked Mr. Romero if there is any way staff can reconsider the expiration date, and if there is a reason it is 2019.

Mr. Romero said, "The term of the agreement is for 4 years, but staff currently is looking to procure only the first year with an option to extend it for 3 additional years. If we choose to move forward with it, it pays to renew and keep up our subscription to the software that is utilized. So right now, the intent is only to spend the \$64,000 to get this thing up and running. And if we like what we see and we feel a value, then we can keep it going for 3 additional years without amending the contract."

Mr. Rodriguez said, like all contracts we have for more than one year, they only are funded one year at a time. And by State law, we are allowed to get out of any contract simply because the Council doesn't appropriate funding for it. He would urge we retain the possibility of a longer term relationship than one year with this company, because whoever we work with, it will take us a while to get walking and running with this way of doing business. He said all the hard work that has to be done here wouldn't be completed in one year, and the Council can evaluate whether it's working at the end of one year.

Chair Dominguez said we need to be evaluate this between now and 2019, and staff will provide us regularly with information on the project and program. He said perhaps the 3 months could be the threshold we establish to provide some sort of approval that we like what is being presented and the direction we are going. He is unsure how we can articulate that in a contract, other than saying,. "In 3 months, staff should provide us with the information and give us an opportunity to some sort of.... maybe it expands the contract a little bit more. We really like it so much that we want them to do a little bit more. I don't know. I'm just thinking about how we can not tie it down too much, but still leave it open enough for us to be able to have that input."

FRIENDLY AMENDMENT: Councilor Maestas said the condition would be that we do get that presentation on initial deliverable, it go to Public Works. John Romero suggested instead of a 3 month time limit, to say, "prior to the City initiating the first year extension on the contract," something like that, that gives us some time. **THE AMENDMENT WAS FRIENDLY TO THE SECOND AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

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

END OF CONSENT CALENDAR DISCUSSION

20. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE 2017-2021 INFRASTRUCTURE CAPITAL IMPROVEMENTS PLAN (ICIP) (COUNCILOR TRUJILLO). (ISAAC PINO)) Committee Review: Public Works Committee (approved) 07/27/15/ and City Council (scheduled) 08/12/15. Fiscal Impact – No.

Chair Dominguez said his comment is, although we heard this at Public Works, we should try not to get too involved in the prioritizing of this list, because, as discussed at Public Works the most important thing is to make sure project gets on the list and that we are as vague as possible, so if a Legislator wants to do a special project, it's on the list and they quality.

Mr. Romero said the attached ICIP Plan went to Public Works on July 27, 2015, and the Committee made 3 primary changes. One was to move Item #50 into the top 5 which is the West Alameda Street drainage; secondly move the Municipal Recreation Soccer Complex #31 into the top 5; and to add fiberoptic projects within the scope and amount as identified by staff. He understands Councilor Bushee had asked for the fiberoptics and when she did so, she suggested it be included in the top 5, but he doesn't think she made a formal recommendation that it be in the top 5.

Chair Dominguez asked if it was part of the recommendation from Public Works, and Mr. Rodriguez said no.

Mr. Romero said with regard to the list before you, staff didn't implement the change because there is so much paper to amend, and depending on what the Finance Committee decides, staff will then do one final amendment before it goes to Council in the complete ICIP packet, and then reshuffle the order.

Chair Dominguez asked if this is in the format required by DFA and Mr. Romero said yes.

Councilor Lindell said two items have been moved into the top 5, and Mr. Romero said yes.

Councilor Lindell asked what two items were move out of the top 5.

Mr. Romero said there was no discussion, so he would guess it would be Items #4 and #5, without any formal recommendation, and that was the Ft. Marcy Complex, and SWAN Park.

Councilor Lindell said these are the kinds of problems we run into, commenting we want everything, but we don't want to give anything up. We've only got 5, so she is unsure what the real give-up was in Public Works. She asked someone from Public Works to tell her which two items.

Councilor Rivera said, "We asked like that question. He didn't recommend anything specific, but said because they currently are working on the Airport Terminal Building, they wouldn't be in a position to request additional funds from the Legislature because they hadn't fully spent what the Legislature has given them so far, so he would be okay moving that out of the top 5. And the other thing was Ft. Marcy Complex, which seems to be receiving the improvements we asked for, with the roof, flooring and other things, so that was another one he felt work had already been complete, and something that could be moved out. So those are the two we talked about specifically."

Councilor Maestas said one of his concerns is that on occasion we will initiate a design phase in a capital project, but we don't have construction funding. Can you tell me, off the top of your head, tell him the major projects that are under design but don't have any committed or dedicated construction funding. He said we have the MRC Soccer Complex.

Mr. Romero said, "I can't speak to the facilities projects specifically, now the Roadway and Transportation ones...."

Chair Dominguez asked if he is speaking of the entire list, or just in general.

Councilor Maestas said, "In general, but major projects. I don't want to get too down in the weeds." He said we have initiated design on the Downtown Transit Center, but he thought we were still short on the Downtown Transit Center, in terms of getting adequate construction funds. His point is we

need to make those a priority in the CIP – projects under design, but have none or only a portion of the construction funds. He said we've talked about how a design process can take quite a long time, and we need to start thing about this. He asked if there are other projects which there that meet those conditions.

Mr. Romero said typically, with regard to road projects, we don't engage in design until we have construction funding or we know of a plan to fund the construction. He said one exception is the Agua Fria/South meadows intersection, where they are going to gear up to try to try to start doing to some design because we received \$25,000 from the Legislature. He said it's not enough money, and he wants to see if he can pull together additional funds to try to get a design done, and then that will be one where we have a design and he would approach the Council, or perhaps apply for funding. He said most of the time when we apply for funding, it's for both design and constructions, and we try to program it in that fashion.

Mr. Romero continued, "The Downtown Transit Center received Transportation Alternative Program Funds, but I can't remember if it was enough. I want to say that you are correct, that it's only funded for design. Other than that, I really can't think of any others."

Councilor Maestas said he doesn't want to put John on the spot, but he guesses the next stop for this item is the City Council and the Chair said yes.

Councilor Maestas thinks that needs to be consideration and it would help Governing Body members as well as Committee members to at least get a list of those projects that are either currently under design or recently completed design that don't have construction funding.

Chair Dominguez said this is the second year we've been required to do this prioritization, which he thinks is somewhat unfair of the State. They're asking us to prioritize 5 things, when it's quite obvious that we have way more than 5 things that need prioritizing. He said in the past, as long as the project was on the list, regardless of what phase it was in, was the most important thing. Because, if there was enough political will at the State level to get something done, it had to be on the list. He asked if it is DFA that wants the top 5, or if there other political rationale behind it. He said no one has been able to answer it for him, other than to say it's just that DFA wants top 5. The most important thing is to make sure the projects are on the list and then we move forward from there. He said the last two years has been rough, noting ICIP has been "brutal the last two years."

Mr. Romero said it is his understanding that DFA is asking for the top 5 so they know which projects they can fully vet before presenting them to the Legislature. He said you are correct that anything on the list is eligible for funding.

Chair Dominguez said one of them might not be in the top 5.

Councilor Maestas still thinks we should choose the top 5, because the direction came down from the Governor's Office to require all local governments to establish the top 5 priority. He said when Mr. Pino dropped off the ICIP, DFA said you can give us 300 projects, but we're only going to look at the top 5. He would like to see the list before the Council meeting.

Mr. Romero asked if that is a list of projects that are in design or going to be designed.

Councilor Maestas said he wants a list of projects currently funded for design, are under design or just recently completed design and don't have all of the construction funds.

Councilor Maestas said we know about the Annexation Report and a significant estimate was done by the BBER at UNM on the bricks and mortar part of safety improvements needed to cover the newly-annexed area. He said we leased a major parcel of land from the State Land Office, and thinks it's time to start a master plan for the parcel on which we anticipate building public safety buildings – Fire, Police. He doesn't see any specific public safety improvements for the newly-annexed area, noting it takes years for design and finding construction funds. He wants to start that process now with funds for public safety master planning and improvements in the newly annexed areas included in the top 10 projects. He said he would like to remove the Airport Terminal Building Expansion from the top 5, but remain in the top 20, noting we just agreed to spend almost \$1 million which may take as long as 5 years to spend. He also would like to remove Ft. Marcy Complex, and to move Salvador Perez pool into the top 5. He said with the GCCC pool closed, we're depending on a lot of the existing facilities to serve as backup. He said these are his recommendations.

Councilor Rivera said the Public Works Committee submitted "two projects that kind of fill in there." He said he will speak behalf of the Soccer Complex which he had requested to move into the top 5. He said even though it wasn't in the top 5, last year it received \$225,000 from the Legislature as the result of the efforts of the soccer community. He said he wants to go to the voters for funds to really build out the MRC Soccer complex completely. He said he is doing this for the economic benefit to the City. He said studies have been done which he will share with the Committee, noting he received studies from Durango which hosts a youth soccer tournament each year, and bring in 200 teams. He said if we could bring 100 teams to Santa Fe, it would generate roughly \$650,000 in GRTs. He said soccer is the fastest growing sport in America. The soccer community travels extremely well and they would come to Santa Fe for a 4-day weekend tournament. They would stay in hotels, spend money, eat. He said it would bring an economic benefit to Santa Fe, as well as looking at some high altitude training. He said there are teams that are always looking for places to train at higher altitudes, and at 7,000 ft., we're much better than Colorado Springs or Denver. He things the soccer community is looking at that as well, and he is supporting that effort. He things this is one of the only projects that would bring a significant economic impact to the City.

Councilor Rivera agrees with Councilor Dominguez that of all the projects in the top 5, the only one that really received funding is SWAN Park at \$35,000, and everything that received funding in the last Legislature was outside of the top 5. He is curious as to why we have to come up with the top 5 if they're not really going to honor it and support projects outside of that. He is unsure it is really that important to be in the top 5. He asked for the MRC to be there, reiterating he plans to go to the voters for money to build out that facility and would like for it to be in our top 5 projects.

Chair Dominguez said he thinks it's unfair for the State to want us to do this, and pretend there's a lot of relevance to it, because it pits some of us, as Councilors, potentially against one another geographically, and there are so many needs. He said it makes sense to follow through, but they are going to fund what they want to fund. He said there are many needs in our community – economic development, public safety and such. He said we just discussed Ameresco and facilities, and potentially whatever it comes up with could be the top 5 automatically. He doesn't know it is worth our time and energy to spend too much time on the top 5.

John Romero asked Councilor Maestas, "Do you want us to only look as far as projects are in design and not fully constructed, or only projects currently on the list, or any project that we have."

Councilor Maestas said, "The ones I think that have design that's underway."

Mr. Romero asked, "Even if it's not on the list."

Councilor Maestas said that is correct.

Councilor Lindell said the Downtown Transit Center is not on the list.

Councilor Maestas said it is partially funded, noting we just had an action and there was a US DOT grant with which he had to concur, with a local match associated with it. He said he thinks that didn't complete or fully fund the project.

Chair Dominguez said it would make sense if we were to get all the projects we've already started and to which we have made significant commitments, and ask the Legislature to follow-through and get us the rest of the money. However, the reality is, "they're going to fund however they're going to fund," and it may not be what makes the best sense.

Councilor Ives said we're in the second round of "give us your priorities where we only want the top 5," as we were told last year. It sounds as if we're not clear on the effect of that. He said a year has passed and we still don't understand the impact precisely. He would like to have a clear statement of the effect of the priorities by the time this comes to Council because he's not ready to act on the list.

Councilor Ives said as he looks at the funded-to-date column that is limited strictly to funding from the Legislature, and there is no sense of the City's investment in these facilities. Councilor Ives proposed to add a new column.

Chair Dominguez said this is DFA's form, not ours. He thinks they can provide that information.

Councilor Ives asked that a City form be created to add an additional column which indicates City funding to date for these things, noting we already have spent \$10 million on SWAN Park.

Chair Dominguez said only \$6-\$7 million has been spent, noting \$75,000 has been designated for the design of the next phase.

MOTION: Councilor Rivera moved, seconded by Chair Dominguez, to include the recommendation from Public Works in the top 5, and add Salvador Perez in the top 5, and bump out the Airport Terminal, Ft. Marcy Complex, move down the Downtown Bridge Improvements, and move everything down accordingly.

DISCUSSION: Chair Dominguez asked if we can combine the Recreation Complex and SWAN Park into one for purposes of rating.

Mr. Romero said that could cause issues, for example if you get partial funding of \$100,000, which park do we spend it on, or do we split it 50-50, and it could further water down funds we might get.

Chair Dominguez thinks we need to set the stage to make sure that we are not having to choose between one or the other.

Councilor Rivera asked the usage of Salvador Perez, noting Councilor Maestas mentioned the usage of this pool. He believes it is the least utilized of all City pools.

Chair Dominguez that is correct.

Councilor Maestas said the hours were used because of budgetary constraints, and it is closed on Saturday or Sunday.

Mr. Romero said he doesn't have the exact figures

Chair Dominguez asked Mr. Rodriguez if he knows the operating costs and revenue generated for Salvador Perez.

Mr. Rodriguez said no, noting it would take a special study for that information for any of the pools. He said part of the consideration for reduction of hours was that the usage didn't justify the hours.

Councilor Rivera said Public Works did its job and made its recommendations and for this Committee to come up with a whole top 5, we could go back and forth for months, but what we're doing is what the Legislature has asked us to do. He said just because it's in the top 5, doesn't mean it would be funded, and doesn't mean that anything out of the top 5 won't get funded. He said he hopes we honor the work that Public Works has already done and we just move forward.

Councilor Lindell said we can hash this out forever, and not agree on it. She said she won't vote yes on this because for here, the things that are necessary are nowhere the top 5. She said no one is interested in looking at, noting they are more nuts and bolts, basic kinds of things that she thinks we need. They're not expansive, but trying to take care of what we have already, things such as City Hall improvement, Southside Transit Center which we have money into, Traffic Signing and Pavement Marking, maintenance, things that aren't very glamorous but don't have the money to do them. These are things we need to get done. She said most of the things in the top 5 are expansive kinds of things, and more glamorous than the nuts and bolts of the things she's looking at.

Chair Dominguez asked if anybody knows about the Senior Center Warehouse Project which was funded by the State at \$300,000.

Mr. Romero said he knows nothing about it.

Councilor Ives said Seniors were part of the capital improvement budget passed in the special session, he thinks \$1 million was allocated for Senior Centers, and it be might be part of that.

Chair Dominguez said his point is it isn't the top 5 of the list that we provided. He asked about Heros for Housing at \$50,000, and what department will be managing those funds..

Mr. Rodriguez said he knows nothing about it, but he will get that information for the Committee.

Councilor Maestas said we didn't put in the funded to date column how much is allocated to the GCCC, so he doesn't know how pressing the next phase of the capital improvements are to the GCCC. He said the dehumidification expenditure was well over \$2 million, maybe \$2.3 million.

Mr. Romero said he believes that is correct.

Councilor Maestas said he would echo Councilor Lindell's remarks. He said when we had to come up with the top 5, we did advocate for our Districts, but we rallied around those items in the CIP which were City-wide, basic services. He would like to see us rally around capital improvements that aren't enterprise related, but benefit the City across the board and are basic like transportation, traffic safety and dealing with our existing unfunded needs where we've already started the project development process and don't have construction funding. He said it would be helpful for Mr. Pino to be here as well to answer some of these questions. He agrees the debate will differ from committee to committee. He said we have a date certain at City Council, and thinks it may play-out at Council.

Chair Dominguez said this has gone to Public Works, so if it dies at Finance, it still has enough to get to Council. He doesn't want to keep it at the Committee and it needs to move forward to Council.

VOTE: The motion failed to pass for lack of a majority vote on the following Roll Call vote:

For: Chair Dominguez and Councilor Rivera.

Against: Councilor Maestas and Councilor Lindell.

21. DISCUSSION OF THE CITY OF SANTA FE'S DEBT CAPACITY FOR THE NEXT FIVE YEARS IN RELATION TO THE CAPITAL BUDGET PROCESS. (OSCAR RODRIGUEZ)

A copy of *Debt Capacity – Current Practice and Recommendations*, is incorporated herewith to these minutes as Exhibit "3."

Councilor Lindell asked if we could have had this information earlier or by email so she could study it before the meeting.

Mr. Rodriguez said no, but he would gladly postpone it to the next meeting.

Councilor Lindell said if this on the agenda for today, she feels unprepared to have this handed out to her when we're ready to discuss it.

Mr. Rodriguez said he understands, and he is just trying to start the conversation, and we'll be talking about this the next couple of months for a decision at that time.

Councilor Lindell said she isn't saying we shouldn't proceed, she is saying for the future she would like the information emailed to her even the day it was to be discussed.

Mr. Rodriguez said this is part of the discussion we'll be having the rest of the summer and well into the fall regarding our Capital Improvements Program. Mr. Rodriguez presented information via power point. Please see Exhibit "3," for specifics of this presentation.

The Committee commented and asked questions as follows:

Chair Dominguez asked, in simple terms, what is the advantage of having a lower ratio.

Mr. Rodriguez said the main reason is that we are a better credit in the market for having a lower debt ratio. Also, we can expect a lower service which means there will be more cash and we can begin to address some of the issues. These are the things we want to do "to be able to turn the page on that one."

Mr. Rodriguez said the purpose of this presentation is to start the conversation, but at this point he's not asking for decisions, although he will in the future. He said before the budget process he will be coming back to ask the Committee to recognize certain debt limits.

Councilor Maestas said he supports the concept and he can see how translating a complex debt picture into one ratio may help. However, if you look at our debt portfolio and the things we purchase, some is land which appreciates, and others could be facilities or other infrastructure that is a depreciating asset. He said there's more to it, there's debt to revenue, considering debt per capita, but looking current investments and depreciation. He debt portfolios are different for different cities. He thinks the City has made wise decisions in purchasing real estate. But there is other debt such as the GCCC which is a great facility but it is bleeding \$1 million a year, but it provides a valuable service to the community. He would support trying to achieve the goal.

Councilor Maestas continued, saying his only issue right now is that the construction industry in Santa Fe is suffering the most, and the most recent economic report is that we've hemorrhaged more construction jobs. He said if we were scale back our debt, he would like a gradient where we would have higher initial debt and decrease over a 5-year period. He would rather front load with debt and go to zero

sooner. He said what we need is economic stimulus and we need to think about we're doing to the local economy in trying to pursue this elusive ratio. He doesn't want to compromise any economic stimulus to pursue this.

Mr. Rodriguez said this is a policy decision that is solely in your hands, and his role is to inform you with all the information so you can make decisions. He said it is a trade-off and there is a limit, and so long as you make those trade-offs we will be in good stead. He said he would strongly recommend against doing very much debt. He would strongly recommend that what is funded for the capital budget for which you issue debt is for truly, truly, truly shovel ready that you are going to do. It doesn't help to issue debt, put it in the bank and then go through the process of how to design the projects and then move forward.

Councilor Maestas asked if it make a distinction between debt incurred by utility enterprises then all other debt.

Mr. Rodriguez said it does, noting this does not include utility debt, noting it relies on GRTs to pay for itself.

Chair Dominguez asked if the \$1,500 increases if you consider that.

Mr. Rodriguez said yes, it is on a per capita basis.

Responding to the Chair, Mr. Rodriguez said in the case of water, the GRTs are for capital, but it is mixed. He said there's going to have to be a process of stringing those things out. He said if you turn to the table showing how Santa Fe stacks up to other municipalities, if we were to go to operating expenditures, we would have to go down further. The impact is much greater. What you have here is a ratio that gives us the most flexibility. He said what the market sees are trends, and as long as you're trending toward a good spot, that's good news. And we should avoid being in a bad situation trending to a worse situation.

Councilor Maestas said to be clear, then the policy direction that you are requesting or trying to tee up for, really doesn't exist. He said he doesn't think the City has ever passed a resolution saying we, the Governing Body, desire to achieve this ratio of debt per capita over the next so many years. So this would be precedent setting. He said perhaps some templates or language you have in mind would be binding of course as policy. He asked what form this would take, and if it would be a resolution clarifying what debt we're speaking of.

Mr. Rodriguez said yes. It's a big issue and he will bring it to you a number of times, and by the time you approve the capital budget, I will have put it before you at least a couple of times until "somehow you say yes, not, or forget it." He said unless you say no, do it another way, this is how we're going forward.

Chair Dominguez said this is great and he agrees with the type of information and what we're being asked to think about. He said we do need to continue to look out for the future.

Councilor Maestas said he thought he had give direction to staff to prepare a report on current bonding practices. He said the public banking presentation implied that the City should consider having two bond issues: one to get projects planned to design and the second for the construction. He thinks in the long run, it would reduce the duration of the bonding. He said he doesn't want to start a big conversation, and asked if that is something that could help us improve the way we manage our debt.

Mr. Rodriguez said absolutely. He said Ms. Updike also mentioned the policy of refunding, so the City would pay in cash for the design and not go out for bonds until the projects truly are shovel read, and when you issue bonds, you would refund the cash outlay. He said there is no policy or practice in this regard, and without some preparation, people might think that's not proper.

Councilor Maestas thinks that could help us lower our debt over time.

Mr. Rodriguez said yes, but we have to find the cash to do that.

Councilor Maestas said then we need to be able to pay as we go and then bond the shovel ready projects, which should be of shorter duration.

Mr. Rodriguez said yes, and then consider refunding the cash that you've front loaded. He said we do need the discipline that when the proceeds from the bonds flow that staff truly is ready to go with the project.

Councilor Maestas said part of the policy could include that as we retire debt, that the revenues that were paying for the debt service be set aside for pay as you go to fund project development and we can get to the point where we have projects ready on a pay as you go basis and bond the shovel ready construction. He would like that to be woven in as a best practice to be debated at that time.

Councilor Rivera asked if there is a certain amount of debt that is considered to be healthy for a City.

Mr. Rodriguez said yes, and there is a very basic ratio. You want to invest in capital at least an amount equal to the depreciation of your assets. If these are 20 year assets, you want to pay them with 20 year dollars. This would inform the minimum amount you would want to go out for debt.

Councilor Rivera said so the national medians you've give us are not really showing what are healthy cities, it's just where we stand in comparison to others.

Mr. Rodriguez it is that dimension of it, but what is not healthy is in our credit rating.

Councilor Rivera said then your recommendation for us to stay within our median or remain as a healthy city is related to our bond rating, and that would mean \$36 million in debt over the next 5 years.

Mr. Rodriguez said this is correct. He said you could look at ways to raise revenues.

22. REVIEW OF INDEPENDENT AUDITOR'S REPORT ON LODGERS' TAX AGREED-UPON PROCEDURES (SANTA FE CITY CODE 18.11.14(B); BARRACLOUGH & ASSOCIATES, P.C. (TERESITA GARCIA))

Teresita Garcia said John Barraclough is here to present the findings if you have any questions.

Mr. Rodriguez said we are required to present it to you.

Chair Dominguez asked about the over-payment of \$1,757 in taxes by one entity.

Ms. Garcia said the auditing firm reviews their books to see if they are paying the correct taxes and in the Audit Report, they mentioned they were including revenues that were not subject to tax. She said they review their books and reporting back to us whether they are accurately reporting.

Councilor Lindell said on packet page 2, under Moderate Risk, Entity #5, and under High Risk there are Entity #7, #8, #9 and #10. She asked the reason Entity #5 a moderate risk when it sounds a little... she doesn't see much difference between Entity #8 and Entity #5.

John Barraclough said, "We categorize those before we even start doing any kind of agenda, or findings on them. I'm looking at the Summary Memo, if you have that. On page 3 of the Summary Memo it tells you exactly what we put into high, moderate and low. These are grouped before we even start going out to look at the records."

Ms. Garcia said each Lodger is considered, based on its tax liability, whether they pay a large, middle and small amount, and they determine whether it's low, middle or high risk. It's based on the lodging entity.

Councilor Lindell asked, in the past, have we proceeded with legal action.

Ms. Garcia said no. She said this is the first year anyone rejected the letter we sent them to audit their books.

Councilor Lindell said there are 6 pending the City Attorney's response, and asked the time frame on this.

Ms. Garcia said she doesn't know.

Councilor Lindell asked the cost of this audit.

Ms. Garcia said it is an estimated \$9,000 for the audit.

Councilor Lindell said that seems like a good buy to her for all the work involved in this.

Councilor Maestas said under our law, as written, we can file a lien or foreclose on properties for non-payment, but we can't compel them to participate in the audit.

Ms. Garcia said under the quoted statute, we are looking at placing a lien on the property, that is the consequence. The attorney has to place a lien on the property and that's what we're waiting on, but there is no financial risk at all.

Councilor Maestas that has always been an option for us for non-payment, but what about penalties for non-participation when we compel them to participate in the audit process.

Ms. Garcia said there are no financial consequences for not participating in the audit, we will just move forward in placing a lien against the property.

Councilor Macias said he believes, as a Home Rule City we can come up with sanctions and progressive penalties and ask them to comply at the earliest phase, instead of all of the legal expense of processing a formal lien on the property. He said he wants to move forward now, and not wait for all the other non-home rule cities and counties, to amend our own Code with a section that compels them to participate in the audit or face penalties and sanctions. He would be happy to sponsor the Legislation if Ms. Garcia can work with Legal on that. He said it would be a brand new section, Audit Compliance.

Ms. Garcia said she will move that legislation forward, with the approval of the City Attorney amend that section and to add a financial penalty.

Chair Dominguez said there probably are members of the public who think that regardless of our home rule status, they don't have to comply with a third party audit.

Councilor Maestas said there is nothing to compel them to participate in the audit and we can't get the information to make a conclusive finding, and we have to resort to legal action. Then they provide the information and we withdraw the foreclosure. He wants to compel them from the beginning.

Chair Dominguez asked the reason we can't apply the same rationale and practice for everything. He said there are lots of individuals and businesses that receive public money where part of their contract is they have to provide us with an audit. He is thinking about the funds we grant through the Children & Youth Commission to non-profits. He said these are for-profit entities.

Councilor Maestas said the key is their non-compliance has everything to do with what we decide to do, but we need that information. He said they are controlling the situation by not doing that, and it causes us to spend unnecessary funds and go through a legal process. He wants to threaten them with fines at the front end.

Councilor Maestas asked how many cases have been settled where we got initial non-compliance, we filed a threat to file a lien, and then got the information.

Ms. Garcia said we have never had a Lodger to deny access to their books as long as she has been with the City.

Ms. Garcia said Mr. Barraclough has done years of audits, and usually after the second letter, they either bring us the books or allow us access to their books. She said this is the first year that an entity has refused the City access to their books, so this is unusual. There is no financial penalty for non-access, but they can have a late report and pay that penalty, but they will not allow us access to their books.

Chair Dominguez said this poses a "slippery slope." He said, "Just because I get audited and there's some findings there, it doesn't necessarily mean I'm doing anything wrong or illegal. So then, I have to start to pony up for a defense against some findings that may or may not be true, and then that burden is put on me as an individual or a business, where even though maybe I didn't provide the information, but even if I did provide the information there could be findings. I want to hear what the attorneys have to say about this."

Councilor Maestas said we can have that debate, but getting information will quicken the audits instead of drawing it out. And here, we're engaging a financial auditor and we're stuck in getting information when they should already have the information. Any auditor wants the information up front.

Chair Dominguez said they aren't receiving public funds.

Ms. Garcia said a State statute requires us to audit the entity and it's not our choice.

Councilor Maestas would like Ms. Garcia to provide some draft language, noting Councilor Lindell wants to cosponsor as well.

Ms. Garcia would like to ask Randy Randall to help us with that, and Councilor Maestas said that would be fine.

Councilor Rivera asked what kinds of places did we audit – chains, short term rentals or a combination.

Mr. Barraclough said, "All of the above."

Councilor Rivera asked if there is a difference in compliance between the chain organizations and larger hotels versus short term rentals.

Mr. Barraclough said, "For that, you really need to read the report, because each one is detailed in terms of findings, and Attachment 1 gives the name of an entity that did or did not comply.

Councilor Rivera said on page 3, it says, *'Five short term establishments were selected who were remitting Lodgers' Tax payments to the City of Santa Fe, and then five short term that were actively advertising, but not remitting Lodgers' Tax payments.'* He said we've known those 5 haven't been remitting.

Mr. Barraclough said, "I don't really think anybody knew. We went around looking for people that were advertising places for rent and then compared those two to those with a license. And these popped up as not having licenses."

Councilor Rivera asked if we have a sense of how many there are that don't have licenses and aren't remitting payments.

Mr. Barraclough said they didn't take it that far.

Councilor Rivera said in your recommendations, you recommend we take a look at that. He asked, "If we were to take a look at it, we couldn't use your audit to figure out how many short term rentals there are out there that aren't remitting tax payments."

Mr. Barraclough said that's not disclosed, and you would have to go to the internet, see who is advertising and then compare it to who has a license.

Councilor Rivera asked if he has seen this done by other businesses.

Mr. Barraclough said, "Not necessarily, but I think it would not hurt to do it, and it would not require a lot of time.

Councilor Maestas said this audit was conducted on a sampling, and Mr. Barraclough said this is correct.

Councilor Maestas asked if he can draw conclusions about all the lodgers based on that sampling. He asked if it would be in the best interest of the City to consider expanding the audit in the future and increasing the number of samples.

Mr. Barraclough said, "Probably not really, because we take a sample year and every year if we had no trouble with an entity last year, we go onto to another entity. Eventually, we're going to look at everybody."

Councilor Barraclough asked if he makes it a point to include violators in subsequent audits.

Mr. Barraclough said, "We can. Yes."

Councilor Maestas thinks they should be included in subsequent audits.

Ms. Garcia said they do this, and they have cycled all the Lodgers to be audited, and if there is a specific entity where we find a problem, we add it to the list and then go back and do a subsequent audit on those Lodgers.

Councilor Rivera asked if there is someone on-staff looking at short term rentals and if they're licenses.

Ms. Garcia said Mary Ann is the one who licenses short term rentals. She said Randy Randall from the Convention Center has indicated he has gone to the website if he gets a complaint to see if they're licensed or not.

Councilor Rivera asked how we figure out if they're licensed, and if not, what do we do at that point.

Randy Randall, Executive Director, Tourism Santa Fe, said, "We have just finished a month study by an Intern. They have audited several websites, two of which are fairly significant ones where they can't determine addresses or owner names, so they're still in the dark. We estimate right now that there are about 1,200 short term rentals in Santa Fe, of which only 350 are licensed. At least 50 of the licensed premises aren't currently rented. So there are at least 900 non-licensed rentals. We just as of today, did a comparison. There are at least 300 of those that should be paying Lodgers' Tax that are not. There are many that don't qualify. There is an exclusion of under 3 rooms or multiple property premises. So, at least 300 though are not licensed, are not paying taxes that should be paying taxes. And I would guess that 800 aren't paying GRTs that should, because there is no exclusion on gross receipts."

Mr. Randall continued, "Just before I came over here, I started running some numbers to try to quantify what all that means, and we'll have, hopefully, a good report for you within the next week or so."

Councilor Rivera asked are the licensed short term rentals are paying Lodgers' Tax.

Mr. Randall said, "The way we collect the Lodgers' Tax from rental companies representing short term rentals, we don't get individual names of who they represent. So most of the rental companies are dealing with owners who have licenses. They won't deal with them if they don't have licenses. So it's a little hard to know that, but I think the answer is yes. I think the ones that are licensed, I'm fairly confident, probably without exception, are paying both Lodgers' Tax and gross receipts."

Councilor Rivera asked Mr. Randall to look at whether it would be a benefit to the City to increase the number of Short Term Rental Licenses, and give us his opinion on whether or not it should be increased.

Mr. Randall said it is an interesting situation that we have people who are not licensed who are paying taxes, which documents the fact they are doing something against the City Ordinance. He said it is a hard issue.

23. OTHER FINANCIAL INFORMATION

There was no other financial information.

24. MATTERS FROM THE COMMITTEE

A copy of Bills and Resolutions scheduled for introduction by members of the Governing Body, for the Finance Committee Meeting of August 3, 2015, is incorporated herewith to these minutes as Exhibit "4."

Chair Dominguez asked Mr. Rodriguez and/or Ms. Green, what the next Finance Committee agenda might look like.

Ms. Green said Public Utilities is going to have a few things coming to the Committee.

Chair Dominguez said there hasn't been much out of Public Works. He asked about Monthly Financial Reports.

Mr. Rodriguez said not yet, and the next Financial will be to close out the quarter. He said they can give a year-end close figure at that point, not audited. The first Financial Report will be at the close of the quarter in September.

Chair Dominguez said you went through the Entrance Audit Conference, and staff will be communicating to the rest of the Governing Body about what to do if they have questions about the audit, so that will be coming to the Committee soon.

Mr. Rodriguez said the entrance audit was for the convenience of the principals, but if you want to talk to the auditor one-on-one, they are open to that, and it's part of the procedure.

Councilor Maestas asked if there are any recurring findings from the previous audits that should be on our radar screen and tracked.

Mr. Rodriguez said they will be looking into that. He said, "Obviously, part of my job is to eliminate recurring over time, so at some point to give you an audit that has no findings. Yes, our top priority will be those that were recurring last year. We've worked hard this year to reduce findings period."

Councilor Rivera said he believes last year there were year-end funds to fund small projects.

Chair Dominguez thinks there were some salary savings.

Mr. Rodriguez said any money left over at the end of the year, he will bring that to you, and recommending that you incorporate it into the capital budget. So you will see that, and will decide how to use that money.

Chair Dominguez asked if that shows up as cash, and Mr. Rodriguez said that is correct.

Councilor Rivera said last year or the year before there were funds sufficient to purchase a couple of police vehicles, noting it wasn't a lot of money.

Councilor Maestas would like an update on the City broadband project, noting we are now paying CenturyLink almost \$1 million in IT services. He wants to know the status of the City broadband project and what services we can expect from that City project, to see if we can start to reduce our services with CenturyLink. He noted Councilor Bushee added a broadband project to CIP. We need an idea of the construction portion of the broadband project and at least a glimpse of what services we can expect from that project.

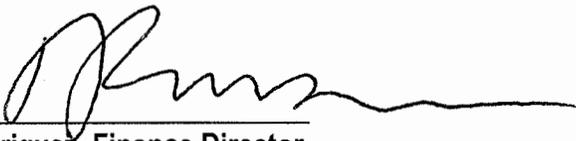
Councilor Lindell introduced a Resolution amending Rule 16A of the *City of Santa Fe Personnel Rules and Regulations*, regarding drug and alcohol testing policies for Transit Division employees who perform safety sensitive functions. A copy of the Resolution is incorporated herewith to these minutes as Exhibit "5."

25. ADJOURN

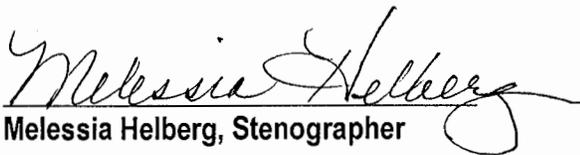
There was no further business to come before the Committee, and the meeting was adjourned at approximately 8:00 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:



Oscar S. Rodriguez, Finance Director
Department of Finance



Melessia Helberg, Stenographer