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FINANCE COMMITTEE MEETING
Monday, August 17, 2015

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MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, August 17, 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 17, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

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

OTHER GOVERNING BODY MEMBERS IN ATTENDANCE:
Councilor Peter N. Ives

OTHERS ATTENDING:
Oscar S. Rodriguez, Director, Finance Department
Kelley Brennan, City Attorney
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 Trujillo moved, seconded by Councilor Rivera, to approve the agenda, as presented.

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

4. APPROVAL OF CONSENT AGENDA

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

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

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CONSENT AGENDA

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6. BID NO. 15/27/B – PROFESSIONAL SERVICES AGREEMENT – ON-CALL ELECTRICAL ENGINEERING SERVICES FOR WATER DIVISION; MECHANICAL & ELECTRICAL ENGINEERING, INC. (ALEX GAMINO AND ALEX PUGLISI.

7. BID NO. 15/29/B – PROFESSIONAL SERVICES AGREEMENT – AUTOMATION ENGINEERING/SCADA/NETWORKING SUPPORT SERVICES FOR WATER DIVISION; WUNDERLICH-MALEC SYSTEMS. (ALEX GAMINO AND ALEX PUGLISI)

8. BID NO. 15/31/B – REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – CONSTRUCTION SERVICES FOR OLD FILTER PLANT, DEMPSEY BOOSTER STATION AND 5MG TANK SITE; SASQUATCH, INC., AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF $511,235. (ERIC ULIBARRI)

9. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – ENGINEERING AND DESIGN IMPLEMENTATION OF PRV SCADA SYSTEM FOR WATER DIVISION (RFP #15/46/P); WUNDERLICH-MALEC ENGINEERING. (ERIC ULIBARRI)

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

11. REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT – LABORATORY SERVICES FOR WATER DIVISION; ALBION ENVIRONMENTAL. (PATRICIA ROSACKER)

12. REQUEST FOR APPROVAL FUNDING FOR CONSTRUCTION REQUIRED FOR THE COMPRESSED NATURAL GAS (CNG) TIME FILL FUEL STATION FOR ENVIRONMENTAL SERVICES DIVISION AND LOAN THROUGH NEW MEXICO FINANCE AUTHORITY. (CINDY PADILLA AND LAWRENCE GARCIA)

13. REQUEST FOR APPROVAL OF RESTATED AND AMENDED AGREEMENT – LEASE WATER STORAGE SPACE IN ABIQUIU RESERVOIR FOR CITY'S SAN JUAN-CHAMA WATER ALLOCATION; ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY. (WILLIAM SCHNEIDER AND MARCOS MARTINEZ)

14. REQUEST FOR APPROVAL OF CHALLENGE COST SHARE AGREEMENT – REIMBURSEMENT OF PROJECT COSTS AND ACTUAL EXPENSES INCURRED BY THE SANTA FE NATIONAL FOREST (USFS) IN ACCORDANCE WITH THE VEGETATION MANAGEMENT PLAN WITHIN THE 2013 SANTA FE MUNICIPAL WATERSHED MANAGEMENT PLAN, PASSED PER RESOLUTION 2009-87; USDA, FOREST SERVICE AND SANTA FE NATIONAL FOREST (USFS). (ALAN HOOK)

15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE AND COOPERATIVE PRICE AGREEMENTS – BOOKS, MATERIALS, STANDING ORDERS AND LIBRARY SERVICES FOR SANTA FE PUBLIC LIBRARY; BAKER & TAYLOR, INC. (PATRICIA HODAPP)

16. REQUEST FOR APPROVAL OF 2014-2015 CDBG CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REVIEW (CAPER). (MARGARET AMBROSINO)

17. REQUEST FOR APPROVAL OF GRANT AGREEMENTS – FUND 89200 CAPITAL APPROPRIATION PROJECT FOR DIVISION OF SENIOR SERVICES; STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT AND APPROVAL OF BUDGET INCREASES IN THE TOTAL AMOUNT OF $2,156,760. (RON VIALPANDO)

18. REQUEST FOR APPROVAL OF BUDGET INCREASE BASED ON THE ALLOCATION FROM FY 2015 STATE FIRE PROTECTION FUND IN THE AMOUNT OF $766,855. (JAN SNYDER)

19. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE AND COOPERATIVE PRICE AGREEMENTS – CITY-WIDE ITT EQUIPMENT AND SERVICES; VARIOUS VENDORS. (RENEE MARTINEZ)

20. 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. (COUNCILOR LINDELL). (DEBBIE ROUSE) Committee Review: Public Safety Committee (scheduled) 08/18/15; Transit Authority Board (scheduled) 08/24/15; Public Works Committee (scheduled) 08/24/15; and City Council (scheduled) 08/26/15. Fiscal Impact – No.

21. *[Removed for discussion by Councilor Rivera]*

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END OF CONSENT AGENDA

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5. APPROVAL OF MINUTES – JULY 27, 2015

MOTION: Councilor Trujillo moved, seconded by Councilor Rivera, to approve the minutes of the Special Finance Committee meeting of July 27, 2015, as presented.

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

CONSENT CALENDAR DISCUSSION

10. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO INFORMATION TECHNOLOGY AGREEMENT – ADDITIONAL HOURS NEEDED TO COMPLETE NEW UTILITY BILLING SYSTEM PROJECT; N. HARRIS COMPUTER CORPORATION AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF $169,500. (DIANA CATANACH)

Councilor Maestas arrived at the meeting

Councilor Lindell asked Ms. Catanach to review the reason this contract as originally awarded was unable to complete the project.

Diana Catanach said she wasn't here when the contract was awarded, and the timeline of 12 months probably was most aggressive for project of this magnitude. She said a consultant came in and worked as the project manager for a while, there was a change in leadership when she took over as IT Director in late June. She said they had to bring in a new project manager for the Advanced side. She said the core team on the project is based on different specialities – billing, collections, meter reading, solid waste and wastewater – each of whom are doing their job as well as devoting time to this project. She said the expectation has been to do a multitude of things. She said they also had a new project manager assigned by ITT in March Utility which put them back about 3 months, and because of the learning curve and having to catch up did not have the software, so they are working through this. She said at the end of June Advanced proposed charging additional hours at that time, and they were able to negotiate down to zero. She said they though they could finish the project by July 6, 2015, but that didn't happen, noting the Badger meter was another factor that was out of scope. She said they want to make sure they can produce a bill that is correct and there are no flaws between that and the badger meter system, so it's added for additional hours. She said both parties have agreed on a September timeline and they have been negotiating back and forth and felt this was fair

Councilor Lindell said this is almost $170,000 that we weren't planning on for this project, and asked how we can come up with that amount of money.

Mr. Rodriguez said if there is any fund that can afford changes such as this, it is the Utility Fund, so it will come from that Fund. He said this is budgeted as a capital project, and we put money aside for that, and so that continues.

Councilor Lindell said it is frustrating for her that numerous things didn't work out, we have a different system and personnel changes, and she doesn't like a Change Order of $170,000 on a $1 million contract. She asked, in hindsight, if there is some way that we could have done this better. She said she understands we have people doing more than one thing and when we're looking at this amount of money to amend a contract at $150 per hour plus travel time for a consultant. She doesn't know their priorities and what falls through the cracks if we don't approve this request.

Councilor Rivera said he understands that most of the issues that arose to create the amendment were the result of issues within the City itself.

Ms. Catanach said, "No. It's a multitude of things, both the City and Advanced as well. When they went back to the table in June, Advanced realized they had a part in this as well as far as the delay."

Councilor Rivera asked if there is a way to estimate how much of the $170,000 was the result was because of the City and Advanced.

Ms. Catanach said they went through that in June when Advanced wanted to charge $600,000 at that time, and we negotiated them to zero by bringing up all the factors we felt they had on their plate, so they didn't charge us anything. We did a change to extend the contract with zero dollars. And then when we went further, "we realized we had some part in that as well because of our project manager delay from IT and that kind of thing."

Councilor Rivera said then it was initially $600,000 and you negotiated to zero, and then settled on $170,000.

Ms. Catanach said that is correct.

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

DISCUSSION: Chair Dominguez asked how many bidders there were in 2013 when this contract was awarded.

Ms. Catanach said there were 9 and this was the lowest, and they also had the best capability. She said the software is excellent and already proving to be best they've seen.

Chair Dominguez asked if we know what the travel expenses will be – 4 weeks at 160 hours.

Ms. Catanach said it is $37,500, and the travel for expenses for technical and trainers that come on site during the testing, they've done the parallel testing, the actual go-live, and a week at post go-live as well.

Chair Dominguez said the Memo doesn't have the amount, but not the amount of the training itself.

Ms. Catanach said on page 2 of the Memo, it indicates that the number of trips needed is estimated at a cost of 15, at an average cost of $2,500 per trip for a total of $37,500.

Chair Dominguez asked if the number of trips is for is the whole team.

Ms. Catanach said it is for the Advanced team.

Chair Dominguez asked if it is also for end user training.

Ms. Catanach said yes. They are coming on site to do that, noting "we actually have already done 2 weeks of that."

VOTE: The motion was approved a voice vote, with Councilors Trujillo, Rivera and Maestas voting in favor of the motion, no one voting against and Councilor Lindell abstaining.

21. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 23-6.2 SFCC 1987, TO PERMIT THE SALE AND CONSUMPTION OF ALCOHOL IN AN AREA OF THE PLAZA LONG THE NORTH CURBLINE OF PALACE AVENUE, RUNNING IN FRONT OF THE PALACE OF THE GOVERNORS BETWEEN WASHINGTON STREET AND LINCOLN AVENUE FOR THE CHRISTUS ST. VINCENT 150TH ANNIVERSARY GALA ON SEPTEMBER 19, 2015 (COUNCILOR IVES). (YOLANDA VIGIL) Committee Review: Public Works Committee (denied) 08/10/15; City Council (request to publish – approved) 08/12/15; City Business Quality of Life Committee (scheduled) 09/09/15; City Council (public hearing) 09/09/15. Fiscal Impact – No.

Chair Dominguez asked Councilor Ives, as the sponsor of the bill, if he would like to address the Committee, and following that he will ask Councilor Rivera to speak, as the Councilor who pulled this bill for discussion.

Councilor Ives said this is an Ordinance as required for these kinds of exceptions, noting there are existing exceptions for the Convention Center, Municipal Airport Restaurant, Marty Sanchez Links, Ft. Marcy Ballpark, Railyard for Bike and Brew and at Ft. Marcy for the Mariachi Fiesta. He thinks this exception is worthy of an exception because it is the celebration of an institution which has been in many ways the life blood of Santa Fe for 150 years. He said this is for one event and not for a series of events. He said this is for the Annual Gala fundraiser held by the Foundation to raise funds to support the Hospital and other facilities. He noted they are funding the band The Mavericks who will be performing that night and is free to the public. He said the liquor service will be only for people attending the Gala, but people are free to visit restaurants and bars around the Plaza in connection with the festivities. He reiterated it is one of the least invasive events because it is a single event. He doesn't think is an untoward expansion of what we are doing because it will be in a very controlled circumstance for that specific, good purpose. He urges that the Finance Committee to move this event forward to the City Council

Councilor Rivera said he respects Christus St. Vincents for all they have done and will continue to do in the community in service the community for 150 years. However, the issue for him, is the park chosen for this exemption. He said if the event were at the Railyard or Ft. Marcy, there wouldn't be much question in his mind, but since it's at the Plaza it is of concern to him. He said both Indian Market and

Spanish Market could make more money with beer and wine sales, as well as any of the other large events on the Plaza.

Councilor Rivera asked Yolanda Vigil what are the requested hours of operation for liquor sales.

Ms. Vigil she spoke with Mr. Glick and she doesn't know if he got confirmation on the hours, but he wants to begin at 5:30 with the Cocktail Hour in the Palace of Governor's Courtyard, and then have dinner.

Robert Glick, President and CEO, St. Vincents Foundation, said they will have a Cocktail Hour in the Palace of the Governors Courtyard, 5:30 to 6:30 p.m., which will be a full bar. He said at 6:30 p.m., the guests will come onto the portal or under the tent until 8:30 p.m. to 9:00 p.m., depending on how long it takes to clear the plates and glasses, wine and beer will be served with the dinner and then service will cease.

Councilor Rivera said then they plan to sell liquor within the Palace of the Governors.

Mr. Glick said there will be no sales, everything comes with the purchase of a Gala ticket, but there will be distribution of liquor.

Councilor Rivera asked the reason they don't have everything in the Palace of the Governors.

Mr. Glick said there isn't enough seating in the interior, and if they were to be seated in the interior, they couldn't hear or see the music from the concert on the Plaza, so they are serving dinner on the Portal and Palace Avenue.

Councilor Rivera said then dinner will be outside, and Mr. Glick said that is correct.

Councilor Rivera asked what time is the concert.

Mr. Glick said the first act will be Joe Ely playing dinner from 7:00 to 8:00 p.m., there will be a break and after dinner the Mavericks will perform on the Plaza.

Councilor Rivera asked if the public is invited to all the events, and Mr. Glick said yes.

Councilor Rivera asked Ms. Vigil is alcohol has been served previously on the Plaza for any event.

Ms. Vigil said, "No sir. No event that I can remember during my many years with the City."

Councilor Maestas said as previously stated, we keep amending this law for events that will be dated or could end. He said he would like see an over-riding policy without mentioning specific events, and empower the City Manager to carry out those parameters for serving alcohol on City-owned land or in City facilities. He said there have been drawn-out labor issues with the Hospital, which tended to divide the community, but that is in the past. He said he was born in the old St. Vincents Hospital and Christus St. Vincents in the current location has established itself as a regional provider of badly needed medical

services. He has lived in rural Northern New Mexico, and knows people have to travel far distances for medical services. He said Christus St. Vincents is vital to Santa Fe and to all of Northern New Mexico.

Councilor Maestas continued, saying our economic recovery has been very very slow, and one of the bright spots is in the health care realm which is growing unexpectedly, more so in Santa Fe. Christus St. Vincents has become an anchor in our economy. He thinks we need to recognize this facility for the role it plays in our daily life, our quality of life, who we are and in the service it provides. He doesn't know the thinking of those that planned this event, but there is symbolism in that in celebrating its 150th anniversary would choose to make it a shared event with the community, and can understand them wanting to have it at the Plaza. He said many events have been authorizing under this law and the cumulative events don't compare with the action before us. The alcohol won't be served in the Plaza proper, but on one of the streets adjacent to the Plaza. The event will be segregated with a buffer, with an area for emergency vehicles, so he doesn't see any danger with others getting access to the alcohol.

Councilor Maestas continued, saying the Cocktail Hour will be in the Courtyard at the Palace of the Governors, with beer and wine served with the meal, terminated before the main act starts on the bandstand. He doesn't see this as an out of control raucous party by any stretch. He said the plan for serving alcohol is very modest and thinks they will be responsible in the way they conduct that. He said for something like this, regardless of how we feel, noting precedence has been set, noting we aren't setting a precedent with this one time event. He said he would ask, even if you are concerned or have some trepidation about this event, the Committee to allow this to go to the Council and allow the public to weigh-in, instead of stopping it here, which is democracy at work. He said, "Obviously, if you're adamantly against it, then I would say vote against it, but if you're on the fence, let's let democracy take its course and let it go before the Council. I will be supporting this Mr. Chairman. I'll make a motion in support of it.

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

DISCUSSION: Councilor Trujillo said he's the one who opened the gates at Ft. Marcy for the Fuego and believes "everything goes good there." He said, "However, as Yolanda stated, we have never had a function like this on the Plaza ever that I know about." He said his concern is there will be people on the Plaza enjoying the Mavericks, commenting he thinks it's great Christus is doing this. But he can already hear people saying, why can they have a drink and I can't, although technically he can if he purchases a $250 ticket for the gala. He doesn't think everyone has $250 to do that. He said they can go to the Plaza Café and have a beer as well.

Councilor Trujillo continued, saying he thinks this does set precedent. He said the Fiesta Council came before us asking for an exemption for Ft. Marcy where it is allowed, but it is a different type of venue. He said they might come back next year and ask why they can't have their event on the Plaza as well. He said, "I am torn, I'm not a hypocrite and never have been about this. People can go and enjoy liquor, and have a good time and consume it in the right manner, and not get drunk and all that. But I do have my concerns being this is on the Plaza, and is this something we're going to open to other organizations."

Councilor Trujillo continuing, "We're not denying you alcohol, alcohol still will be served in the Palace of the Governors. He said once they've had their drink inside at the Palace of the Governors and then come out and enjoy the music, they just can't drink. The message it's sending to those people who aren't going to the gala... that's what I see is going to happen."

Councilor Trujillo thanked Christus St. Vincents for its service to the community. He said, "However, I just think the Plaza is a different beast when it comes to the places where we allow alcohol, so I'll just leave it at that, Mr. Chair, thank you."

Councilor Maestas asked Mr. Glick how the proceeds from the fundraiser will be used, commenting he understood they would help to cover some of the costs of the expansion.

Mr. Glick said each year, the Foundation devotes the proceeds of its annual Gala to a particular fund. This year, the proceeds will be devoted to the expansion of the Hospital, to build the 36 new patient rooms. He said the money that goes from the Foundation to the expansion project, is money that is freed up within the Foundation to go to indigent care, cancer care, flu shot clinics and such.

Mr. Glick said, "I do want to say just two things. First of all, I do want to promise you all that I will not be here 150 years from now to ask for another variance. This is done only because this is our 150th and we did, as Councilor Maestas, we did want to bring the Gala back to the community. And in terms of serving.."

Councilor Maestas said, "I just want to end with that point, that the reason for this event is to help defray costs they're going to pay for the expansion, and for all we know, those costs could passed to health care costs and patients, and it could be embedded in their overall overhead. So it's a worthy cause and I think it's going to help our community indirectly. So I want to end with that. Thank you Mr. Glick."

Councilor Lindell said we rent the space, the porch area, over the five and dime to the Marble Brewery.

Ms. Vigil said, "I believe that's correct, Councilor. The air space. Is that what you're considering, the air space over the sidewalk."

Councilor Lindell said, "The porch that the Marble Brewery....I don't know if they're still open. It doesn't matter."

Ms. Vigil said, "I don't believe so."

Councilor Lindell said, "I'm just wondering if this really is the first time we've served alcohol in the Plaza, because that space we leased out, beer and wine were served there. That's true. Yes."

Ms. Vigil said, "I would think so. I did not handle that. That would be Matt O'Reilly or Ed Vigil that would have done that."

Councilor Lindell said, "I am just saying that I think that we have engaged over some amount of time. I'm not exactly sure how we did that without looking at this. But that's our air space, and I know we had a lease on that, that we lease that out. I just wanted to make that point."

Councilor Rivera asked when the cocktail party mentioned by Mr. Glick will start.

Mr. Glick said the cocktail party is 5:30 to 6:30 p.m., in the Courtyard of the Palace of the Governors.

Councilor Rivera asked what will be served there.

Mr. Glick said it will be a full bar service, and it is free of charge.

Councilor Rivera asked if there is a limit on the number of drinks at the cocktail party.

Mr. Glick said no, but one could be placed.

Councilor Rivera said there is a limit on what can be served in a City park and asked Mr. Glick is he aware of that limit of two drinks.

Mr. Glick said that isn't a problem, they just want their guests to be able to have a glass of wine at dinner.

Councilor Rivera said recently we had a discussion about the amount of alcohol in margaritas, and the amount of alcohol in beer, wine. He said this brings a whole slew of questions in terms of how much alcohol in spirits equal how many glasses of wine or beer. He said the two drink limit of beer and wine doesn't include the spirits they could have before they start on beer and wine. He isn't sure how they could monitor it.

Chair Dominguez said that fact leaves too many unanswered questions. And that someone could go to your event and get pretty bombed with the free alcohol and then go to the event outside and then get two more drinks under the Ordinance.

Mr. Glick said he understands his point.

Chair Dominguez asked Mr. Glick if he knows what the Ordinance says currently.

Mr. Glick said when the Ordinance was passed at Public Works there was to be a 3 drink limit and they would have no problem with 3 drinks in total.

Chair Dominguez said you have two different venue, so there would have to be a coordination between the two venues.

Mr. Glick said the same servers will be serving alcohol in the courtyard that will be serving wine on the portal, and that easily can be coordinated.

Chair Dominguez said there are some logistics, and asked what assurance we have that they will adhere to the rules. He said in the law, there is no way to manage, enforce or implement it.

Mr. Glick said he has attended Fuego games and enjoyed beers and he had to have a wristband for that, and he has had wristbands at other events, so he assumes they could do that.

Chair Dominguez said it can be resolved logistically. However, his point is it's not as simple as going to a Fuego game and getting one band and being in one location. He said there are things to be considered.

Chair Dominguez said, first of all we have to thank Christus St. Vincents for the services they provide in the community, even on the south side. He said we need to thank you for your service and for everything else you have done.

Chair Dominguez continued, "But there's a history behind the reason this Ordinance exists, and it's because we wanted to try to eliminate or curb drinking alcohol in places of public gathering. We had the discussion way before Councilor Ives and Councilor Maestas and Councilor Lindell, and maybe even before Councilor Rivera about what does it mean because we serve alcohol at the golf course and even at the Civic Center. Those debates have already happened. And there is definitely a difference. It's not necessarily a public gathering at the Civic Center. It could be a private gathering, just as your event is somewhat of a private gathering. It's a private gathering in a public place. And that's where I think a lot of the difference comes. Now I'll tell you, I didn't support the first take at providing alcohol at the Fuego games because I knew it would create a slippery slope, and we're on that slippery slope right now with this request. I did support the second swing at the Fuego games because we were able to negotiate and implement best practices at the Fuego games. And even with the recent resolution at Ft. Marcy Park where the Fuego games happen with regard to one event, we were able to negotiate some level of responsibility, not even by the people providing the event, but by the City as well."

Chair Dominguez continued, "This is kind of quick. It is happening very fast. There hasn't been the time to "negotiate," and that leads to another problem. Councilor Maestas, you were talking about how it's a democratic process. We have a process in place to make sure there is as much public input as possible and that is that these resolutions and ordinances and pieces of public hearings need to get noticed on time. And yes, indeed it's getting noticed on time, but not for the grace of the Governing Body last week to at least send it to this Committee and to give it some more debate. I think your event definitely is a worthy cause, there's no doubt about that. But there is nothing that says you can't have event at the Civic Center or even at Marty Sanchez, we have a liquor license there already. And that's part of the difference, is that they have a liquor license in place already."

Chair Dominguez continued, "And I guess the last question, I do have one question for you. Did you anticipate that this was going to be a somewhat controversial item or topic."

Mr. Glick said, "As we worked through all of the various laws, we became aware of that."

Chair Dominguez said, "And that right there is troublesome for me, and let me tell you why, and I say this with all due respect. Back in 2008 or 2009 when this community made a commitment to addressing alcohol abuse and alcohol in our community, St. Vincents was right there at the table recognizing the fact that there are social norms that need to be addressed, and alcohol in public places like that is a social norm that needs to be addressed. And those social norms are directly linked to things like underage drinking and all the other problems and challenges this community has. And so, I'm a little taken aback if you will at the fact that your saw that this would be somewhat troublesome when Christus St. Vincents was at the table with us, committed to doing everything they could to help address the issue of alcohol abuse in our community. And so that is troublesome. I'm not asking a question, or for a statement, I just wanted to make that comment myself."

VOTE: The motion failed to pass on the following roll call vote:

For: Councilor Maestas and Councilor Lindell.

Against: Councilor Rivera and Councilor Trujillo.

The resulting vote was a tie and Chair Dominguez voted against to defeat the motion.

Explaining his vote: Councilor Rivera said, "I think the mixing of free alcohol with the addition of what they're asking for in this Ordinance... unfortunately, I have to vote no."

Councilor Maestas said perhaps it would help if we asked for a clarification on the monitoring of consumption during the dinner, because no one is going to be served at the dinner if they are inebriated, period. So it doesn't matter if there's a certain minimum. But I think if we can answer that question and get an assurance that they will have a system where they monitor the number of drinks during the dinner.

Chair Dominguez said that's a question for the applicant, and asked Mr. Glick if he has a answer as to exactly how they will be monitoring drinks from one event to another, and Mr. Glick said, "No."

Councilor Ives said, "Anybody who serves alcohol at any event, whether it be a...."

Chair Dominguez said, "I understand that Councilor Ives. I understand exactly the rules the State has over servers and everything else. My question though are the logistics and how it's going to be monitored from one event to another."

Councilor Ives said, "Understood. And we've already heard Mr. Glick indicate that the same servers would be serving both within the Courtyard and at dinner, and those servers are the ones who are charged by the State and by virtue of the training they receive as servers, to not serve alcohol in circumstances where people are inebriated. So we do have that State-based rule which applies all over New Mexico to rely upon in that regard. And I would also point out that if the concern is for the Applicant having specifics, make that a condition of moving this forward, so by the time it gets to Council, if that is not satisfactorily addressed...."

Chair Dominguez said, "So I brought that up, Councilor Ives, about the specifics, and that's must an example. My real reason doesn't even have to do with the specifics. It has to do with the fact that we have an issue in this community with alcohol and substance abuse, and this event, I guess the lack of clarity or the lack of foresight, or proper planning, if I may be even as bold to say that, just says to me that for some people, it's not that big of an issue. So my question is, before I go back to Councilor Maestas and Councilor Rivera, is have you worked out the specifics and the logistics on how exactly you are going to monitor the sale and consumption of alcohol between one even the other."

Mr. Glick said, "We will have a wrist band system."

Chair Dominguez said, "So, just a wrist-band. That's it. You're not going to have any PSA's about how important it is to get a ride home if you're inebriated. You're not going to have any PSA's about what does the standard drink constitute. You're not going to have any of that."

Mr. Glick said, "We've never needed that before in the 12 year's that I have run Galas for the Hospital. And if I can just clear one point, that I misunderstood your question a while ago. We know that alcoholism is a problem in this community."

Chair Dominguez said, "I didn't ask whether you knew or not. That's not the question I asked. I asked a specific question now, and thank you very much. Councilor Maestas, and then we're going to get to the Committee. The Committee has to do their business."

Councilor Maestas said he would like to make a motion to approve this event, "provided that it is subject to our current restrictions on drinks, and they only allow beer and wine, so it would be limited to 3 drinks, basically per the Ordinance, and it would apply to the Cocktail Hour as well, so it would apply to the entire event."

Councilor Maestas asked Mr. Glick if he can do that. He said, "I realize we are imposing a limitation on the event that is going to be on State property which is your Cocktail Hour. But I think the only way this has a chance, the slimmest chance, is if we impose the beer and wine drink minimums throughout your entire event, Cocktail Hour and the dinner."

Mr. Glick said, "I understand."

Councilor Maestas asked, "Can you do that."

Mr. Glick said, "Yes we can."

Councilor Maestas asked, "Are you willing to do that."

Mr. Glick said, "I am."

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve this request, subject to the established beer and wine drink minimums for the entire event, which includes the Cocktail hour and the Dinner.

Councilor Trujillo said, "I know you agree to it, but how can you impose something that is on State property, that's my... Mr. Lawyer, can you tell me, somebody.... How can we... It's okay. You've agreed to that. I'm just asking, to Councilor Maestas, how do we do that. He's agreed, he's agreed, but you're saying this applies to the whole thing and it's on State property. That's my only... I'm not a lawyer, I'm just asking."

Councilor Maestas said, 'Our leverage is the dinner. The beer and wine service during the dinner, that's our leverage, and we're saying the only way we're even going to allow that, is if you impose a minimum throughout your entire event."

Councilor Trujillo said, "There was an Ordinance passed a few years ago, and you mentioned that, Councilor Calvert had passed, that if something fails, which it did, technically, with the last vote, does it die."

Chair Dominguez said, "As the Chair, let me address that Councilor Trujillo. I think the Governing Body was, I guess, graceful enough, that's the only word I can think of right now, to at least allow it to come to the Finance Committee. It has to do with the fact that the sponsor dropped the resolution at a committee, and it's just the way the schedule worked out between the time the resolution was dropped and the timing of the event. It has kind of taken the course that it's taken. It's really.... the Governing Body could have killed it with 5 votes at the City Council meeting last week, but I guess nobody wanted to do that."

Councilor Trujillo said, "To me, and I'll just say, when it came before me, I had no problem going to publishing. I didn't. I do not, but I knew I was going to have this vote on Monday. I knew that."

Chair Dominguez said, "We shouldn't vote yes, just so we can take it to publish. If had it gone through the regular course it was going to be inevitable not to get to the Council anyway."

Councilor Trujillo said, "That's my question. We took a vote earlier, it failed. We took at vote at Public Works, it failed. What other Committee is it going to. Is it going to Public Utilities. That's my only concern. It failed at Public Works, it failed here at Finance. I'm just asking."

Ms. Vigil said, "I believe the discussion at the Council Meeting was it did failed at Public Works, and if it failed here, then we would not do the request to publish."

Chair Dominguez said that would have been the normal case.

Ms. Vigil said, yes, it would have been normal.

Councilor Ives said, "On the point of the timing of meetings, the second to last week in July when there were no meetings, I had actually anticipated that Finance would meet and be able to consider it at that point in time, but our Council meeting got bumped to the end of the month and in the third week there were no meetings."

Chair Dominguez asked, "Is that true Yolanda, because we have a set calendar."

Councilor Ives said, "I'm not saying they changed, I'm saying that we simply did not have a meeting at the second to last week in July of any of the committees."

Chair Dominguez said, "But we haven't deviated from the calendar."

Councilor Ives said, "No."

Councilor Trujillo said, "Well, I guess I just want clarification. Does it die. And I'll give you an example, when we were considering the beergarden at Fuego games, if this rule had been in place back then, the Fuego request would have died, because it lost at Public Works and it lost at Finance, so it would have been dead according to this. And that's what I don't understand. We took a vote at Public Works, it failed; we just took a vote here, it failed. Now, it's being resurrected again. And it's nothing against... I just want a clarification. Are we going to be doing this for everything, unless they change the Ordinance again, that's the whole thing. My concern is there is a an Ordinance in place, it was stated, it fails, it fails, that's it. I just want clarification."

Ms. Vigil said, "Again, I believe the discussion was it failed at Public Works Committee. You went ahead as a Governing Body, and set it for a request to publish because it was going to be heard here today by the Finance Committee, but that if died here at Finance Committee, that was it, because it did not get out of a committee. The Governing Body Procedural Rules said it has to get out of one Council committee."

Councilor Rivera said, "The only reason I supported the Fiesta Council at Ft. Marcy was because they were going to bulk-make margaritas, so you knew how much alcohol you were getting in each margarita. And we limited the number of cups you would get. I'm not sure how that control would work in an open bar situation. If you have a 3 drink minimum [maximum?] and you get 3 Wild Turkey's on the rocks, is that different than 3 Bacardi's. Who's making the drink, who's mixing the drink. It's not a huge vat that's made beforehand that's being monitored. It's being made by somebody right5 there that's going to pour a drink. How much do they pour. Do they have a set limit, do they pour more than they're supposed to. Does one person get more alcohol per volume than somebody else. That's difficult to answer."

Councilor Maestas said, "Can I answer that. My motion is limited to beer and wine. There's no liquor at all."

Councilor Rivera said there is liquor at the Cocktail Hour.

Chair Dominguez said,"Councilor Rivera you have the floor, ask him a question."

Councilor Maestas said, "Okay, I'm just answering, but the condition of my motion was that it be limited to beer and wine and both events would be subject to the overall limit for either beer or wine. That was my motion. No liquor. Nothing. Just beer and wine."

Councilor Rivera said, "They can have as much as they want at the Cocktail Hour, but only have beer and wine."

Councilor Maestas said, "No. There's an overall limitation for the Cocktail Hour and the dinner service of 3 drinks, not separate."

Councilor Rivera said, "Margaritas are specific to the one event and those are going to be made a specific way. This event isn't like that. Those spirits are going to be mixed as they're ordered. So, not really a question, just wondering how you ..."

Chair Dominguez said, "This isn't a free for all. I'm trying to keep order."

Councilor Rivera continued, ".... how you are going to keep track of the percentage of alcohol they receive at the Cocktail Hour which is then going to carry over into the..."

Councilor Maestas said, "The Cocktail Hour, if I can answer your question, Councilor. Let's just say, they're going to have a wristband, and they will be limited to either 3 glasses of wine or 3 beers, and it's going to be subject to this Ordinance. There will be no mixed drinks at the Cocktail Hour. So if they have 3 glasses of wine at the Cocktail Hour, they can't have anything at dinner. So the 3-drink minimum applies for the entire event, the Cocktail Hour and the Dinner. No mixed drinks, no liquor, just beer and wine."

Councilor Rivera said the only alcohol allowed right now, spirits-wise in this Ordinance are margaritas.

Councilor Maestas said, "I think that's only for the Fiesta event. I think the overall limitation is only for beer and wine. We made the exception for margaritas at the Mariachi event."

Councilor Rivera said he is unsure how we are going to limit the amount of spirits when that isn't even allowed in the Ordinance.

Councilor Maestas said, "There's no spirits. We're basically imposing the City Ordinance on the entire event, so they can't serve spirits."

Chair Dominguez asked, "Are there going to be spirits served. Does anybody know if spirits are going to be served. Mr. Glick."

Mr. Glick said, "I'm getting a different understanding now. I would prefer keeping the open Cocktail Hour with the spirits in the reception area of the Palace of the Governors. If that's mean no beer or wine on the outside, so be it, we're going to hold the event. We're still going to do this for the City of Santa Fe. My request would be to have a total of 3 drinks, whatever they serve inside and whatever they serve outside. My daughter has been a server in this community. I know that she's aware of the rules and we're trusting our alcohol servers."

Chair Dominguez said, "Thank you for the commentary, but please just try to answer the questions that are asked."

Councilor Rivera said, "So again, the Cocktail Hour is still going on and is still unlimited to what can be served there. That's what I have a problem with."

Councilor Maestas said, "I think he misunderstood what I was asking and the way I framed my motion, so if there is still going to be an open Cocktail Hour with spirits, then I'm going to withdraw my motion. It doesn't change anything."

WITHDRAWAL OF MOTION: Councilor Maestas withdrew his motion.

Chair Dominguez said, "So I think this not a reflection of our thanks to St. Vincents and the work they do again. But this is really, as far as I'm concerned, part of the heart of the issues that we have in our community when it comes to alcohol and substance abuse and everything else. It's not something that just the Governing Body can fix. It's not something that just St. Vincent's can model by utilizing good practices and doing the best they can do to control those things. It's about sending a message to the community that we take it seriously. And whether it's a Fuego game and whether it's implementing best practices there, or whether it's having this kind of debate, however difficult it is, with an organization like Christus, it's a message to the community that we take it seriously. And is it perfect. No. Can anyone point out hypocrisies for lack of a better word, or inconsistencies. I think that's life. No one in this life is perfect. And so I think that again, it's about sending that message. And a specific question that I have, and I'm not even sure who can answer this. It's an event where you don't have to pay for the alcohol. Correct. And so I don't even know if servers are on the hook for free events like that. I know they are on the hook if people having to pay for the alcohol, but I'm not sure if they're on the hook when it's an event that's free like that."

Jesse Guillen, Legal, said, "As a former server, I can tell you that if you serve alcohol you are responsible for what you serve people."

Chair Dominguez asked, "Even if it's free."

Mr. Guillen said, "It doesn't matter if people pay for it, or if it's an event that the alcohol is complimentary."

Chair Dominguez said, "So then, if it gets past you, then who is responsible. The are some people, maybe even on this Governing Body who can hold their liquor pretty good. I didn't say anybody on this Committee. So I guess, if it was a perfect system, then I think that answer might be good enough, right. But we know it's not. We know that New Mexico has issues, even with those kinds of laws on the books, New Mexico has its issues. And so there's my speech."

Councilor Trujillo said, "So technically, sir, you're saying that you want to keep it as is at the Palace of the Governors. If you did that, no alcohol would come out under the portal, if you left it at that. We have no jurisdiction, do we, because it's on State property. I just want that to be clarified right there, that we have no jurisdiction if you keep in the Courtyard. Because it's under the State, we have no jurisdiction over you as a City. I just want that stated, so I'm not making a motion."

Chair Dominguez asked Ms. Vigil if she wants to answer that question, and asked Councilor Trujillo if that is his specific question.

Councilor Trujillo said, "No. I just want to make sure it's clear."

Ms. Vigil said, "The group would come forward with a Special Dispenser permit that would only identify the alcohol service within the Palace of the Governors, and that would not come before the Governing Body."

Chair Dominguez said, "If the State wants to continue going down that road, that's up to them Councilor Trujillo."

Councilor Trujillo said he thinks people should be allowed to come out and enjoy the music. He said it's nothing against Christus St. Vincents. He said his concern is about the people on the Plaza seeing everybody out there having a beer, and it's not fair. He said "That's my whole concern, is fairness in this community. They're going to say, how come I can't have a beer, I'm responsible, but guess what, you are responsible, you just don't have the $250 to go to the Gala." He said he thinks the Gala will be fabulous and people have their cocktails and dinner, and then come out and mingle with everybody on the Plaza. He said, "To me, it's going to be a fabulous program and I thank Christus for bringing the Mavericks and all of that. I think it's going to be a fabulous thing for this community."

Councilor Rivera asked, if the Motion to Approve failed, do we need a separate motion to deny, or if it just fails.

Ms. Vigil said the action at Public Works was a motion to deny. She said, "Just to be safe, I probably would do a motion for denial. I don't really think it's necessary. Mr. Parliamentarian would you agree."

Councilor Ives said, "Probably not, but we're here. Again, I would urge passing it on to full consideration of the Governing Body."

Chair Dominguez said, "Good commentary."

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

DISCUSSION: Councilor Trujillo said, "It died. That's the whole thing. It died and I don't understand why we're having to do this."

Chair Dominguez said this is more of a formal way of dealing with it.

Councilor Trujillo said, "Yes, it's a formal way, but it died. That's the whole thing. We resurrect things. We're going down this path of taking things back and forth. That's my whole concern, but I want to make sure we follow procedures. That's my thing. I thought somebody was going to make a motion to send this to the Council with no recommendation. I really did. That's what I thought was going to happen. I seconded it, so...."

Chair Dominguez said, "I will say it is a little frustrating that timing is becoming such an issue with some of these bills that we have on the table, including for some of us on the Committee. So. Roll call vote, Ms. Helberg."

VOTE: The motion was approved on the following roll call vote:

For: Councilor Rivera and Councilor Trujillo.

Against: Councilor Maestas and Councilor Lindell.

The resulting vote was a tie, and Chair Dominguez voted in favor of the motion.

Councilor Lindell departed the meeting
Councilor Ives departed the meeting

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END OF CONSENT CALENDAR DISCUSSION

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DISCUSSION AGENDA

22. DISCUSSION ON DEBT MANAGEMENT. (OSCAR RODRIGUEZ)

A copy of *Debt Management as a Function of Need/Production Capacity*, Bond Proceeds vs. Expenditure: June 30, 2009-2015, is incorporated herewith to these minutes as Exhibit "1."

Oscar Rodriguez, Finance Director, presented information regarding this matter. He said he met Councilor Ives earlier this week, and told him that we were going to have a much fuller conversation about this and he might want to stick around.

Mr. Rodriguez said this conversation continues the conversation he promised he would start and continue every Committee meeting until we get our capital budget presented and you have a chance to discuss it. He said the last time we talked about debt management as a function of capacity – how much can you issue versus how much you want to issue and how you would manage that. He said Exhibit "1" is our debt load in comparison to other communities where it seems that we are real high in comparison to the average of other communities that are rated the same as us, and for us to get to that average over the next 5 years, we would be looking at a limitation or the capacity being somewhere around $36 million, about $12 million the next two years and then $24 million a few years down the road, noting there is some flexibility, but not a whole lot. He said this is one way of looking at debt management.

Mr. Rodriguez said the other way of looking at debt management is whether you need to issue more debt, noting there are other ways, but this is another way. He said he has had an on and off conversation with Councilor Lindell on this via email, so maybe she has a lot of this information already. He said to get to debt management you have to calculate how much debt you want to issue.

Mr. Rodriguez reviewed the information in Exhibit "1," with the following commentary. Please see Exhibit "1," for more specifics of this presentation.

Mr. Rodriguez said in 2008 was the first time the City had gone out for bonds in almost 30 years, so 2009 is about the time to start the new chart. He charted the ending balance from those GO bonds as well as the GRT bonds. He put it together noting that is the black line, so the ending balance of cash, we borrowed the money, put it in an account and that is what that account is showing over time is what the balance was. He said it goes up or down depending on how much is being used, so it's a function of how much is being used. As you see the red line go up, that's the expenditure line, the ending balance line tends to go down, except when you issue more debt and the reason for the spike in 2012.

Mr. Rodriguez said there are couple of things to keep in mind here. He has been asked by members of the Governing Body, individuals, and by department directors, if we have a cycle that ever 2-3 years we issue debt. He said, "The best thing we could say is that's a cycle of about two times, and that's been the very general practice the last 3-4 years, perhaps as much as 5 years. And so it's not necessarily a long standing practice. It's a more recent practice, and that is shown there. By the way, the chart at the bottom is just the data being used in the graph. There were two issuances in 2008 – $1 million in June 2008 and relating to the 2008 Municipal Election, $10.3 million in 2010."

Mr. Rodriguez said, "The bottom line here is, based on this, I would tell you that I wouldn't recommend that we go out for debt for another 2-3 years from now for new debt. Councilor Maestas, the last time we talked about this, you made the observation, and an intuitive observation people that would make, that if we issue debt then we could see an impact in the community from that. I think this chart is showing you is that that's not necessarily the case. So sometimes we issue debt and that money takes years to be spent. As you can see here, money issued in 2008, we've got $500,000 of that unencumbered completely. And this is something we are going to be coming to you to reprogram that in some way. For a number of these issues, the cash stayed in the bank for years, at least 2-3 years. In the case of the last piece of the 2012 issuance, there is still $13.7 million left to go there. So I would just tell you that with that much cash still in the bank, it would be hard to advise that we go out to borrow more money."

Mr. Rodriguez said, "There's one last think I want to point out, and that is that a function of expenditure is your capacity to produce, capacity to spend it, to take it through the procurement process to design to get all of that stuff done. I would tell you that, if you see that red line starting to go up, it did go up considerably from 2009, and you can see after 2013, it went up considerably, almost doubled. But certainly from 2013 on, it's rather flat. And so the idea that the way to make it go faster is that you put more cash on the table for them. In essence, you're taking about the same capacity to produce with just more of a burden on them. And so I guess the discussion from there would go and I'll bring that to you at the next meeting, is just how much can they do, given how much has been able to be produced until now. So, again, another dimension of debt management, is how much do you need to go out."

Mr. Rodriguez continued, "The next one I'll be talking about is how much we are able to produce. Just a case in point. The utility company is going to go for the record of how much they are going to be able to produce in terms of a capital improvement program – $14 million."

Chair Dominguez asked, "Just on fees, on rates."

Mr. Rodriguez said, "No. How much capital projects they can produce, they can spend, etc. And that includes a number of really big projects that.... there's a small list of very big projects that might keep that expenditure that high, but at some point, once you're done there, your ability to rehabilitate, to design, to do all that sort of stuff, then the capacity for that starts to go down. Anyway I'll have a full discussion for you with more data on that later on, but again, Utilities is going for record of a little more than $14 million. And I'll tell you that is as high as they will be able to do for some time."

The Committee commented and asked questions as follows:

- Councilor Maestas said we had a long discussion on debt per capita and how similar size cities have a much lower debt per capita, and thinks that is a worthy goal and we should continue to pursue it. He said the other side of himself, the newly elected official, isn't happy to hear it's not advisable to take on new debt in the next 2-3 years. He asked Mr. Rodriguez if there are any existing instruments that could be refinanced with better terms for a longer debt period.

  Mr. Rodriguez said they look at that all of the time, and when markets change which would allow us to go out and improve our situation, he will bring that to the Governing Body. He said for the most part, that's how the City has been able to issue as much debt as it has been. He said the refinances are not included and there have been a number of those.

- Chair Dominguez said we did a significant one not long ago.

  Mr. Rodriguez said that was for the Convention Center. He said in the past, the Council has issued new debt by refinancing existing debt to extend the term – wrap it around something else. He said for the most part all of those opportunities already have been taken.

  Councilor Maestas asked if the balance includes the enterprise funds as well.

Mr. Rodriguez said no. He didn't include them, because with the cash balance in their fund right now, if there is a fund that does not need to issue debt it would be them, because they have the cash to do significant parts of their CIP, which they're planning to do with cash. He said, "I am very reluctant to recommend that you go our for debt when you have that much cash already sitting around."

- Chair Dominguez said he isn't newly-elected, but he still doesn't like to hear that we can't take on new debt doe 2-3 years.

Mr. Rodriguez said in some respects it's a good thing that you don't need to issue debt.

- Chair Dominguez asked then how do we get capacity to different places.

Mr. Rodriguez said, in the utilities for example, they have the cash, so they don't need to be issuing debt, unless somebody's out there giving away money that beats the cash we have on hand. If there is an area that needs it, it would be the General Fund or general government. He said there are some things we can do potentially which is trading income, for example, the revenue we received with the drainage utility, you could create new cash into these different kinds of debt structures, but it would be in those very limited areas.

Mr. Rodriguez said a lot of work needs to be done in how we manage capital improvement projects – how we issue them, manage them, report them. This is reflected in the limited capacity to produce CIP as it is right now. He said we are changing some of those things.

Mr. Rodriguez continued, "If I may Mr. Chair, with that, I would like to just tell you that at the next Finance Committee meeting I will be bringing to you a huge BAR that you see every year, but this time you're going to see it before it happens, not after it happens."

- Chair Dominguez asked if this is the one we had during the budget.

Mr. Rodriguez said, "This is what has happened until now. I am very uncomfortable with it. I'm not going to go any further with that, and so this is going to be happening at the next Finance Committee meeting. The City has no capital budget. Some of the capital outlay is mixed with the operating budget. What happens over time, is there's a project that seems to be supported by the Council, and the Council goes ahead and does the project and issues whatever debt is necessary for that to happen and it goes forward. And really you can't say there's much more to a capital budget than that."

Mr. Rodriguez continued, "And so what happened is we approved a project 3-6 years ago, and there are many of those projects, those projects keep rolling and at the end of the fiscal year by State law, whatever authorization you gave to the organization so spend more expires. Right. But those projects still roll forward, because that's how you've always done it. So on July 1st, the Finance Department just loads everybody's budget, puts the money you authorized years earlier and it rolls forward and then they start spending. And spend millions over the summer because

there is a construction season and staff knows they need to take maximum advantage of that time. And then, in October, what you see is a BAR to ratify what was done over the summer. And this is how you have always done it I understand. I'm not going to do that. I'm very uncomfortable with that. I think an appropriation is precisely that the Council appropriates and says that money you may spend, and that gives us the authorization to go ahead and spend..."

- Chair Dominguez said his question, as a member of the Governing Body, is if that's going to be the case, how can he be assured staff will spent the money expediently.

  Mr. Rodriguez said, "Right now Councilor, they're spending it anyway, then later they ask you to approve what they spent, way the cart before the horse."

- Chair Dominguez said he has questions of Mr. Pino. He said, "Just as kind of an example, so the Committee understands exactly what's happening."

  Mr. Rodriguez said the solution to that...

- Chair Dominguez said, "Before we talk about the solution let's make sure we understand the problem first. So a few years ago we had this allocation of funds that went to pay for the effluent water tank at SWAN Park. We had X amount of money appropriated for that. Is that money still available.

  Mr. Pino said the project is finished and there is about $300,000 available.

- Chair Dominguez asked if the $300,000 will still be available.

  Mr. Rodriguez said, "Unless you spend it otherwise, of course it is. Yes."

- Chair Dominguez said but it is carrying forward from one year to the next.

  Mr. Rodriguez said, "Ah, that's sort of a basic conclusion, an urban myth that continues from time to time, and that is, because the Council said 3 years ago do it, it's years later on, then therefore I don't have to come back to the Council, and that's not the way it works."

- Chair Dominguez said that was 2-3 years ago, and Mr. Pino said it was about 2 ½ years ago.

- Chair Dominguez asked, "So are you saying it's not going to get carried over this next year. In other words, is that money still going to be available two years from now.

  Mr. Rodriguez said, "Let me make perfectly clear Councilor, the only way money gets carried forward or not is because you voted for it, or not. And so you must authorize, or not, the expenditure of those monies. And so every year you must vote to spend more of that money."

- Chair Dominguez said you're talking about when we vote for the budget.

  Mr. Rodriguez said, "No sir. What I'm talking about here is even like a capital budget. You see, you don't have a capital budget, we never have had a capital project, and the way you do it right now is through a BAR, and a BAR you see in October after the fact. I would tell you there are so many things wrong with that, and so we're going to change that."

- Chair Dominguez said, "So let's get to the solution now, because I want to make sure the money for the SWAN effluent tank, I'm still going to have access to it, not me, but the City."

  Mr. Rodriguez said he understands what he is saying, that you be able to see it and reappropriate it or whatever has to happen. He said, "Let me put it to you this way. First of all you're going to get a BAR and Ike and I've been working, and look, by the way, I would publicly would like to thank Ike for the patience he's shown, because we're changing a lot of things and there's a lot of people being asked to do things they haven't done before, and so I publicly want to thank Public Works for their patience because that's where all the project manager area. It's going to take a lot of effort there."

  Mr. Rodriguez continued, "So what we're going to do first of all, is we're going to bring a BAR to you at the next meeting and ask you to appropriate money for this year for all of these different capital projects and you'll get to see exactly where it all goes before it happens not after. Last year it all went through, and then they said, here's pages and pages of stuff and you said yes, but apparently you do it all the time. I don't feel comfortable with that and we're not going to do that anymore. You're going to get a BAR asking for resources for this year, that's one solution, the interim solution. The other is we are actually going to do a capital budget for the first time, and that's when you vote it. Now eventually the capital budget and the operating budget will happen approximately in the same timeframe. At this point, because it's such an undertaking, I just felt the only way we would get it done was to separate them in time."

  Mr. Rodriguez continued, "And so the schedule you set is to approve that budget on November 10th and this is after you've had some good time to debate it. And so you'll approve the budget and at that point you will say, now, for this year and for the next 5 years, these are the budgets. And then that budget will come to you again every year and that budget will show you all of the capital projects, where they are, how much is left. And you get a chance to say, stop this one, whatever is the will of the Council at that point, you will be able to void it the way you do with the budget. And that way, we put the mule in front of the horse again, or the pony in front of the cart again, excuse me, and so this way, you authorize the money, then we spend it as opposed to the way it is right now. Which is we spend it and then come back to you in October to ratify basically what's already been done."

- Chair Dominguez said he thinks it's great, commenting he isn't a huge fan of implementing change just for the sake of change, but in this case, a lot of things make sense.

- Councilor Rivera asked Mr. Rodriguez if at the next meeting, he will be bringing new capital projects that already have been approved at some point.

  Mr. Rodriguez said, "These are capital projects that you have already approved in previous years. And all we're going to ask you for is this year's appropriation to take it forward for another year.

- Councilor Rivera asked if this will be a separate phase, or is just a continuation of a construction project.

  Mr. Rodriguez said this is a continuation of those projects, in essence, all of these projects. The approval, this BAR you were going to see anyway. If you did nothing the organization would just continue operating in the way it has always operated and you were going to see these BARs in October as a report to the State for things that already been done. I just thought the best way to do it is that you approve it first then we do it as opposed to the other way around.

- Councilor Rivera said, "In the example of the money that was left over for the SWAN Park tank, you're going to bring that money forward with an appropriation suggestion for it, or is that up to us to decide.

  Mr. Rodriguez said you will be getting those recommendations from the project managers, and some of these projects, you'll get a recommendation that it is done and there is a balance. He said, "But we'll be doing that as part of the capital budget. All the BAR will do is, for the money needed for the rest of the year, asking for that money. So in November.... the idea of reprogramming, you can do it any time of course, but in an organized fashion in November you would be asked to approve the budget. You'll be getting it in early October, but that's the time you would be able to move things around and we'll be recommending as well to you that X project is closed, monies left there should be moved here, etc. And to try also to get into the discipline, I'm not just moving the money, it's the things that need to be done. So it will be money for a specific thing as opposed to we'll figure it out."

- Councilor Rodriguez said, "A question I have is that we have many projects that need to be done. We did the exercise as part of Public Works, where we went through man y buildings throughout Santa Fe, and there are many things that need to be done throughout. So, who is going to prioritize that. Is it going to be us, or Public Works."

  Mr. Pino said, "I can address that. All of these things in the bigger picture will now start to come together. In order to have a priority of buildings, we will go through the training that Ameresco will provide to us. It will help us with saying that particular project will be *[inaudible]* 3 pipes, curb and gutter, and things like that. There was a discussion in this committee about a month ago to try to tie some of this capital planning to the master plan as well, and what we need to be doing in various parts of the City. You have all those tools that you will be able to go to and use to prioritize the reuse of any new money when it is placed before you."

Mr. Pino continued, "Typically, what we have done in the past is about ever two years we bring a reallocation and tell you there is $2 or $3 million left and we have more of a catch as catch can selection of projects at the time. Those are all things that need to be done, but there are no criteria for prioritization. That's what we had hoped to be able to develop in the next couple of years, so when we do come back and say there is $2.5 million left, well how do you want to spend it, here's your list that you prioritized. Take your pick. But it's always going to come down to your pick, not the Public Works Department."

- Chair Dominguez said, "Which is what I thought we were always doing. I thought you guys were doing what we asked you to do."

  Mr. Pino said, "We have been."

- Chair Dominguez said he knows that. He said, "It's going to be interesting. This isn't necessarily time sensitive, like we don't have to approve it at the next Finance Committee, do we."

  Mr. Pino said, "Let's look at it as time sensitive, because as Oscar explained, used to, we'd come to you with a BAR and say, we did all of this work, we need to get it approved for payment."

- Chair Dominguez said, "The only reason I ask is that it is interesting and it is new. I'm not quite sure how much discussion the Committee is going to need for that. I guess we can check it out and see because that's kind of like the... one of the advantages of being a City Councilor is being able to utilize capital monies for projects that your constituents need, right. So it's going to be interesting to see how we have that debate as it pertains to equity and all that other stuff, and we'll see."

- Councilor Rivera said, "From what I heard, it's going to be really two issues. One that is really time sensitive, which is the money that needs to be carried forward to be spent on projects currently being done. And then another are monies potentially left over from projects that have been complete that are not time sensitive. Right."

  Mr. Rodriguez said, "Right, and that will be part of the capital budget proposal that is going to come to you."

- Councilor Rivera asked if those will be separate, and Mr. Rodriguez said yes, separate.

- Councilor Rivera said that way we don't hold back those issues that need to be voted on for probably what is going to be a lengthy discussion.

  Mr. Rodriguez said, "Right. What's time sensitive right now is the money so they can use what's left of the construction season and that's very time sensitive. Up until now, it just rolled and then they came back later and said, hey, why don't you guys approve what we've already done. And it was finally always was okay. I'm just very uncomfortable with that."

- Chair Dominguez said you're saying this is a broken system.

  Mr. Rodriguez said it is very broken. And I have heard from you, just because we've done it up to now with these capital projects doesn't necessarily mean that it's okay. And people agree to work things out, and what I think I heard from you is that's not okay. You need more information, there's got to be more planning, and more clarity as to what's happening and that's another reason we're doing this.

- Chair Dominguez said he knows Councilor Ives had an email exchange, and perhaps Mr. Pino was a part of it, about this fact and the reallocation. "And so if I hear you correctly, what you're saying is that there is going to be a reallocation, it's just going to go through a different kind of process and the timing is going to be manageable."

  Mr. Rodriguez said at least you will see it all together in a very organized fashion. He said the discussion with Councilor Ives was that the Council must appropriate money every and at the end of the year, whatever you said there was authority to spend, expires. And if you want it again, you've got to say it again. And just because you approved something 3 years ago does not mean that 3 years later that staff doesn't have to come to you for permission to spend that money. It's called the Bateman Act, so every year you've got to reappropriate and that was the discussion we were having. He said Councilor Ives' question was we approved money in the 2014-2015 budget and they didn't get to spend it, why don't they just get to keep it. You can, if the Council votes to do so, otherwise it rolls into the ending balance if the staff didn't spend it. Or if the staff didn't ask for it to be put in the budget then it rolls there. And the simple solution to that, if it's still a priority is to do a BAR and you get the money brought back because it wasn't expended.

  Mr. Rodriguez continued saying, "If there's any doubt as to how that goes, we are obligated by law to send a periodic report as well as our budgets to DFA, and from the DFA standpoint they look at how much did the Council authorize and how much was spent. We can cure that in the first quarterly report in October, by saying the Council authorized it, and that works. It's just that what I've seen from the Council to now by the concerns you have raised that that's not okay anymore. So we'll do it by the letter and spirit of the law so you see it all at the same time."

- Councilor Maestas said to clarify, you need to reaffirm a previous decision, so these wouldn't be what we call a material change. He said we're scrutinizing material changes more, especially if they pertain to a bond issue.

  Mr. Rodriguez said, "No. At least what I'm talking about here.... well there are two steps. One is a BAR to authorize staff to spend this capital money, and the only thing different is now we do it after you approve it, as opposed to the other way around. That's the only big change."

- Chair Dominguez said this means the Governing Body is going to have to pay attention to its projects, and it also means that project management will have to be equally tight.

  Mr. Rodriguez said it might increase the production curve.

- Chair Dominguez said, "We won't see that for a couple of cycles. You'll see it, but I don't know if I will. And whoever the next Mayor is, will have to deal with that stuff."

- Councilor Maestas said, "Just on the overall debt service, is anything going to happen in 2-3 years. You said you don't recommend any new debt in 2-3 years, any retirement of any debt, anything going to happen. Or are you just saying, well why 2-3 years."

  Mr. Rodriguez said, "For two years. What I'm telling you is that any principal that we're able to retire between now and 2-3 years, I would say, let it stay it low. Let the overall amount stay low so we can get down to the average of what everybody else is doing. The other one is that we have a lot of cash already that we're not using, and I would recommend to you, let's use that cash and then reissue sometime in the future. And there's one other thing and you'll be hearing more about this when you hear the report by Katie Updike, the one doing the capital bank. She was observing that you guys have so much cash that we should look at instituting an internal policy where there is internal banking. And you saw some of that proposal, rough cut as it was for the water utility to lend money to the Solid Waste Utility to do an improvement."

- Councilor Maestas said, "We shot it down."

  Mr. Rodriguez said the issue was that the investment wasn't that critical in the first place. But there might be other reasons you might borrow at X interest rate instead of going out to borrow the money in the market.

- Councilor Maestas would like to explore using some of the cash to accelerate project development, and only bond for shovel ready capital projects. He wants Mr. Rodriguez to propose when we can make that tradition and specifically what projects we can do that for to avoid the situation where the project development timeframe that is tying up all the cash, of which the lion's share is the construction. He thinks we should start making that transition if he can identify some projects.

  Mr. Rodriguez said, "When the capital process comes to you, we will be recommending that."

- Councilor Maestas said, "But I want to know how much cash I can use 'here,' and reprogram for project development."

  Mr. Rodriguez said we'll tee that up in a way that you'll be voting on that very specifically. He can't tell you which projects, until you vote for a list of projects for the next 5 years. He said he is working on those policies with Ms. Updike and you'll be getting those policies directly. It starts with you saying, for the next 5 years, these are the projects we want to consider, and based on that he can tell you, "okay, these we can do with cash and refund later."

- Chair Dominguez said, "You have to be careful how you frame that, because you don't want to give us the wrong impression that we have all this cash to spend on whatever we want, so you have to be very careful about how you frame that."

- Councilor Maestas said our construction industry is still bleeding jobs, and this is a potential stimulus for that sector. He said, "I wanted to end, Mr. Chair, on kind of like we're really looking at averages and debt per capita. You recall, I brought to your attention how Santa Fe gets a heck of a lot more shared GRTs per capita than most cities in New Mexico. And so I started thinking. Well we have very high property values and G.O. bonding capacity is function of total valuations. We're not your average city, Oscar, and so I'm wondering are we looking at too much of a simplified ratio. Should we maybe look at G.O. bonding capacity when we look at ideal debt per capita for Santa Fe because of our high valuations. I just think that, maybe, based on our total bonding capacity, based on property valuations, that we're right where we should be."

  Mr. Rodriguez said if we went that route, our debt would have to be even lower, because, yes, property values are high, but our tax rate and our revenue from property is so small, minuscule, that you would have to quadruple it for something like that before you start seriously changing that ratio. Just a basic fact here. The General Fund rounded to $100 million, less than $8 million of that comes from property taxes. You would have to take very strong steps to get it to $40 million which would still be just a little more than 1/3 of the General Fund, you would have to quadruple the property tax. He said, "I've never seen that before, and I don't think we're so special that we're going to do that here. It's just a way of saying you are the city of that size and you're carrying that much debt, however it is you're paying for it, we're kind of high."

- Chair Dominguez said he has always said the City has room to grow in property tax where the County has reached its ceiling, and the School District is pushing that ceiling, the City of Santa Fe always stays way down there.

  Mr. Rodriguez said that is standard for municipalities in New Mexico, especially Northern New Mexico where we're tourist rich, but south there's not that much of a tourist industry and as a result they rely a lot more on property taxes.

- Councilor Rivera asked if the cash has anything to do with monies left over at the end of the 14/15 fiscal year.

  Mr. Rodriguez said yes, and that will be part of what he will put on the table as part of a capital budget recommendation.

- Councilor Maestas asked if we should start thinking about the capacity of the building sector – is there a limitation of a sector.

  Mr. Rodriguez said in his experience, if you put the money and the bids out there, there will be bids, but he doesn't know if it will come from within the community.

23. MATTERS FROM THE COMMITTEE

A copy of *City of Santa Fe Gross Receipts Taxes Collected (less Water 1/4%)*, dated August 18, 2015, is incorporated herewith to these minutes as Exhibit "2."

24. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 7:15 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:

Oscar S. Rodriguez, Finance Director
Department of Finance

Melessia Helberg, Stenographer