

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, April 13, 2015

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Approved w/direction 28-30

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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, April 13, 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, April 13, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

OTHERS ATTENDING:

Oscar S. Rodriguez, Director, Finance Department
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

Councilor Lindell would like to postpone #7 under Informational Items until after June 30, 2015, when there is a year's data available for comparison.

Councilor Maestas said regarding Item #27, there is reference to Exhibit #6, which was supposed to be the Audit Plan, but it wasn't in the packet, so he doesn't think the Committee is in a position to talk

about that without the Audit Plan. Responding to the Chair, Councilor Maestas said on page 9 of the packet, "A schedule has been prepared to document a 3 Year Audit Plan (See Attachment 6)." He said what we have is a framework for the plan, but not the individual audits in the 3 Year Plan.

MOTION: Councilor Lindell moved, seconded by Chair Dominguez for purposes of discussion, to approve the agenda, with an amendment to postpone #7 until there is a year's data after June 30, 2015, and to postpone Item #27 to the next meeting of the Committee on May 4, 2015.

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

- 8. **BID NO. 15/15/B – SANTA FE FIRE DEPARTMENT UNIFORMS (JAN SNYDER)**
 - A. **CAPITAL CITY UNIFORMS**
 - B. **LN CURTIS & SONS**
 - C. **NEVE'S UNIFORMS**
 - D. **ROADRUNNER SCREEN PRINTERS**
 - E. **SANTA FE SCREENPRINTERS**

- 9. **BID NO. 15/18/B – PROFESSIONAL SERVICES AGREEMENT AND PROCUREMENT OF RETREAD TIRES, TIRE CASINGS AND TIRE REPAIRS FOR ENVIRONMENTAL SERVICES DIVISION; CIRCLE J TIRES. (CINDY PADILLA AND LAWRENCE GARCIA)**

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

- 11. **REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT AND MAINTENANCE AND SUPPORT AGREEMENT – MAINTAIN COMPONENT, TAGS AND SECURITY GATES FOR SANTA FE PUBLIC LIBRARY DIVISION IN AN AMOUNT TO EXCEED \$50,000 FOR A FOUR YEAR TERM; BIBLIOTHECA, LLC. (PATRICIA HODAPP)**

12. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – ENGINEERING SERVICES FOR PASEO REAL WASTEWATER TREATMENT PLANT MASTER PLAN (RFP #14/40/P); HDR ENGINEERING, INC., AND APPROVAL OF BUDGET TRANSFER AND INCREASE IN THE AMOUNT OF \$345,642 IN CIP WASTEWATER MASTER PLAN FUND. (BRYAN ROMERO)
13. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – SIX HUNDRED THIRTY SIX (636) NINETY-SIX GALLON EVR COMMERCIAL REFUSE CONTAINERS FOR ENVIRONMENTAL SERVICES DIVISION; TOTER, LLC. (CINDY PADILLA AND LAWRENCE GARCIA)
14. *[Removed for discussion by Councilor Rivera]*
15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – PAVEMENT ROLLER AND SAW FOR TRANSMISSION AND DISTRIBUTION AT WATER DIVISION; FRANK’S SUPPLY COMPANY, INC. (MICHAEL MOYA)
16. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO CAPITAL IMPROVEMENT PROGRAM AGREEMENT BETWEEN CITY AND CONTRACTOR – CONSTRUCTION SERVICES FOR FY 2013/14 WASTEWATER DIVISION PUBLICLY OWNED TREATMENT WORKS REPAIR, REPLACEMENT AND EXTENSION CONTRACT; TLC COMPANY, INC. D/B/A TLC PLUMBING AND UTILITY. (STAN HOLLAND)
17. *[Removed for discussion by Councilor Lindell]*
18. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO VENDOR AGREEMENT – NUTRITION, TRANSPORTATION AND IN-HOME SUPPORT SERVICES FOR SENIOR SERVICES DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT NON-METRO AREA AGENCY ON AGING AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$16,000 FOR A TOTAL OF \$799,461. (THOMAS VIGIL)
19. REQUEST FOR APPROVAL DONATION OF TWO (2) CHEVROLET IMPALA VEHICLES FROM CITY OF SANTA FE POLICE DEPARTMENT FLEET TO MESILLA MARSHAL DEPARTMENT IN MESILLA, NEW MEXICO. (ERIC SANCHEZ)
20. REQUEST FOR APPROVAL OF OTAB RECOMMENDATIONS FOR CALENDAR YEAR 2015 GRANTS. (RANDY RANDALL)
21. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO SOLICIT ALTERNATIVE WAYS TO PERMANENTLY DISPOSE OF SOLID WASTE GENERATED WITHIN THE SANTA FE CITY LIMITS (COUNCILOR IVES0. (CINDY PADILLA) Committee Review: Public Utilities Committee (approved) 04/01/15; and City Council (scheduled) 04/29/15. Fiscal Impact – No.

22. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF, IN THE INTEREST OF WATER CONSERVATION, TO COMPLETE AN INVENTORY OF ALL TOILET/URINALS AT CITY FACILITIES IN AN EFFORT TO DETERMINE THE NEED AND COST FOR LOW FLOW TOILET/URINAL REPLACEMENTS. (COUNCILOR IVES). (DAVID PFEIFER) Committee Review: Public Works Committee (approved) 04/06/15; and City Council (scheduled) 04/29/15. Fiscal Impact – Yes. (Estimated cot of staff time (absorbed) to conduct inventory = \$2,604)

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

24. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE PARKS AND RECREATION DEPARTMENT TO ESTABLISH A FEE SCHEDULE FOR SANTA FE'S VETERANS WHO USE THE CITY OF SANTA FE RECREATION FACILITIES. (MAYOR GONZALES AND COUNCILORS IVES AND BUSHEE). (ROBERT CARTER) Committee Review: Public Works Committee (approved) 04/06/15; and City Council (scheduled) 04/29/15. Fiscal Impact – No.

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

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – MARCH 16, 2015

MOTION: Councilor Trujillo moved, seconded by Councilor Maestas, to approve the minutes of the regular Finance Committee meeting of March 16, 2015, as presented.

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

INFORMATIONAL ITEMS

6. REPORT BY INDEPENDENT AUDITORS ON THE 2008 PARK BOND AUDIT. (OSCAR RODRIGUEZ)

A letter dated March 30, 2015, to the City of Santa Fe Management and City Council, regarding *Independent Accountant's Report on Applying Agreed-Upon Procedures*, is incorporated herewith to these minutes as Exhibit "1."

Jessica Bundy, Senior Manager, REDW, introduced Steve Cogan, Principal, REDW, and Melissa Martinez, Senior, REDW who performed the detailed testing on site.

Jessica Bundy presented information from Exhibit "1." Please see Exhibit " 1" for specifics of this presentation.

Mr. Cogan said this is the information they wanted to convey. There are 7-8 pages of detail that lists every park they looked at and each document they looked at. He said, "We wanted to make sure we had answers for a meeting with the State Auditor today, with your Committee today, to make sure that detail is responsive to any questions you might have, but that information will be provided to City management tomorrow, with all of the detail. We typically don't provide all the detail, because some of that detail relates to specific employees and other information that is really better provided to management and management can disburse that as they feel appropriate to you and others."

The Committee commented and asked questions as follows:

- Chair Dominguez said, "I think it's obvious that there are a number of red flags that have been raised. I think that's unfortunate for the Governing Body, but it's even more unfortunate for the public. I think the public is the one that... it's taxpayer money and it's disturbing. I just want to say, for the record that 3 years ago, even 2 ½ years ago, as the Public Works Chair and as the Finance Chair, I asked several questions with regard to this Parks Bond. In July 2011, I asked for a timeline from staff so the Committee could look at where things were and how long it would take for things to be completed, and was not really ever provided that. In February 2012, I asked for a comparison of operations and an accounting of operations and personnel that were spent out of the Parks Bond. I'm not sure if you received it, but we certainly haven't here on the Governing Body."
- Chair Dominguez continued, "I guess the reality is that not only was the Governing Body asking for information, but POSAC was asking for information, and there either was never enough information given, or it was duplicate information from a previous meeting, or it just wasn't provided at all. And I think that is something that is very very disturbing, and very very alarming, because this is about trust and our ability to be able to trust management. And management, in lots of organizations, want for governing bodies to not micromanage. But I sometimes wonder if you don't do that, or don't do it to a certain level, these sorts of things happen. I think that's unfortunate."
- Chair Dominguez continued, "Oscar, I know that you have said in management's response to the audit that there are systems in place to resolve some, or many, or maybe all of these findings. And I don't believe that had you been in Santa Fe that things would be so disorganized, at least from what I've seen over the last few months. And so, that's something that's disturbing as well, and if you were here and you asked the question, maybe you wouldn't have a job, that's a possibility as well, not by the Governing Body's doing necessarily, but maybe by management. And I say that, although there are systems in place and practices you have brought with you and are part of this response, I don't think that the level of accountability and the level of transparency is something the City of Santa Fe can provide. I don't believe that's something that the Governing Body and/or staff can provide because they are so disorganized and there are so many red flags."

- Chair Dominguez continued, "What I would like to do is I would like staff to prepare a Resolution from me, and if the rest of the Finance Committee wants to join they can, to ask the State Auditor to do an actual audit of the Parks Bond. The reason I say this is because if you look at #2 and #4 on page 13, there's not a final accounting, or if there is, it wasn't provided timely and it wasn't provided in a format that necessarily could be dealt with. If you look at #4, it talks about a report that was not available to determine who was paid from the Parks Bond Monies, and I think that's a very important point. Because the Governing Body, all along, was led to believe that personnel costs being paid out of the Parks Bond were being paid for personnel who are working strictly and only on the Parks Bond, so we've never been able to get straight answers about any of that stuff."

- Chair Dominguez continued, "And I think that the other thing too, because these are public monies, we need to ask the Attorney General to look at this and determine if there was any criminal wrong doing with regard to the disbursement of public funds or the management of public funds, whatever the case may be. I will say that technology certainly would help. I think the City of Santa Fe has said many times in many different ways that we don't have the best technology and that certainly is true, and I think, yes, technology would help. But I don't think that's an excuse. Down the road, Santa Fe Public Schools, \$160 plus million bond without these kinds of issues, at least that I've seen anyway, or that I've heard about. And for the City of Santa Fe not to be able to keep a handwritten general ledger even, I think is not an excuse for the issues and the red flags that have been identified. I say that because I wonder, quite frankly, if the mess was created on purpose. That's the big question that I have. Were people being told what to do by management and that's why things are so disorganized."

- Chair Dominguez continued, "I can't believe things are so disorganized. I can't believe the City of Santa Fe, at that time, didn't have systems in place to be able to handle at least the \$30 million bond. And after reading this, I wonder if there's other things and other questions that could be asked about lots of other projects that the City has done. And that's really unfortunate."

- Chair Dominguez said he has two questions between the auditor and staff. He said, "The Governing Body was led to believe, based on a City Attorney's opinion, that Parks Bond money could be spent on personnel as long as that personnel was working on Parks Bond projects. One of the questions that I have asked continuously for a couple of years now, at least, is did you have enough information to determine whether or not personnel and operations were used to pay golf course operations and personnel out of the Parks Bond money."

- Melissa Martinez, REDW, said, "Basically, from the 3 employees that we were able to test, there was no indication there was work performed at a golf course for those 3 employees. If we had had the ability to test more than that, I might be able to answer your question, but based on what we have, no."

- Chair Dominguez said, "Which is why we, I think, need to take it to a different level and ask the State Auditor to do a full audit because nobody can answer that question for me yet, to date, still."

- Chair Dominguez said, "The other question, I guess this is, Oscar, for you. So in the report it says, 'A report was not available to determine who was paid out of the Parks Bond monies.' Do you think that is accurate."

Mr. Rodriguez said, "Yes sir."

- Chair Dominguez said, "So, I'm curious to find out, I'm going to put you on the hot seat a little bit, how is that you are able to determine in the response from management, that hundreds of people would have lost their jobs."

Mr. Rodriguez said, "To be sure, the intent of the statement I made that hundreds of people's jobs were saved was not that this project itself saved hundreds of jobs, but the strategy of tapping capital funds did, in fact that's a continued policy that you heard me say to this body."

- Chair Dominguez said, "So it was relevant to this particular.."

Mr. Rodriguez said, "The strategy in general of tapping CIP funds, yes sir, that was definitely relevant here, but this project here, I think at the most that it hired at its peak would have been like 52 people. About 52 at any given time."

- Chair Dominguez said, "So what you're saying is that, not hundreds, but at least 52 people."

Mr. Rodriguez said, "This project. But the strategy of tapping CIP funds..."

- Chair Dominguez said, "I understand that, but we're focused right now on the Parks Bond. So can you give me a list of all of the employees that were paid out of the Parks Bond."

Mr. Rodriguez said, "We intend to give you that list. We're working on that right now. And in a way that tells you the challenge, the struggle this organization has had to try and keep up with this. Just the mere fact that it would take a special study internally to come up with this list just tells you just sort of the shortcomings we have in being able to track a lot of these costs in that fashion. Really what you should be able to do is just query that in our system and it comes up. But the way it was handled, or the capabilities that were available at that time, a lot of that was partial manual, partial electronic. And it is going to take a special study a special effort, and we hope to come forward to you, hopefully by the next meeting. As you saw, one of management's responses was total agreement to the first request there, which is to present an analysis and a closeout, if you will, report to you so that you can see, to our best accounting how much was spent with each project, what was done with each project, how much of that was personnel and how much of that was [inaudible]."

- Chair Dominguez said, "So this is an example of the frustrations, at least that I felt. Bottom line. It says here in the report, 'Management's response. The City tapped the 2008 Bond program to avoid laying off hundreds of workers.' And with respect to your response just now about its context in CIP, it's almost like smoke and mirrors. I want straight answers and I want clear

answers so I can make proper decisions as a member of the Governing Body. I don't want to have to dissect every sentence and every word and every intent in order to be reactive and responsive to the taxpayers. Again, I'm not pointing at you, I guess I'm pointing at the previous management, and there's nobody really left holding the bag, because they've all gone. And I'm sure there are people who are here who are remnants of the previous management that are going to say they were just being told what to do and that's scary. That really really is scary when it comes down to.... sometimes I feel like when I'm asking questions, I get City staff that looks at me, and asks me, why are you asking these questions. What's this thing. It's these kinds of things that require us to ask some of those questions. So, I'll leave it at that. I'm going to turn it over to the rest of the Committee, because I think there's lots of things to talk about."

- Councilor Rivera said, "Along that same line where you were coming from, on that same page, page 2 of the audit, 'Prior to 2008, projects were bid out to service to private contracts with a City project manager supervising the quality of their work.' After 2008, did that completely disappear, if you were able to find that."

Ms. Martinez said, "No. We, throughout the course of the 5 year Bond Project, there was contracted work. I think what the statement is saying is that there was a choice to do self-performed work in addition to the contracted work."

- Councilor Rivera asked who made the decision as to whether it was to be contracted or stay in-house.

Ms. Martinez said, "We don't know the answer to that question."

- Councilor River says, "Back to laying off hundreds of workers, two sentences down it says, '...the at-risk workforce was switched to the bond program.' Is there any documentation that says who the at-risk workers were. Was it ever determined which employees were at-risk by this Governing Body."

Ms. Martinez said they were provided no documentation that stated that.

- Councilor Rivera said, "Toward the bottom of that paragraph it says, 'The new way of working was launched parallel to the City's standard project management system [which we just talked about], and was never institutionalized...' To this day has it been that anybody is aware of. Paragraph 2, the one that talks about laying off hundreds of workers, at the bottom of that paragraph, which talks about the old way we used to do things and the new way that developed after 2008, but was never institutionalized."

Steve Cogan, REDW, said, "Our work focused on the period of the bond expenditures, not on the more recent times."

[Ms. Martinez's remarks were inaudible]

Mr. Rodriguez said, "There were no specific policies going for that. There were no new systems that said this is the way we're going to be proceeding in the future. In fact, even years down the road, some of those procedures changed."

- Councilor Rivera said, "This new way of doing business, the next paragraph says, 'The 2008 program has become the standard.' So has this Governing Body, has management institutionalized this new way of doing business that developed after 2008."

Mr. Rodriguez said, "No. Again, the procedures that were used in the 2008 program were never set as policy, but it sort of became the work model..."

- Councilor Rivera said, "So we're still doing business that hasn't been approved by the Governing Body or management for that's the way we're going to do it."

Mr. Rodriguez said, "That piece of the process has changed. In fact, as I mentioned further down, that some of those things, in fact, did change. In fact, the practice of using the suspense account to account for time and then reallocating from that suspense account later. That was discontinued. Also the practice of the staff making field judgments that a project needed to be changed and then simply made that change. I think there's one thing that's perfectly clear to staff is that when you make a change to a project, it needs to come to the Council and there has to be a public hearing. In fact, this body has quite a bit of discussion about exactly how to do that. So those two things are different."

- Councilor Rivera said he worked for the City prior to 2008 up to almost 2010, and from his accounts, those practices were in place. He said, "There were those details that needed to be followed that needed to be taken care of, so somebody down the line made the decision not to follow the rules that were there."

Mr. Rodriguez said, "At least inconsistently, because in some cases they were. An example, there is a record of showing who made the changes, and when the changes were made, and the others were the changes clearly were made and there was never an accounting."

- Councilor Rivera said, "On page 4, it says, '...subsequent changes to the scope of work for each project were not approved by the City Manager or City Council.' Do we know who did approve them, in your investigation."

Ms. Bundy said, "From all of the documentation we were provided, there was nothing that indicated that changes to the scope of work were ever presented for approval."

- Councilor Rivera said then we don't know who actually approved them.

Ms. Bundy said, "I believe we state in our report that it appears that changes to the scope of work were not approved. Only the dollar changes were approved. I don't think that the changes to the actual plans were."

- Councilor Rivera said, "The changes to the work had to be done by somebody and approved by somebody, so whether it was a private contractor or somebody else, it had to come down through some chain, some process to make sure changes were done. Is that correct, typically."

Ms. Bundy said, "Those decisions might have been made in the field, not for contracted work, but for self-performed work. For contract work, we did see evidence of change orders that were presented. However, as far as I could tell, change orders would have to have been for a large dollar project to be approved by the Governing Body."

- Councilor Rivera said, "Toward the middle of that page, it says, '...in-house performed work was overspent by approximately \$2 million.' Was that in actual materials, was that in the cost of personnel. Do we know.... was it a combination of all of that."

Ms. Bundy said, "What we did is we took the line items from the original implementation plan that was approved which spelled out, on a line-item by line-item basis, which items were to be contracted, versus which items were to be performed by in-house staff. What we did then is compared those amounts to the final, actual cost. So for example, if a project was identified for \$100,000, it was originally approved for \$50,000 contracted and \$50,000 self-performed. What we're saying is that when you add all the projects together the \$2 million was spent over and above what was originally approved for in-house self-performed work."

- Chair Dominguez said, "That's just for the project that you tested."

Ms. Bundy said yes.

- Councilor Rivera said, "On page 7 where you talk about some of the findings, the bullet points that are on page 7, the third bullet point says, 'Three projects had work completed that exceeded the original scope.' Again, was there any documentation as to what changes were approved, or what process those approvals went through."

Ms. Bundy said, "We didn't see any approvals for those changes. What we had looked at is some project summaries that had been prepared to present the original approved, budgeted items against the work that was actually performed. And so, when you look at the actual line items, there was additional scope that was added to the actual work performed that had not been included in the original scope that was approved."

- Councilor Rivera said, "That would have to come internally from somewhere within the City. It just was never approved by the Governing Body. Is that correct?"

Ms. Bundy said, "I think they approved the amounts to the budget adjustment request process, but the documentation we were provided, generally would have a list of all the projects where money was being transferred from one project to another, but that information did not include detail saying this project will now get additional trees. This project will get additional irrigation. Those kinds of scope level changes were not included in those approval documents."

- Councilor Rivera asked if that is the same thing for bullet point 2 where it says, 'Two projects had work completed that was different from the original scope identified in the implementation plan.'

Ms. Bundy said yes.

- Councilor Rivera said, "On page 9, right under Project Completion Procedures, it says, 'For 15 of 25 vendor transactions tested there was not documentation to determine if goods were properly received or services properly completed prior to payment.' Do you have any idea, again working for the City prior [to being elected to the Council], I know for a Purchase Order to be paid you had to include an invoice with that Purchase Order, do we have an idea of how that could have happened."

Ms. Bundy said, "Here is how we looked at the documentation. It appeared that the policy would be for whoever the project manager was, or whoever was responsible for verifying that payment prior to it being paid, would say okay to pay. So, let's say there would be a list of items that should have been received, there was no verification to check off each individual item to state that yes, in fact, this was received in full. There were no receiving documentations for the ones that we spelled out in our report, that kind of thing. We did find some instances where there would be a schedule of values, with percentage of completion that was included. If that had been independently verified by an architect or engineer or that sort, then we considered that to be okay. But if there wasn't any clear indication that somebody actually went to the project site or verified the items as received, that's when we spelled out that it was not clear, no documentation was on file to indicate those items were, in fact received."

- Councilor Rivera asked Mr. Rodarte to come to the podium so he can follow-up on that answer.

Councilor Rivera said, "On page 9, it said, 'For 15 of 25 vendor transactions tested, there was not documentation to determine if goods were properly received or services properly completed prior to payment.' I would recall there being a time that a Purchase Order was not paid unless you attached an invoice to it, so can you speak to that."

Mr. Rodarte said, "That is correct, there is no payment until the actual Purchase Order is with the invoice and/or a voucher."

- Councilor Rivera asked Mr. Rodarte if we know what happened with these 15 out of 25."

Ms. Bundy said, "If I could just make a clarification. We saw the invoice. An invoice was there, but there was no verification that said we inspected these items, we know that the project was completed to indicate. All it said was okay to pay."

- Councilor Rivera said, "So all vouchers were included, or invoice tickets or something."

Ms. Bundy said, "Yes. We didn't see any indication where a payment went out without an invoice, but that's typical process, but there's also that independent verification and stating yes, I inspected these items. You check off items on a list of goods that states these were included in the package, or these items were completed for a project that was built. And I think a lot of the ones that we had the issues with were the projects that were done internally. A lot of time the ones that had the contractors did have that report."

- Councilor Rivera asked Teresita Garcia if she has something to say.
- Chair Dominguez asked Councilor Rivera if he would like for staff to respond, or if that is strictly for the record.
- Councilor Rivera said, "I think that hearing that the invoices were attached is what I was looking for."

Teresita Garcia said, "Our procedures in paying all Purchase Orders from voucher is that somebody said okay to pay, which means they have done an inspection and are certifying that they received the goods. So even though the words do not indicate that we have inspected and received, or that we don't have the receiving documents, we understand that if the department or the Project Manager certifies that it's okay to pay, that we're assuming that they received the goods."

- Councilor Rivera said, "That last bullet on that page [page 9] says, 'Five of 25 invoices were for goods only; however, no receiving ticket was on file to indicate goods were inspected upon receipt.' Is that the same issue that there was an invoice there but it just wasn't verified that everything that was supposed to be delivered was delivered."

Ms. Bundy said, "We didn't see anything where an invoice was not available."

- Councilor Rivera said, "That's all I have for now. Mr. Chair, I will say that I do agree with you, this is very concerning and I would support your recommendation to go to the Attorney General's Office as well. There's enough in here, and I think enough that was going on regarding these projects probably from people that are no longer here, but I think it's worthy of a more thorough investigation. Thank you. Thank you for the audit."

Councilor Rivera left the meeting

- Councilor Maestas said, "This situation predated my tenure on this Council, but it had continued, and I want to be clear that, although we didn't know the specifics behind this practice of charging personnel labor to bond projects, we didn't know the details, but we knew it wasn't a good practice. I think the premise was that Capital Improvement Plan and Bond Projects are better off done by contractors. It has a better economic stimulus. I think contracting out such projects is, I think, more consistent and compatible with project management principles, versus force account work which was done in this case. And not that that is an excuse for totally forgetting about project

management. I think project management principles can still be carried out for City force account work – when you have 1 person and 1 manager managing the project, tracking the budget, tracking the work, seeing the appropriate approvals for changes to the scope and the budget through appropriate channels. So I don't buy the argument in the response that, oh my God, there's no contractor. We don't know what to do. I don't buy that."

- Councilor Maestas continued, "So let me step back. I think in reading everything and what occurred and being an elected official when the recession hit, I can see how this really constituted a major crisis. And it really did warrant extraordinary circumstances to try and minimize mass layoffs. Now whether it's hundreds or under a hundred, I don't know, but truly this was a crisis. But I'm not sure our community is going to buy having a 6 year crisis. I know the economic recovery has been slow, but adopting this *ad hoc* process for period of 6 years, plus or minus, I think is unacceptable to me and I know it's unacceptable to the community at large."
- Councilor Maestas continued, "So in that vein, I think we need to take an extraordinary approach going forward, and I do support the need to really have an impartial third party to do an objective, comprehensive audit of this program because of the sheer size of the dollar amount, \$30 million, and then the time-span. This is not your typical annual audit. This is over the course of 5 or 6 years, and so this going to be a substantial undertaking. And so, with all due respect, I think it's beyond red flags. I think it's beyond disturbing. I think this is an extraordinary circumstance and we need to treat it as such. So having said that I will support the State Auditor and the Attorney General to get involved, I think we ought to demonstrate to the community that we are a capable government and that we are going to move as quickly as possible, in our own way, apart from these external elected officials and come up with a solid policy plan to account for every single penny, make all appropriate internal policy changes to ensure that this doesn't happen again. Because it's not just about this bond program, it's about future bond programs, and we jeopardize that trust in future Park Bond Programs."
- Councilor Maestas continued, "I think we have a lot to do in a very short period of time, but I don't think we ought to rush anything, either. I want to make sure we're thorough, but yet we are moving at the appropriate speed. And so Mr. Chair, I hope before we end this topic that we talk about the policy tracks for this, because I don't think this should be following the traditional policy track. I really think we need some kind of baseline understanding by the entire Governing Body and a course of action going forward. So I'm appealing to my colleagues to really take extraordinary steps to really get to the bottom of this. With regard to this bond program, I really do feel we need to consolidate all these recommendations and assurances that we've given so far, provide an absolute specific timeline and ensure that we have folks that are accountable. I think this is a kind of colossal breakdown in multiple levels of oversight. And we can't let that happen again.. I think that's why we have a chain of authority, a chain of command, even in the civilian world. And it seems there is a breakdown in multiple layers from the top all the way down to the bottom, so that needs to be worked out."
- Councilor Maestas continued, "We need to make sure that we have some kind of redundancy oversight. One thing that we also need to do is I think we need to put the brakes on using City

force account work on bond funded projects. I really do. This is a drastic situation. I think it requires some drastic measures. And I think that that would be a great expression of concern on our part to cease this practice until we identify exactly what we need in terms of all these changes that are being discussed and recommended and put it into that consolidated plan with a comprehensive timeline. Regardless of the impact, whether's cost or reclassifying or moving personnel, I really do feel we need to cease all City force account work on bonded funded projects until you can at least convince mt hat there are proper changes where this practice may resume in the interim until we can put in place more permanent measures. That's kind of my general position Mr. Chair. I just had a few other comments on this report."

- Councilor Maestas continued, "There is no reason to depart from project management in working with force account workers. I want to make sure there is a project management in place for all circumstances as you listed, professional services contracts and City force account work. One person, one single individual accountable for the project, the schedule, the budget, any changes. And with that, I think we're going to have to empower that individual to take responsibility for that project."

- Councilor Maestas continued, "It's been a while since I took Statistics, but I have a question. We all know that you just sampled projects, payroll records. You know about the statistical significance if your sample is broad enough, you can draw conclusions about the whole thing. What you say about the statistical significance of the sample that you made in this audit. Can we draw broad conclusions, based on your sample from a statistical significance."

Mr. Cogan said, "I would say from queries in the allocation of employee time, it would definitely not be possible, because were only able to select 3. And none of our samples were done on a statistical basis. The samples were judgmentally selected based on the procedures we were asked to do. So the broad answer is no. I don't see these conclusions could be extrapolated to the whole bond program."

- Councilor Maestas said, "I posed that as a segue into the fact that your sample size was dictated based on available records or the quality of the documentation that was available. And not, you decided, the records are fully complete, all we can do is sample 15% or 25% and that's enough. That's my concern. My concern going forward is if we want to get to the bottom of this, whatever the broad conclusions are, the documentation just isn't there, and questions will remain. And my hope is that that doesn't happen, that poor or lack of documentation severely limits any additional audits or investigations into this, and that's a concern of mine. I do want to make sure that the administration takes every effort to gather all the documentation, gather it through payroll records or whatever. I want to make sure that we search high and low and that it not be a question of time in locating all the existing documentation that could answer as many questions as possible.

- Councilor Maestas continued, "One of the egregious things to me was the consistent busting of the budgets. I'm on page 4, the 3 bullets there, under Implementation Plan Changes. It was very typical when we have a capital improvement plan and we contract it out, generally, we realize a savings because the estimate involved in the actual bond fund, it's a little high, but generally we

have money left over to reallocate. I think that's standard. And it seems like here there was almost a concerted effort, maybe even with that in mind that, well if we had contracted this out we would probably have realized some budget savings, so let's turn this Volkswagen into a Cadillac. And that was consistent, and that was very troubling to me. What's even more troubling is this work was being done in an environment of a recession and it was such an excessive.... the egregious exceeding of the budgets. So that, I think really concerned me greatly and there was a consistent pattern in that regard."

- Councilor Maestas continued, "With regard to the Budget Adjustment Request on page 5, I think maybe folks just agreed, we need to do this expediently to keep people working and I think it was just absolutely sloppy in terms of managing some of these budget adjustment requests."
- Councilor Maestas continued, "On page 7, No. 2, it talks about the role of the Parks and Open Space Advisory Committee. I think this clearly states that this Advisory Committee was doing all it could. And by all means, we know they're not professional auditors and not accountants. And I think they did a great job in trying to help manage it from an advisory standpoint, but it seems that some of the staff that were involved were not providing all the information to this Advisory Committee. The reason I bring this up is that I want to make clear that we have many many committees that work in this same regard, to advise City staff of ongoing projects, so I do think the advisory committee worked here. It did not break down. The breakdown was in staff communication to this advisory committee. I don't want folks to lose faith in the effectiveness and the utility of all of our advisory committees we have working on different projects."
- Councilor Maestas continued, "On page 8, under Other Recommendations, I've already talked about project management. I think there is a difficult issue here, and you guys didn't really speak to it was objective construction inspection oversight. An inspector is there to make sure the project is done in accordance with the plans. If there's any deviation, they have to notify the designer and so on, you know the drill. But how do you objectively, impartially and professionally oversee inspection of your colleagues."

[There is a gap here in the tape where Councilor Maestas's microphone malfunctioned]

- Chair Dominguez said, "Councilor Maestas, you're absolutely right in terms of we've had some discussion up here about some of the policies that are going to come forward during the budget process, and we have a million plus one funds, and we need to make sure those are appropriate. And again, I just want to go back to the lack of documentation. You're right. There's a lot of documentation and who knows what is not going to be there for anyone to find. I wonder, honestly, if that was done on purpose."
- Councilor Lindell thanked the firm for their work on this audit. She said, "Councilor Maestas did cover many of the points I wanted to raise, so I'll just try to quickly hit on a few things. I'm going to join Councilor Dominguez in requesting further auditing on this. And I'm concerned as to management's responses on this. Where are we at this point in time in implementing.... I'm not asking for an answer right now, but where are we, right now on implementing these

recommendations for the 2012 Bond that we have. Where are we with that at this point in time. To just continue to go full steam ahead with that without implementing these procedures, we're going to find ourselves in the exact same kind of situation that we are right now."

- Councilor Lindell continued, "On page 4, I would be curious to ask you if, as an addendum to this on those 3 bullet points, would those numbers and data be easily available to give us. Could we have that as an addendum so we could identify those projects and see the numbers involved."

Mr. Cogan said, "Absolutely. And I think I spoke earlier, but when we're clear on everything that's been requested today, we have a detailed schedule that huge, 6-8 pages long, that we will provide to Oscar and he can provide it to the Council, management and anyone that the Council feels appropriate. It has a list of those 25 projects and a list of the amounts involved."

- Chair Dominguez said, "If I can, I would ask that the list be given directly to the Governing Body."

Mr. Cogan said he would do so.

- Councilor Lindell asked also that it be done as soon as possible.

Mr. Cogan said the intention is to provide it tomorrow, noting the intent was to be sure it answered any questions that were asked.

- Councilor Lindell asked for the details of the 3 bullet points on page 4, as well as the documentation summaries for the bullet points on page 7. She said it looks as if every project had a cost over-run, and to see the details would be very helpful. She said, from this report, it appears the projects were not well managed. She also was curious about the statistical significance of the sample sizes. She asked, on page 11, where it says 3 being investigated, it is 3 of how many. She asked about the sample of 5 employees indicated on page 11.

Ms. Bundy said they originally were planning to test 25 employee payrolls, noting this is one of the items that was pushed to the end of the audit. Due to the record-keeping and the time remaining, they picked 5, and out of the 5 only 3 were charged to the Parks Bond, and that's how the 3 came up.

- Councilor Lindell said, "We don't know 5 out of how many."

Ms. Bundy said no, and none of those were statistical samples.

Mr. Cogan said, "To Oscar's comment earlier, that management would need to prepare a document to summarize who worked on the project and when they worked on it, because that documentation wasn't available at the time of the audit to select a sample from, so we just did the best process we could with the information we had available from this suspense account."

- Councilor Lindell asked, "Did we ever have anyone, at the front of this project, keeping track of information on what department."

Ms. Garcia said, "The process was, because of the limitation and the time, in 2008 our system, we were going through a payroll conversion. And we got on line with J.D. Edwards in 2009. It's my understanding is that the process was is that the project specialist would keep timesheets on each specific force crew and identify where they were doing the work and detail the work at that park. Then what that person was supposed to do is at the end of each pay period, once we posted payroll, we would distribute those payroll salaries to the individual park or to the Convention Center, wherever they were doing the work. I have not been able to find that detail at that level. I can identify the employees that were charged to the individual bonds, but I was not able to identify which parks and what they did to perform that. Not to say that it's not somewhere, but at this point, I cannot locate them. So then, once we updated our payroll system, we were able to start breaking out the timesheets by fund and by project. So what was difficult at the very beginning of 2008-2009-2010, was identifying the individual as to where the work was being done, and then through a general entry brought them into the Parks Bond. And currently, we do have the system up and available where every employee can be charged directly to that project."

- Councilor Lindell asked if Ms. Garcia said the Convention Center.

Ms. Garcia said, "Throughout the years, what we did is that we had what they called a force crew, direct labor. And what they did was to hire individuals on a temporary basis and they would send them out to do remodeling. Let's say, if the City Hall needed to remodel a conference room to an office, they would do that minor type of performance of the job, and they would tell us how much they did and then we would charge it to that project. So it was individuals that were consistent for 9 months, and then they would be assigned to different portions, like if the Convention Center needed help doing some remodeling or landscaping or something, and it wasn't a full time position, then they would do the work and that fund would pay that. So that's how the suspense fund came about, and the force crew was supposed to, instead of hiring and firing and hiring and firing, they developed a force crew of maybe 10 people and they would assign them to do different items."

- Councilor Lindell asked, "So did any of this Park Bond money go to work done at the Convention Center and work at City Hall."

Ms. Garcia said, "No. The individuals were charged to different funds, not that the Bond money was used for the Convention Center. So if I had one individual and that person went to do something at Park A, then he did it, and let's say City Hall needed some work done. Instead of laying him off, or cutting hours, the work they did at the Park would be charge to the bond. The work they did at City Hall would be charged to Facilities. If they did work at Convention Center, they would be charged to the Convention Center. That's why it became very difficult for the auditors to identify the employees and where they worked, because for one payroll, they could be charged to 20 different projects. It just depends on where they were assigned."

- Councilor Lindell said, "I still go back to the concern right now on how we're implementing these procedures so we don't end up in the same shape at the end of the 2012 Bond monies. I think that's something that we really need to have a discussion about, and we also need to have a report on that so that we know we're not still digging this hole."
- Councilor Maestas said, "On her point. Maybe we can just dispense with the discussion and ask, by the next meeting, for an assessment of the impact of ceasing all City force account work on projects and coming up with a plan to continue in lieu of force account work. Let's not be reactive, but let's have staff go in there and do an assessment of ceasing all operations and see how we can continue to work. And on that same point, in terms of accountability, I think at this point, we need one person. We need someone at the City, not in Public Works, not in the City Manager's Office to oversee this effort. I sincerely think we need to have one person that's accountable to oversee this entire effort. It's going to be a large effort, now whether it could be accountability in Internal Audit, that would be the appropriate place. This could be a perfect start for a 'Baby I.G.' I know I've been advocating for a fraud investigator. But I think that at this work we need an assessment of ceasing all work, and we need somebody on staff that is going to 'take this bull by the horns.' I was just reinforcing the 2012 work. I think we need to see what impacts would occur if we ceased all City force account work."
- Councilor Lindell said, "I'm just concerned with the management of invoices being paid without total and complete documentation. We can't continue with those practices, and 7 of 25 invoices that don't show what stage the project was in related to the billing. We know better than that, we can do better than that, we are better than that. So those are some of the things on page 9, those particular bullet points. We really need to know we have procedures in place so those things are not going to happen again."
- Councilor Trujillo thanked them for the work on the audit. He said, "I think Councilor Maestas said it right, that all of the money is spent and accounted for. I have had so many hats in my life at the DOT. I have served as an inspector and a project manager on highway projects, and the top priority was making sure the inspectors were out there, making sure they were keeping track. When I did a project, all of the inspectors submitted the information, and from that I gathered that everything was done. This was because, at the project I had to make sure the as built was as it was supposed to be. My butt was on the line."
- Councilor Trujillo said, "It's unfortunate we didn't have a lot of these mechanisms in place. From what your audit has stated, it is an eye opener, it tells us the things that we should have done. And I do believe we do need a more thorough audit. I want the breakdown truthfully of every single project. My concern right now is whether everything that was stated on the Parks Bond was completed. That is my concern. We did the Parks Bond and it was about improving the parks. And I've said it many times, unfortunately past Councils decided not to water the parks, left them in shambles. Thank God when me and Councilor Dimas got on the Council, we saw that. We wanted to make our parks better, because that is the last refuge where our people in Santa Fe can go. We had all these restrictions. That's my concern. Where have all these projects gone, and if they weren't done, what is it going to take to get those projects to done."

- Councilor Trujillo continued, "To me, that's even worse, because you have some constituents, some neighborhoods still waiting to have parks built. As an example, one park in my district was paid by the Parks Bond. These people came and said we have nothing, we were promised a park 25 years ago, and thank God we were able to do that. I want to be sure we have some projects still going on from 2012, and if any of those projects are being done in-house."

Mr. Rodriguez said, "Of the 2008 projects, there is only one project remaining."

- Councilor Trujillo said, "But now the 2012 Parks Bond."

Mr. Rodriguez said, "There are some scheduled to be done with force accounts."

- Chair Dominguez said what Councilor Trujillo is asking is if some of the 2012 Parks Bond improvements being done in house.

Mr. Rodriguez said, "Yes, there is one project that is on-going right now."

- Councilor Trujillo said, "This is my concern about ceasing everything. I understand we need better project management. I don't want to stop all park projects, I don't want them to come back and say, well what about us. I understand you have problems there, but why should we have to suffer for something that happened back then. This is just going to take better project management, that. I think the City is very capable of doing. We have the personnel, the management that can do that."

- Councilor Trujillo continued, "I don't want to beat this any more because we all want to have Councilor Dominguez's Resolution to do a more thorough audit. I just think that better project management is crucial. There are so many issues from this Parks Bond, like you said, technology. We have so many issues with our computers. It's sad, but yes the recession did do a number on us, but at the same time, I think we at the City, over all these years, dating back, we haven't gone with the flow. We said, okay, this is fine and the first thing is we didn't have the money. That's the whole thing, it all comes down to do we have the money."

- Councilor Trujillo continued, "And with these audits, it's going to show that this City needs to set priorities, whatever it takes to make everything is in place. If we want to go for the next bond, I want to make sure it is really managed properly. I don't want to have an audit like this again, with all these things. It's time that all of us on the Council, and not just on Finance, that we get all the information we need and make changes, that we even do Resolutions, Ordinance changes whatever is needed to make these changes and make them solid, in stone. But upper management, anybody doing these projects, has to understand there are procedures, these are the procedures, and that it is followed. With any audit, year after year, they always come up with some kind of findings, that's a given."

- Councilor Maestas said, "For the record, this audit was done in haste, and recommendations for additional work should go further. I think it would be cost effective to negotiate a change order and initiate this remaining work. And I'm particularly intrigued with #5, the E1 system capability. Is that the payroll system. I would rather hear it from them. Please don't take offense, but I think #5, if we do anything in addition to what has already been done, it would be #5. And again, that's going to help us really identify the scope of a special audit, by allowing them to finish what they're recommending. That would be my strong recommendation, Mr. Chair."
- Chair Dominguez said, "I think staff has always told us, for all intents and purposes the Parks Bond was implemented, projects got done, upgrades were made. But my concern is beyond that, because how much more could we have done. That's the concern that I have. Yes, our parks are in better shape, but how much better can they be. How much more could we have served the public with additional park space, especially for a constituency that needs park space, so that's one of the concerns. And I don't even think it's better project management, I think it comes down to competent project management. And I think what it comes down to, beyond that, is trust in project managers to make sure that not only are they going to do a good job, but they will provide us with the information we need so we can be held accountable by the public."
- Chair Dominguez continued, "But two questions. I mentioned before that I had asked for lots of information before. Do you know if any money was spent on computers. Did any of that come up?"
- Ms. Bundy said, "We did not see any indication of that, but again, we did have very limited items, and our expenditure sample was strictly focused on vendors and vendor expenditures."
- Chair Dominguez said, "So maybe money was spent on a computer, and maybe it was a computer to administer the Bond. We don't know."
- Ms. Bundy said, "None of the invoices that we looked at had any items on them that appeared to be not related to the Parks Bond project."
- Chair Dominguez said, "The other question I guess, and just tell me if you think this is a fair statement. That although there were some, and this I think kind of goes to Councilor Maestas in recognizing that it is pretty clear in the report, that it was in-house services, for lack of a better work, where the problem was. Is that a fair statement. Maybe there were some other problems in external, third party or contracted work, but..."
- Ms. Bundy said, "I think the difficulty again, is that for the in-house performed work, we were only able to look at 3 employees in particular that.... are you referring to the projects that were done by internal personnel."
- Chair Dominguez said yes.

Ms. Bundy said, "With that, I think one of the difficulties was that they didn't have the documented process, the documents on doing inspections. It was documented well if it was outsourced."

- Chair Dominguez said, "So, essentially we had two different standards, one that was for outsourced, and which department or division is responsible for that."

Mr. Cogan said, "On the contracting side, Finance for the procurement. On the supervision of the contractors themselves, the project managers out there."

- Chair Dominguez asked, "Where does procurement come into the whole thing, the Procurement Office, because I think that's where some of our checks and balances... this is all about checks and balances."

Mr. Rodriguez said, "Procurement doesn't inspect the work of the contractors, the contracts. They rely on the project managers to certify the...."

- Chair Dominguez said, "That's what I'm talking about, the certification, the documentation, the paper trail if you will."

Mr. Rodriguez said, "Then that would be at the project manager's side. Just to be clear here. The standard was, or the policy was, that if you signed a goods receipt, therefore it was deemed at the time, you were saying that you received everything that was said to have been delivered to you. And so the checkoff, the for did not allow you to say, received 5 trees, one yard of gravel, or whatever specific thing it was. The page just simply said, good to pay. And, internally, on the procurement side, they relied on that then to go ahead and pay. So for checks and balances you've got to have somebody out there doing a piece of that and somebody internally doing a separate piece, otherwise there is no check and balance."

- Chair Dominguez said, "I'll just say this. In your findings, you had some information about the City's Purchasing Manual. And I can tell you staff, just gauging some of the comments and questions and issues that we've had up here in Finance, is there are lots of questions about what is going on with purchasing. This has brought to light some of those concerns that maybe we have. I'm going to leave it at that."

- Chair Dominguez continued, "Help me please summarize some of this direction to staff because this is not an action item. I think number one is that we need to get a Resolution introduced that would take this both to the State Auditor and the Attorney General, and to also.... you had mentioned Councilor Maestas about making sure.... well there were a couple of things. You wanted to do a change order on this contract, but you also wanted to have something specific in the Resolution with regard to the Audit."

- Councilor Maestas said, "Requesting a comprehensive, special audit."

- Chair Dominguez asked if he wants that in the Resolution.

– Councilor Maestas said, “It’s up to you. You’re more focused on external action. Maybe we can do two separate...”

– Chair Dominguez said, “Why don’t we roll it into one, because I think part of the question is the next steps. I guess we need to have staff, at the next meeting, give us an evaluation of what it means to shut down, at least the 2012 Bond, what does that mean. How many positions is that. Hopefully we have the information that can be provided to us. Given the information we have today, I hope so.”

Mr. Rodriguez said, “I can provide that information even before then. It will just take a matter of days, because there’s only one project that is in process on the 2012 Parks Bond, one project that right now is being worked on. I will be reporting on the effect of force accounts on bond projects. There are others contemplated, that wouldn’t take much to....”

– Chair Dominguez said, “There’s not 52 people working on that is there, or we don’t know.”

Mr. Rodriguez said, “There’s not 52 people... I’ll ask, I’ll ask. How many do you want Chair.”

– Chair Dominguez said, “As little as possible if we’re going to do a moratorium..”

Mr. Rodriguez said, “7 people, I’m sorry.”

– Chair Dominguez said, “I think that the City Manager needs to provide us with an answer about who is going to be held accountable as this process continues to go forward, one person that we can address all of our questions to, one person that’s going to be that clearing house, one person that’s going to be big, if you will. And I think from the consultants, or from REDW, what we need from you on pages 4-7-9, I guess is the analysis of all, is that right Councilor Lindell. I know you wanted 4 and 7 for sure. So I guess then just an analysis of the bullet points that are identified on those pages.”

Mr. Cogan said, “Chairman Dominguez, we’ll provide the detail of all of our findings, which will include those particular ones Councilor Lindell mentioned.”

– Chair Dominguez asked, “Can you isolate those ones for us. Not that none of it’s important, but that way we can get directly to that and read the rest.”

Mr. Cogan said, “We will make sure that it identifies exactly which finding it relates to.”

– Chair Dominguez said, “I think you’re right. We need to act fast, because we have compromised the public trust, and the sooner we get our hands on this and get a handle on it, the better. Did I miss anything, Councilor Maestas.”

– Councilor Maestas said, “No, but I would like to add one more, I don’t know if it’s been discussed, and that’s to really list all the projects from the 2008 Bond Issue. All the projects that were listed in

the implementation plan, the original budget, the original scope, final budget, final scope. And then, any variances at least on the budget side. I think we need to see everything. And the final column should say whether or not it has been closed out, or not. I know there was some indication here that we may not be able to close all of the 2008 projects by the end the calendar year, and I think that's unacceptable. I think we need to be laser focused on every single project in that implementation plan, what the status is of it, and track it, even if it has to be on-line and make sure these are completed as promised in the implementation plan and closed out. And at least close the chapter on this 2008 Bond, in terms of completing the project. Can that be done right now."

Mr. Rodriguez said, "We have been working mightily on that for a number of weeks, which goes to a comment I made earlier too, Mr. Chairman, and that is just the fact that it takes this much work to answer that question, is a clear indication of the weaknesses or the challenges that we have to measure these projects. But we are getting to that Councilor, and our intention is to come to you at the next meeting with that. It will be significant, so you will have the project, what was called for, the original budget, the items on the budget, what was done, how much it cost, how much in personnel, how much was contracted out and what is the remaining balance, whether it's positive or negative on that project. And then you also have staff recommendations about which ones should be closed or not, at least to our estimation, for you to accept or not those recommendations."

Mr. Rodriguez continued, "In some cases, you will see that it made perfect sense to not go any further. For example, to plant trees, not plant trees, where there was no irrigation system, for example, things like that. And so you will have all of that with pictures, full detail, and our intention is to present that to you next time. And with that, start the tradition of providing the Governing Body an annual CIP report about this is where all your projects are, this is what's done, and not done. And that would be, if you will, the last step in the closeout procedure for any particular project. And the Council at that point can say it's done, it's not done."

- Councilor Maestas said, "And as we go forward, I want to make sure that, in the spirit of accountability that these are public documents, that we're not working with interim reports and kind of a check, not a check. I think right now we regain the public trust. Let's get that project list out there. Let's move, post haste, on at least finalizing that purchasing manual and approving it and let the public know it's up to date. I just think there are some key milestones we need to focus on to start regaining the public trust in terms of being transparent in the 2008 Bond Issue."
- Chair Dominguez said, "So why don't you go ahead and get all this information, make sure the City Manager knows about it. Ultimately, he's the one we hold accountable, and let's continue the dialogue, because we need to make sure we do as much as we can to get this resolved. And I want to thank you for your work in this. There's been a suggestion that we do a change order. I don't know if you guys have time to do the work, but we'll certainly have staff consider that, and we'll go through the process and do what we need to do. I think you do have a heads up if you will, because you have done some of this work already, so we have some advantage, but nonetheless we'll have those discussions with management and we'll see what we can get done."

Mr. Cogan thanked the Finance Committee.

7. UPDATE ON TOURNAMENT AND ADULT LEAGUE FEE CHANGES PER ORDINANCE 2014-18. (JENNIFER ROMERO)

This item was removed from the Agenda and postponed until after June 30, 2015, when full revenues and expenditures are available for this fiscal year for a one year comparison.

CONSENT CALENDAR DISCUSSION

10. BID NO. 15/20/B – GENOVEVA CHAVEZ COMMUNITY CENTER NATATORIUM DEHUMIDIFICATION SYSTEM REMODELING AGREEMENT BETWEEN OWNER AND CONTRACTOR AND CONSTRUCTION SERVICES AGREEMENT; B & D INDUSTRIES, INC., IN THE AMOUNT OF \$1,172,747. (JASON KLUCK)

Items #10 and #17 were combined for discussion.

Councilor Lindell said she would be willing to discuss items #10 and #17 together to try to save time.

Chair Dominguez said that's fine, noting Councilor Rivera will be back and asked for the items he pulled to be moved to the end.

Councilor Lindell said we have had sizeable problems at the Genoveva Chavez. Her concern with both bids is we're being asked to spend a sizable amount of money. On Item #10 the dehumidification system, she asked the engineering and warranties on that system on the engineering/ installation/ manufacturer, so 5 years from now if we're having massive, dripping roofs again, is there recourse in the contracts to go back and say this wasn't properly engineered, or there was an improper dehumidifier was installed."

Mr. Pfeifer said, "There is a 10 year latent defect on anything, so if there was something done incorrectly that's covered for 10 years and that's New Mexico State law. So if they did something wrong that would be covered. On typical manufacturer warranties it's one year, and it's one year for the installation warranty. We did also add in a little extra money to do a 3-year maintenance contract with the installer to help mitigate any problems that might exist, and we are using a product in the industry called a *[inaudible]* of those kinds of products, so it's basically a thicker steel, better products all throughout. So we've moved to what we think is a better product in the tank of the industry."

Councilor Lindell said on page 72, Exhibit D of the packet, under exclusions, it says, "B & D is not responsible for any failures that may be caused by design and/or control issues." She doesn't want to go down the road we've been down before, that is a very very expensive road.

Mr. Pfeifer said B & D is the installation, designed by Response Group, so B & D has no stake in the design of it, and the controls are done through a different contractor, ACS. So there's all kinds of players in this because it is a very complex system, tying in with all the other parts and pieces at the GCCC.

Councilor Lindell said she hopes it works, and Mr. Pfeifer said so does he.

Councilor Lindell asked if this was put out to competitive bid.

Mr. Pfeifer said it's in the Memo on page 5, noting it was a public bid, and Yearout Services, Cross Connection and B&D Industries, Inc., were the 3 bidders on the project and B&D was the lowest bidder.

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

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

17. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – GENOVEVA CHAVEZ COMMUNITY CENTER REROOFING; COOPERATIVE EDUCATION SERVICES (CES) /PROGRESSIVE ROOFING AND HAYS PLUMBING & HEATING AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$308,731.69 FOR CES/PROGRESSIVE AND \$256,909.20 FOR HAYS PLUMBING & HEATING. (ROBERT MONTOYA)

Councilor Lindell asked if this was also put out for competitive bid.

Mr. Pfeifer said, "No. This was done through the Cooperative Education Service like the State Price Agreement."

Councilor Lindell said then it was under the State Pricing Agreement.

Mr. Pfeifer said, "No. It's not State Price Agreement, it's Cooperative Education Services which is similar to a State Price Agreement. It's what the Schools use."

Councilor Lindell said, "So we don't think it was worth putting it out for bid."

Mr. Pfeifer said, "Again like all things at GCCC, it was very complex to try to put something together, so we worked with one contractor through CES Contracting to come up with a design and functionality that would work. It would have been a very cumbersome and almost impossible job to put together to put an RFB to do a competitive bid that way, because of all the parts and pieces that played into that.

Councilor Lindell said she doesn't like to hear that it would be impossible to come up with a procedure for a competitive bid, commenting we must know what we're asking for.

Mr. Pfeiffer said, "There is foam going up on the wall, so there is stucco work, duct work needs to be removed and replaced, units need to be pulled from the roof and put back on, mitigation needs to be done on the underlayers pulled off. I won't say it was impossible, but through CES it was a simpler format and we are getting like State Price Agreement pricing through CES for this."

Councilor Lindell asked if there is a contractual agreement on what work is going to be done.

Mr. Pfeifer said yes, noting it is all in the attached documents.

Councilor Lindell asked the warranty on this work.

Mr. Pfeifer said, "The roof warranty would be a 30-year warranty, similar to all roof warranties, it will dissipate over time."

Councilor Lindell so it's a 30-year roof warranty.

Mr. Pfeifer said, "That's correct and a two year contractor warranty."

Councilor Lindell said it is a sizable amount of money to do this, so she wants to make sure we're absolutely getting it done at one time, commenting we've had huge problems with this over time. She said we all want those problems to go away and not spend a huge amount of money and still have problems. She said, "That's my concern."

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

DISCUSSION: Councilor Dominguez asked if it is staff's discretion to determine whether or not we do a State Price Agreement or whatever other mechanism is available.

Mr. Pfeifer said, "Yes, that would be how we come up with it, depending on how we get to the result we're trying to get to. Many times we do even CES contracting, we try to get quotes through 3 different CES contracts. We go to State Price Agreement and try to get quotes through 3 State Price Agreements. We do our best on all the projects to put it together, and yes, staff, myself makes a lot of those choices on how we do that. That is correct."

Mr. Rodriguez said, "Of course, the final word on this is the Governing Body. You're the ones that make that decision, this is a recommendation of how to proceed."

Chair Dominguez said, "If you want to, you can make it jump through the hoops."

Councilor Lindell said she is trying to make it clear that this is a significant amount of money to make a significant problem go away, and if this didn't happen, the level of disappointment would be great.

Mr. Pfeifer said, "I agree, and we do try to strategize and come up with a plan to take on all projects.":

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

Councilor Rivera returned to the meeting

- 25. REQUEST FOR APPROVAL OF A RESOLUTION RECOGNIZING THE CITY OF SANTA FE WATER DIVISION'S COMMITMENT TO IMPLEMENT AN ASSET MANAGEMENT PLAN WITHIN THREE YEARS (COUNCILOR RIVERA). (RICK CARPENTER AND ALAN HOOK)**
Committee Review: City Council (scheduled) 04/29/15. Fiscal Impact – Yes (Professional services of approximately \$125,000 to come from the existing Water Division CIP)

Councilor Maestas said then asset management is going to be required by the Water Trust Board as a condition of receiving funds, or what.

Alan Hook said, "What they're asking for, and this is for any New Mexico Finance Authority Fund, so that could be the State Revolving Loan Fund, Clean Water Revolving Loan Funds, Water Trust Board, are asking that any applicant start the process on an asset management plan. They give you 3 years to start the process. They want to see some timelines and recommend A.M. Kan Work, it was Kansas's asset management's template. They use that as a suggested guide and I included that in the Resolution, sort of the parts they're looking for. Right now, the Water Division doesn't have an asset management plan, *per se*, and that's why we're doing the Resolution to start the process as the initial step."

Councilor Maestas said he is in support of asset management, to create a better government, given the prospects for future revenues, noting we have a lot of aging infrastructure, and we need to make sure we maximize the life cycle. He has been working on legislation calling for a pilot implementation of asset management for facilities. He said the City had been working with a consultant called Amaresco, and investigating the cost-effectiveness for the City to begin asset management of facilities. He would like to consolidate the procurement to get a better deal and still accomplish what the Water Trust Board wants. He said Mr. Schiavo is very familiar with the proposed legislation for the facilities pilot.

Councilor Maestas said he understands the City could conceivably request funds for wastewater capital projects, noting there was a capital improvement plan ranging from \$4-\$5 million per year for the next 4 years. He asked if we should consider other enterprises such as wastewater to implement asset management to give us the ability to pursue funding through the Water Trust Board.

Mr. Hook said he thinks it could expand., noting the Resolution includes water, but it definitely could apply to wastewater.

Councilor Maestas would like for staff to look at implementing asset management on the Wastewater side so we can apply to the Water Trust Board, and look at the cost effectiveness and benefit of expanding the scope to include the Water Division and other infrastructure systems.

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

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

14. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – TWO (2) COMPRESSED NATURAL GAS (CNG) RESIDENTIAL AUTOMATED SIDE-LOADING COLLECTION UNITS FOR ENVIRONMENTAL SERVICES DIVISION; BRUCKNER’S TRUCK SALES AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$13,006. (CINDY PADILLA AND LAWRENCE GARCIA)

Councilor Maestas noted on 2 of the Memorandum it says that you want to borrow \$13,004, but the BAR request says \$13,006, and asked which is the correct figure.

Ms. Padilla said it will be correct when it goes to the Council, noting she doesn’t have the backup documents with her.

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve this request, with the noted change.

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

23. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 23-6.2 SFCC 1987, TO CHANGE THE LEVEL OF SECURITY REQUIRED FOR PROFESSIONAL BASEBALL GAMES AT FORT MARCY BALL PARK (COUNCILOR TRUJILLO) (KELLEY BRENNAN)
Committee Review: Public Works Committee (approved) 04/06/15; City Council (request to publish – approved) 04/08/15; Public Safety Committee (scheduled) 04/21/15; and City Council (public hearing) 05/13/15. Fiscal Impact – No. (Estimated cot of staff time (absorbed) to conduct inventory = \$2,604)

Councilor Rivera asked the sponsor Councilor Trujillo the reason for the proposed change.

Councilor Trujillo said currently a level 3 is required, and he wants adequate protection without someone carrying a gun.

Ms. Brennan said, “I believe it’s either a Level 2 or 3, and actually I think it is a Level 3. It’s an armed guard, and there were questions of expense that came up at the end of last year, but we had an informal consultation with a number of Councilors. And we saw when we thought about it that perhaps armed guards weren’t the best solution, and that we should have coordination with our Police and have unarmed guards. So that was the circumstance under which we looked at it, and that is, in fact, the only change.”

Councilor Rivera asked the differences between Levels 1, 2 and 3, with regard to what they actually can do.

Mr. Brennan said, "I think that the Level 1 does not carry any weapons. I think the Level 2 carries a truncheon or something like that, and the Level 3, I believe carries a gun."

Councilor Rivera said, then the only thing a Level 1 would do is basically call police, call 911.

Ms. Brennan said, "I assume they would do what security guards, even unarmed guards, do which is approach an altercation and try to deal with it, and yes, call the Police if necessary. And I assume there is a degree also of coordination when there are gangs at the ball park. And we have not, as far as I know, had any real problem."

Councilor Rivera asked what kind of equipment is carried by a Level 2.

Ms. Brennan said, "I believe it is some kind of weapon, but not a gun, in other words a stick or something like that."

Councilor Rivera said he understands where Councilor Trujillo is going with this, and feels a little uncomfortable putting a security guard out there with nothing between them and someone else. At least with a Level 2 they would have a baton, and believes they are allowed to carry handcuffs. He agrees we don't need armed security guards on the premises, but would feel more comfortable with a level that could protect themselves a little better if something should happen.

Ms. Brennan said, "Councilor Dominguez and Rivera, I was going to say that I will come prepared to articulate more clearly what those distinctions are at the next meeting which I think is probably Council. I'm sorry, it's at Public Safety on April 21, 2015, and at City Council on May 13, 2015.

Chair Dominguez said then there is a decrease in fiscal impact to the City.

Ms. Brennan said, "I think not. I think the fiscal impact is really, if any, any on person providing the security, which I believe is the manager of the concession."

Chair Dominguez said then it is the impact on the League and not on the City, and Ms. Brennan said this is correct.

Chair Dominguez said the League wouldn't have to pay as much for a Level 3 as they would a Level 1 or 2.

Ms. Brennan said, "That's correct, and it would have something to do with the viability, or at least, that's what we've heard."

Chair Dominguez asked if we know what those costs are. He is hoping the League is not having a financial issue and they're just looking for ways to make payroll or whatever the case may be, so if we can get that information, maybe that would be helpful as well.

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve this request, "with looking forward to the answers to those questions when it comes forward to Council."

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

26. PRESENTATION AND DISCUSSION OF ITT DATA CENTER AND ITT GENERAL CONTROLS FOLLOW-UP PERFORMANCE AUDIT. (LIZA KERR)

A Memorandum dated April 1, 2015, to Brian Snyder, City Manager, from Lisa Kerr, Internal Auditor, with attached copy of the *ITT Data Center Operations and IT General Controls Follow-up Performance Audit*, dated April 2015, prepared by the Office of the Internal Auditor, City of Santa Fe, is incorporated herewith to these minutes as Exhibit "2."

Councilor Maestas asked if Ms. Kerr could call Item #27 to clarify what constitutes an audit plan. I know we are postponing Item #27.

Chair Dominguez said the problem with having discussion and action on Item #27 is the public is not here. He said he spoke with Ms. Kerr about that. He said, "I think we need to make it clear for the record that her plan was ready on time based on internal policy. It's not required by the State or anyone else, just internal policy, and have her come back at the May meeting, only because the public is not here and that's the main reason. Let's go ahead and do #26 and then... move on."

Ms. Kerr reviewed the information in Exhibit "2." Please see Exhibit "2" for specifics of this presentation.

Ms. Kerr noted that she has Renee Martinez's responses within the report and we can go over those elements of the report that you would like to go over, and she will make sure she is at the City Council as well, so we can open a discussion with her for any questions she has that might be directed to Ms. Martinez.

Ms. Kerr noted the summary of the findings from the original Audit report on page 4, versus what you are seeing now. She said 16 of the findings have been cleared, with 9 findings remaining open, and 2 are not applicable due to change in circumstances or extraneous events. The Report cites 9 findings and 9 findings are being carried forward. Ms. Kerr reviewed the 9 findings.

The Committee commented and asked questions as follows:

- Councilor Rivera said Ms. Kerr said the initial report was done in 2013, and asked if anything changed.

Ms. Kerr said it had changed, noting they had made quite a few changes prior to her doing the follow-up audit, and part of the audit was just gathering information and verifying that they had, in fact, worked on clearing the findings from the previous report.

- Councilor Rivera asked, with regard to the data center at City Hall, with the cooling system, is there a plan to get that addressed.

Ms. Kerr said her understanding is they had a contractor come in and give them an estimate as to how much a redundant cooling system would cost, and that has been submitted as a budget increase, but it wasn't approved, so that isn't in place. She said when she did the subsequent walk through of the data center, the temperature in there was 69 degrees, which is what it should be. She said when she did the initial walk through in 2013, the temperature was 81 degrees or something really high, which causes a lot of problems within the servers themselves. It can cause problems with the integrity of the data over time, and if that situation is recurring, which she was told that it is, then over time very expensive pieces of equipment can be destroyed because you don't have the redundant cooling system kicking in.

- Councilor River said with regard to Finding #2, the lack of water sensors and monitors, he can see that here at City Hall, but the building housing the Santa Fe Police Department Data Center was remodeled 3-4 years ago. He asked if that part of the building wasn't addressed.

Ms. Kerr said her recollection is they have a raised blower in there, but not the water sensor and monitor under the floor. She has been told there are no wet pipes going over, so that reduces the risk in that data center. She said the one she's really concerned about is the communications room in the basement of City Hall which has been flooded several times with 3 inches of water, and "they're barely raised 3 inches. So if you have a flood or a broken pipe and you have all that electrical equipment in there and there is no sensor that gives a warning of a problem, a lot of damage can be caused to highly sensitive equipment that could have been prevented by have some sort of sensor and monitoring device in place."

- Councilor Rivera asked, regarding the back-up generator at City Hall, has thought been given to tapping into the generator at the Convention Center or is that out of the realm of possibility.

Ms. Kerr said she doesn't know that any thought has been given to that and that would be a question better answered by Renee Martinez.

Ms. Garcia said it has been discussed, but the generator isn't big enough to sustain the City Hall.

Ms. Kerr said another issue in that regard is, for this particular power-down, apparently they had warning because the email went out prior to them having to shut down the servers. She said in the Data Center you have to shut down the servers in a particular order, and if they are shut due to a power loss the integrity of the data within the servers can be comprised. She said in this case they were able to power it down, noting it sounds like PNM gave them sufficient warning, so it was a planned power-down which is great, but again the City was unable to function for several hours while that was happening. However, is that a risk we're willing to take.

- Councilor Maestas said there are a lot of moving parts with the IT issues, noting he read the Presidio Report, and remembers processing what was called the expansion request from IT in the last budget cycle. He thinks it's time we start to zero in on the highest risk priorities for IT, and not call them expansion requests, rather unfunded priorities. He is feeling uncomfortable in kicking this can down the road. He would like to give direction to staff that we try and cross reference the repeat and the repeated modified findings and related issues to the Presidio report to give us additional detail and costs of what needs to be done to address these. It's time we started getting a short list of the highest priorities for IT, and include at least these findings that are repeated or are repeated and modified.
- Chair Dominguez said, "Let's do that, similar to what we did last year with regard to these priorities from each division or department, but let's make sure that for this one, if they're not addressed in the regular budget, that the repeats and repeat and modified become first on the list of the priorities, or isolated from the rest of the priorities."
- Councilor Maestas said he wants to differentiate the long-standing, recurring, high risk priorities from just flat out expansion requests, which he knows are coming. He wants to compare those side by side during the budget process.

Mr. Rodriguez said the intent is, soon after they present the operating budget, to start a 5-year CIP budget where we address those concerns. Each department will provide its capital needs for the 5 year plan, so you can see everything along with possible funding sources. He said capital projects are mixed with operating projects which creates an apples to oranges comparison, and makes the job of prioritizing a lot harder, noting this budget will be updated every year.

- Councilor Maestas said we've already taken extraordinary measures, noting we took out a loan on buses which will exceed the service life of the buses. He said if we can't come up with the revenue to pay for some of the ITT high risk needs, we're going to have to come up with some innovative financing through asset management. We have to come up with a finance plan in this budget cycle to fund some of the ITT needs, if we don't identify revenue enhancements during the budget cycle – non-traditional, extraordinary funding measures.

Chair Dominguez thanked Ms. Kerr for her work.

27. DISCUSSION OF INTERNAL AUDIT DEPARTMENT ANNUAL AUDIT PLAN. (LIZA KERR)

This item is postponed to the next meeting of the Committee on May 4, 2015.

Chair Dominguez said, "Just for the record, let it be known that the plan was submitted on time, and we won't be able to hear it until May 18, 2015. So let the City Manager know. And if we could just make it clear in the minutes there, Ms. Helberg."

28. REQUEST FOR APPROVAL OF AGREEMENT – 2014/15 UNION/MANAGEMENT NEGOTIATIONS; SANTA FE POLICE OFFICERS' ASSOCIATION. (ERIC GARCIA, POLICE CHIEF)

Deputy Chief Salbidrez said the lead negotiator will present the 4 items which were changed, and then we will stand for questions.

Captain Andrew Padilla, lead negotiator, said, "We came in agreement for the 2014-2015 ratification of the union contract. It was negotiated, and the 4 items that were changed was the Agreement Section of the contract which added two titles that should have been added to the section years ago. It clarified the positions and there is no fiscal impact by changing these two positions. We added Police Training Coordinator and Crime Analyst."

Captain Padilla continued, "The second section that was adjusted or changed, Section 18 regarding seniority. We extended the time the employee will keep a vehicle when they're issue a new vehicle. The original language read, 'Once an employee receives a new vehicle, the vehicle will be assigned to the employee for a period of 5 years.' The language now reads, 'Once an employee receives a new vehicle, the vehicle will be assigned to the employee for a period of 5 years or 7 years, depending on the specialty assignment.' Also, an employee may voluntarily decline a new vehicle. If the new vehicle is declined, the said employee will be placed at the bottom of the seniority list. No fiscal impact also."

Captain Padilla continued, "Third one was Section 34 Disciplinary Action. We changed the time the Chief and the City Manager shall render the final recommendation and final discipline to the employee. The current language reads 5 calendar days for the Chief and 15 calendar days for the City Manager. The language now reads 5 business days for the Chief and 15 business days for the City Manager. No fiscal impact."

Captain Padilla continued, "The fourth and final section was Appendix B. We clarified the language when an employee is on vacation for 5 consecutive days, the City owned vehicle must now be parked at the Police Department or another designated official parking facility for the Police Department secured location. No fiscal impact."

Captain Padilla continued, "The requested action is approval."

Sergeant Matthew Martinez, Police Union, said, "As you know, we were two contracts behind. This puts us right at par where we need to be for the 15/16 fiscal year. Due to the fact that we were at an impasse for almost a year and a half, two contracts ago, we figured this was the best way to move forward, especially for the City and the citizens to just get this done so we can concentrate on the next contract. And we agree to everything, and management and the bargaining unit had no problems whatsoever, we gelled pretty well. So it was excellent, which hasn't happened in a long time."

Chair Dominguez asked if everything was open for negotiation.

Captain Padilla said everything was open and there would have been one portion we could open for Section 16, but they decided not to open it.

Deputy Chief Salbidrez said, under the contract, each side got to open 3 sections, and mutually we opened Section 16 which is the financial side of it, and that's where the contract is currently for this year.

Chair Dominguez said he can see what a calendar day, and asked if there is a definition of a business day.

Deputy Chief Salbidrez said, what they are referring to as a business day is Monday through Friday.

Chair Dominguez asked about holidays, and Deputy Chief Salbidrez said that's not a business day.

Chair Dominguez asked Captain Padilla if he concurs.

Captain Padilla said it would be a day that is defined as a day for the City, by the Chief or the City Manager.

Chair Dominguez said that's the only change, the difference between a calendar and the business day, there still are the same time limits on each one.

Councilor Maestas asked, regarding Appendix D, the reason they didn't make it generic and say if the sworn officer is on leave, and asked them why they say vacation. He said in the body they state vacation, sick leave and injury time.

Captain Padilla said, "The reason is we didn't want to make it too vague, and then you get into battles with some officers, it was only vacation for one day or two days, and now you want me to drive my vehicle from my home, park at the station and turn everything in. So we figured just 5 consecutive days. Liability wise, if they're going to Disneyland in California, they leave their vehicle at home, within the City limits, and on the City street. Liability-wise that officer is not at home to watch their vehicle, watch their equipment, and now the vehicle just by chance gets burglarized. By having it at the Police Department or the designated secured lot, we'll just avoid that whole situation. So that's just kind of been the stand alone and we just put that time limit of 5 or more."

Captain Padilla said, "So if they took family leave but they stayed at home, they didn't have to turn in their vehicle. If they go on FMLA, they do turn in their vehicle."

Councilor Maestas said he sees no reason to address all the scenarios and thought maybe you could make it more general, but if it works for you, then this is the new language.

Captain Padilla said, "It would say during vacation of 5 days or more when the officer or non-sworn employee would be out of the City or when an officer or non-sworn employee is on sick leave or injury time for 5 days or more, the City vehicle will be turned in at the Police Department, locked up and will not be used except in an emergency. The last one said, the officer or non-sworn employee will be reassigned the vehicle upon return to the City or return to normal duty. The vehicle may, at the commander's discretion, be parked at a sub-station instead of the Police Department. So the language that has been added is consecutive on the first sentence. Additional language is their approved take home, recorded address is added and strike out the City."

Councilor Maestas said, "if you look at the new language, the third line under G, you didn't qualify that to say 5 consecutive days. You said, when an officer or a non-sworn employee is on sick leave or injury time for 5 days. Do you want to change that to 5 consecutive days. The 3rd line in G."

Deputy Chief Salbidrez said, "This was more a vesting of vacation time."

Councilor Maestas said then it doesn't apply on the sick leave or injury time.

Deputy Chief Salbidrez said, "On sick leave, the practice has been any time an employee is going to be FMLA, the third day after you submit for FMLA, our practice is, you need to turn in your vehicle and leave it at the station or substation where we designate to have it put. That one was pretty well known within the department and our officers, the vacation part was not. So we had people who went on extended vacations for 2 weeks or so. What we really don't want is to leave that vehicle, that unit unsecured, unprotected or unmonitored at their residence, and then there's a break-in. And we don't know about the break-in for a week or week and a half later. In the meantime, during that period of time, there was a gun that was stolen, it's been out in the community. So it's just to safeguard our equipment in the protection of the community and they delineated to vacation to include that."

Councilor Lindell asked if Captain Padilla said the way this works is each side was allowed to pick 3 areas that you wanted to open.

Captain Padilla said that's correct, and they aren't forced to open all 3 sections, but we had the option of opening 3 sections on each side, and mutually opening Section 16.

Councilor Lindell thanked everyone for their hard work on this and getting it done in a timely manner.

Deputy Chief Salbidrez said, "We'll see you very soon with FY 15/16."

Councilor Rivera congratulated the Department on finally catching up, pointing out we're into 15/16 now, and asked when the negotiations will start for the upcoming.

Deputy Chief Salbidrez said the Union needs to file an intent to request to go back to negotiations, and once that's done, we set up the data to begin our next negotiation.

Councilor Rivera asked if that is done prior to January 1st does that mean negotiations start at a mutually agreed upon time, or is it some time after January.

Deputy Chief Salbidrez said it's actually supposed to start in August/September of this year:

Councilor Rivera said that will be for the fiscal year you already are in, and asked if it doesn't typically start before the 15/16 year.

Captain Padilla said that is correct.

Councilor Rivera said then you are still a little behind.

Captain Padilla said that is correct, and the Chief has the memo on this, so as soon as everything is done, we can start 7 days from approval.

Councilor Rivera said congratulations and great work.

Chair Dominguez said it's wonderful to see the cooperation and have this kind of dialogue and congratulations. He said this goes to the Council next week.

Deputy Chief Salbidrez said that is correct.

MOTION: Councilor Trujillo moved, seconded by Councilor Rivera, to approve the 2014/2015 Agreement with the Santa Fe Police Officers Association as presentation.

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

**29. DISCUSSION ON SELECTION OF CARRIERS FOR CITY OF SANTA FE HEALTH PLAN.
(SANDRA PEREZ AND ROBERT RODARTE)**

A copy of a presentation *The Power of Connections – City of Santa Fe & Cigna*, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "3."

A Memorandum dated April 13, 2015, with attachments, to the Finance Committee, from Robert Rodarte, Officer, Purchasing Division, regarding this matter, is incorporated herewith to these minutes as Exhibit "4."

Sandra Perez, HR Director emeritus, introduced members of the RFP Selection Committee: Pelly Sutton; Fire, Robert Rodarte, Purchasing, and Vicki Gage from Human Resources; Teresita Garcia, Finance; and Sgt. Matt Martinez, Police Union. She said the Committee was dedicated and engaged through the entire process of the RFP process. There was a great response to the 3 different RFPs.

Ms. Perez reviewed the information in Exhibit "3" as follows:

Ms. Perez said they interviewed every carrier through the first round because they felt it was important. After the first round of interviews they narrowed the carriers based on the scoring criteria they had outlined, and conducted second round interviews. At the end of the second round of interviews they did the final scoring process and ended up with a final carrier for each one of the 3 RFP's. She said the selected carrier is Cigna. She introduced members of Cigna in attendance, Jim Holder and Matt Pickett.

[Ms. Perez's remarks in the beginning of the presentation are for the most part inaudible because she somehow managed to turn off the microphone prior to beginning her presentation]. Ms. Perez said for the last 1½ months the process has been on a tight parallel track to make it happen timely. She said there will be a contract for approval by the time it reaches the Governing Body on April 29, 2015. She said there is a summary in the packet for all 3 areas. She said the full team was here for all of the interviews, noting they came on short notice.

Ms. Perez said the selection team pushed Cigna hard during the interview process. She said, "They pushed us hard as well and asked us a lot of questions, and they took the information they gained from those questions, and each time they came back, they had either resolutions or ideas for solutions in the areas that we mentioned where we were struggling. We were honest about what we were facing in our plan design, changes and what we would be talking to you and the Governing body about. They came to us with ideas of their own on how we could enhance our plan design even better to really get at some of these problem areas with expanding in other benefit areas."

Ms. Perez continued, "What we found with Cigna is, in addition to all of that, there will be a very low, if no disruption to the network. They have a very robust network. They did the comparisons. We've got it covered so there will be extremely low disruption through the network. The administration enhancements that they will bring to us and our staff, and the ability to better administer the benefits plan. There is a lot of on-line activity we can use. There is a lot of on-line reporting, a lot of access to data, and with their help, and Aon's of course, extracting that data to tell us stories about our plan that we really haven't had before. They use that data to help behind the scenes. They do a lot from their claims audits, different alerts that go off and how these tie back into diagnosis codes, so there's not a lot of hold up at the time of claims processing, not a lot of excess questions and answers and forms to fill out and questions and phone calls and thing like that. But then they use that information to tell us even more about our plan itself and how our claims are going, and what we need to do about those claims, and other areas that we need to manage better or get a handle on."

Ms. Perez continued, "They definitely were the lowest cost and the best value by virtue of their product coming out on time for each one of the three areas. We now have an opportunity to talk about even bigger savings from bundling things together, there's a couple of slides in your packet about that.

The other benefit is now there is one company for the employees to deal with for all 3 of the areas. They will have one card, one number, one on-line employee account field. On the employee side of it, when they sign on and go into the Cigna product and what they have for employees, and the interactivensess of it, the ease in use, whether you are on your desktop, mobile phone, mobile device or tablet, or just through the telephone or by mail, their product is really robust in all of those areas as well."

Ms. Perez continued, "They have a great wellness package for us, both medical and dental, so we can really expand our Wellness Program, and along with that doesn't just come a credit at the end of the contract. There's not just a credit that then we take and we figure out what we're going to do with it. The Wellness Programs comes with their team and their data information, their ideas and program pieces as well."

Ms. Perez continued, "So we're really excited about all that they are bringing to the table with us and mostly we're excited that they've really shown they're here to be a true partner with us and will be a true enhancement to the little staff we've got to make this an even better plan and really get us started on going to the next level that we've already been discussing with you and what we need to do. With that, Mr. Chair I'll turn it over to any questions that you might have for Mr. Rodarte about the RFP process or of Cigna itself and Dawn Montano with Aon is here to address any other questions you might have."

Chair Dominguez said, "I just want to make sure that the new HR Director is okay with the level of support that she will be receiving from Cigna in terms of the transition."

Lynette Trujillo, H.R. Director, said yes, noting Cigna has been very supportive in the whole process along with Aon and they will be here for us during orientation, the enrollment process and the whole package with the employees.

The Committee commented and asked questions as follows:

- Chair Dominguez said one of the things that has been introduced to us by the previous administration was the idea that an employee wellness program would take us down that road to better financial security. He asked Cigna what it is going to do to help procure that..

Jim Holder said, "To answer your question, there is no silver bullet to cure what ails health care. We as a society need to make it affordable and conveniently accessible. One of the ways we think employers and the community at large can work on health improvement are on-site programs, people willing to exercise and have a good diet and such. You are coaching to help these people live a more productive life and designing a program around what is unique to your culture, population and employees within the City. We've proven time and again we can enhance and lower health care expenditures by offering good, robust wellness programs that will have an impact on the population. A lot of people can say that, but you demonstrate that through reporting and measure that as you go, and if we don't get it right the first time, we have data that suggest we can go on a different course. Does that answer your question."

- Chair Dominguez said yes. He said you've talked about chronic disease. What about substance abuse. You do education of the employees.

Mr. Holder said, "We put that into our health offering, because changing behavior, whether alcohol abuse or mental health related illness is a big part of lowering health care expenditures, and also helping people live with those chronic conditions, such as mental health and alcoholism. That is a big part of our offering. We always advise people to look at a strong employee assistance program which, when I was in the HR Director's office this afternoon, I saw the brochures. A big part of our offering is the mental health and substance abuse to make sure you take care of that segment of the population that needs services."

- Councilor Rivera said, "Sandy, there were several people you mentioned as well as several people it said in the memo whose scores aren't part of the evaluation, yet it says everybody was part of the interview process. So how did that work, did only a certain group score, or were they part of the second round evaluations. How did that part of it work."

Ms. Perez said Mr. Rodarte will address that.

Robert Rodarte said, "One of the things we did when we first started this program.... you can see we have over 20 interviews.... for the members of each union to be there was tough, so the only ones that were able to score were the ones that sat in on every interview in each category. So like, in Section 24, the Police Union understood that, but they had someone there all the time, whether Matt was there or somebody else, somebody was representing them during all the interviews. But because that individual was not there for all the interviews in that category, they couldn't score."

Mr. Rodarte continued, "Now, when we finalized our scores on the second round, all of the unions as well as all of the representatives of the committee.... it was just like being inside a jury. We sat, we talked and we came up with consensus. And so the signatures that we did on the final selection, everybody signed. We have documentation showing that someone from each area of the committee approved the joint effort going forward. So somebody was there all the time from each organization."

- Councilor Rivera said, referring to Mr. Rodarte's Memo [Exhibit "4"], "the evaluation on the second round doesn't have a score breakdown of who actually scored it. Was it the same people who did the first round evaluation, or did that makeup change as well."

Mr. Rodarte said, "The second round has a whole set of other individuals. We have Nick Schiavo in there and a few others. I have all that documentation that can be put into the entire packet moving forward. I can put all of the signed copies, all the evaluation criteria, everything can go into the packet for the City Council."

- Councilor Rivera said, "I would like the second round evaluation to look the same as the first round, to see who scored and how they scored. I think that would be helpful to me."

Mr. Rodarte said, "We can also put in there the overall consensus. There is a big general score from the entire Committee in which it is basically a legally signed document from everybody understanding where we went. So we can get all of that in there for the Council."

- Councilor Rivera asked the process in deciding that only two would go to the second round evaluation from the first page, versus the top 3.

Mr. Rodarte said, "We decided, because of the length of the interviews.... notice the top two scores there from Cigna and United Health Group.... they definitely were up there in comparison. Blue Cross we just felt didn't have what we were really looking for. We prefer to take the top 2, spend a lot more time with the top 2. If you break down the time, there's a lot of questions. It was in our best interest to just do the top 2 all the way down.

- Councilor Rivera asked, on dental benefits, that the second round evaluation appear the same as the first, that would be helpful. He asked the reason there were 3 on that one versus 2 on the other, and how somebody like Cigna can jump from third place to first in the second round evaluations, and asked Mr. Rodarte to speak to this.

Mr. Rodarte said in this case, the committee decided to go with 3. We couldn't come up with a consensus on certain elements. There are a lot of little pieces we're trying to tie-in on dental. This plan is a tough one, so we decided to go ahead and just bring the third one in. We had a few members who were really hooked on Cigna, some on United, and rather than sit there and say okay two only, we decided, let's bring the third one in. These particular interviews didn't take as long as Item 15/24/P. So it was in our best interest to bring in 3 instead of 2 for the sake of the committee. Everybody had their say in it.

- Councilor Rivera asked, "How did Cigna jump from third to first after the second round."

Mr. Rodarte said one of the most important things here was, for one, the cost that was explained to us. But their ability to explain things in laymen's terms, coming down to our level and answering the questions we were really looking for. It's a big difference. With this group, I always tell them to look through a salesman versus someone that's actually going to work with you. One thing we found with this organization was they were meeting our needs and they brought the right people to discuss it with us. Sandy has a good point. We made a point to tell everybody, these 3 that we were bringing in, that we weren't looking for the sales representatives, we were looking for the individuals that were going to be working with us and that's what we found with Cigna. That's a big reason behind them going up that high."

- Councilor Rivera, referring to Ms. Perez's Memo of April 10, 2015, said only Cigna was taken to the second round.

Mr. Rodarte said they did bring in Standard and it just has to be added to that memo with its score. He said we brought in Cigna and Standard for this particular one. He will do the same thing on the medical and put in all the other break-downs.

- Councilor Rivera said in the discussion about which insurance company to choose, was there evaluation on who was already contracted with current providers that are being offered, noting it is difficult for people to switch doctors they've been seeing for a long time.

Ms. Perez said that was part of the discussion. She said, "When I talked about how very low the disruption will be, that's the network we're talking about in all 3 areas. She said Cigna returns as our Life carrier, and as our Dental carrier they will pick up and be new, as well as our medical, and the disruption in the network they've been able to show is minimal. It's very very low. And anywhere there is disruption, they've already identified where that will be, what that's about and how we will work through those."

- Councilor Lindell said Councilor Rivera was very thorough, so I have no other questions. "Thank you Chris."
- Councilor Maestas asked if the same criteria applied in the first round and the second round, and Mr. Rodarte said yes.
- Councilor Maestas asked why the point totals are different and the first round combined score so much higher than the second round.

Mr. Rodarte said, "There are a lot of things to look at during the interview process and some things went up and some went down. There are a lot of things that are of interest and may have changed from the section we read versus what we listened to during the interview process."

Ms. Perez said, "So. When you look at the evaluation points and the grand total number 3,865, 2,770, etc., everybody individually scored their own individual score sheet. The first round, on the medical, in particular, we did not score the vision, the FSA and the COBRA, because we had people bid those as stand-alone. So we took those out of the first round of scoring, and because we had not talked to people who were coming in for the medical about those things as specifically, we just ran out of time. We knew when we called them back for a second interview, we were going to explore those areas a little further, so that's one piece. What we did is each member had their own score sheet for Round 1 and we added them all together for a grand total. But what we also did, is we took the average to come up with what would have been one average individual score. So, in Cigna's case on the medical for Round 1, their average score was 763, and United Health's Group's average was 554. So, evaluation round 2, what we did is we went through the whole discussion then we broke apart the score sheet and we threw it up on the white board and we talked through it as one collective group. And for each section that we assigned the score to, we reached consensus. And where there was a person who felt like maybe it shouldn't be a 5, it should be a 4, it shouldn't be a 2 it should be a 1, we made note of it. But if the majority of the group then in that case had that score, we put it on the board. And what we ended up with was

one round score for the whole group, for all of us, as a group reaching one total. So that was the difference in round 2, we ended up collectively scoring it as one piece each."

- Councilor Maestas asked, "So initially, did you guys separate the scores on the written proposals versus their performance in the first round of the interviews."

Ms. Perez said, "Those were combined together. When we went through the first round interview, we had the written proposals with us. The Committee members had read through each of the proposals. We all came in there with post-it notes and flags and questions and everything sticking out of all those binders. And we went through their presentation and then we went back into the proposal and asked specific questions from the first proposal as well as their presentation. And then, after all the interviews were done, then we got together on a separate day and scored all of them down on the same day."

- Councilor Maestas asked, "Did you guys ask each offeror the same questions in the interviews."

Ms. Perez said, "Yes. Yes we did. Now if there was a certain thing they had brought in their presentation that someone didn't understand, or they weren't sure what they had said, we asked a clarifying question about what they had presented. But as far as coming back to the common questions related to each of the sections within how we scored the RFP, yes. The questions were standard. We didn't tell them ahead of time what we were asking, for the first round. We just said come in. Second round, we actually provided them with an agenda on things we needed them to expand upon."

- Councilor Maestas asked if the questions represented the criteria.

Ms. Perez said yes.

- Councilor Maestas said, "Okay. It's just I think the reason why you're getting so many.... and I want to thank you guys for serving on this. I know I've scored a lot of proposals on a lot of stuff, but I think sometimes it gets gray when you.... what drives these RFPs is really the criteria for a written proposal, it's not really to differentiate the best offeror from the interview. There should be a better way to translate the criteria on the written proposal. They could... you allocate certain percentages, but really focus on the interview and actually do your allocation in terms of the questions and criteria to make sure it really *almost mirrors* the criteria that you apply on the written proposals. I agree with Councilor Rivera, there's kind of some changes in there, and I think we talked about this in the past, how it's very difficult to apply that same criteria for a written proposal to an interview. Secondly, I think the Committee should stay the same through Round 1 and Round 2, instead of bringing in different individuals. I don't know what the rationale was behind that."

Ms. Perez said, "Let me clarify that, and I also want to make a point about the scoring criteria and how it works. Let me talk about the Committee first. We set up the selection committee, and the selection committee mirrored the Group Insurance Advisory Committee, that's pretty obvious."

We're the same folks, we keep coming back, with the addition of Mr. Rodarte as the Purchasing Director, and he sat in on the scoring. Everybody was invited. Everybody was given the agenda. We told them if this agenda doesn't work for you, let me know. The first two days when we had the Group Life in, in that first couple of days, Nick Schiavo could make it, but then he already had a pre-scheduled trip, so he didn't make it for the medical and dental. And we had them all in by RFP. We didn't bring them in mixed up, they came in for the same one. So he did miss, so he knew he was not going to be able to score the medical or the dental since he wasn't there. Police Union representative Matt Martinez was only able to come and go the first round, but by second round, he said, I'll have somebody there, but he knew it wasn't going to be the same person, but he did want Police at least represented, and we told them up front, that makes you a non-scoring selection member. Everybody else was there and stayed constantly and everybody read it, and everybody went through it, but that was the only difference. Nick Schiavo did come from the second round and stayed all the way through, but Nick read all the proposals, and he left any additional questions he had as a committee member, and we added those to make sure they were asked of everybody as well. He just wasn't there to hear it and he didn't participate. He sat in the day we did the scoring, he was there, but he didn't vote as a committee member. I understand your point and what you're saying about it, but it was..."

- Councilor Maestas said, "If I'm United Health Group and I wasn't successful, obviously, and I want to know why just for constructive purposes, not really a protest, what will the City provide me as United Health Group. I want to make sure we have a good, defensible process if the incumbent or outgoing carrier has issues, particular with RFP 24, because they probably thought they were favored going in."

Mr. Rodarte said, "I've dealt with situations where we've switched out individuals on the committees. If they come in and ask, well if the individual was there for only a certain amount of time, how could he or she possibly have given their best effort. In this particular case, the individuals that you see on 5/24/P were there 100% of the time, and are the only ones that participated in scoring. So I can defend that. And when it come to debriefing, we have a lot of criteria that we've written down that we discussed, and I invited all of them to come and discuss it one on one, or whatever we're looking for that we didn't see from them, and where they can go in the future. So I can do that, based on what I have."

- Councilor Maestas said, "I realize we're not asking for a long term healthcare component, but if you look at the demographics, average age is 43, and men have a shorter life span. I think the average cost of nursing home care annually is going to exceed \$100,000 here in about a year or two. How can we use the health profile of our City employees and your services to build a case to offer future long term health care and is this something you currently provide."

Mr. Holder said, "As a matter of record, we don't provide long-time care, although it is a big need for people who are living longer. I think when I look at the profile of your population, 3 or 4 things stick out. Number one is we have to address the [inaudible], and I can put those in 4 categories: Diabetes, COPD, heart issues and depression. Those are areas that we can start to address through the City. We're all getting older, so those are key areas for us."

Mr. Holder continued, "In regards to the nursing home, that is not my area of expertise, but we certainly can research and provide information to you, but we don't offer that coverage. I can't comment on any degree of accuracy, other than knowing it's necessary that people on the plan age and in the future have nursing home coverage."

- Councilor Maestas said he is hopeful in giving us insight as to whether we should offer long-term care in the future, and contract with a certain provider.

[Mr. Holder's remarks here are inaudible because he was away from the microphone]

- Councilor Maestas said long term care is so unique, it probably would have to be stand alone and couldn't be bundled.

Ms. Perez said it is being offering through voluntary benefits.

Chair Dominguez said, "You don't want action, but you want some sort of endorsement, right."

Ms. Perez said they want support to go to the Governing Body with the full packet at the next meeting. We usually bring the packet to you for approval and it goes forward and it is on a different place on the agenda. She said, "We're not asking for it to be on consent, but we are asking that you have discussed the matter, and with your support, we're taking the packet to the Governing Body, not holding you to any vote, just taking it to the Governing Body."

Chair Dominguez said, "So take it to the Governing Body. I don't know if the Committee has an appetite to give an endorsement or support, I'm leaving that up to them. Does anybody want to do that, or do we want to kind of let things shake out the way they do at Council."

There was no audible response.

Ms. Perez said, "Also in the packet, Aon presented and helped us with our scoring and evaluation processes. They built major spreadsheets for all the different places we were scoring and how it broke down and one proposal against the other, against the other, so we'll make sure those also are included in the packet for the Governing Body. Because that also tells a story more clearly, than just what does a raw number mean. Those really spread out the comparison of the plan."

30. PRESENTATION ON "RESORT COMMUNITY ECONOMIC DEVELOPMENT TRENDS" FOR SANTA FE. (OSCAR RODRIGUEZ AND KATE NOBLE)

A copy of a power point presentation dated April 13, 2015, *Resort Community Economic Development Trends in Santa Fe*, is incorporated herewith to these minutes as Exhibit "5."

Oscar Rodriguez presented information via power point. Please see Exhibit "5" for specifics of this presentation. He thanked Kate Noble and staff for their assistance in preparing this presentation.

The Committee commented and asked questions as follows:

- *[Chair Dominguez's question here is inaudible]*
- Councilor Maestas said it's discouraging, because he is unsure how we can counteract these patterns. He said, "One would think to keep land prices and home prices down you add to the land base, without realizing that kind of reaction to the current trends. By expanding the land base, one would think that if we add to the potential of new inventory, rental housing or single family homes, by developing and approving higher density developments will counteract that current pattern. But all major attempts to approve much high density developments are falling by the wayside for a number of reasons for a number of reason."
- Councilor Maestas continued, "Lastly, our ability to use very limited public funds to try and influence and improve affordable housing are noble, but they don't have any great potential to counteract the pattern. So then our attempt to intervene with public money to change the real estate market, but the potential isn't there to really stem the tide and slow or even reverse the escalating cost of real estate, or even trying to vastly increase the inventory of rental housing which is another issue. So I think these trends are very discouraging. I will end by saying I have to agree with the Mayor that we really need to start looking at higher density elements. Our population density is half that of Albuquerque which is telling and another reason the pattern continues is because we just can't accept higher density developments. It's great away from our back yard, but when it's in our back yard we don't like it. The only real potential to change that pattern is to change our mind set in encouraging much much much much more higher density developments. Great presentation."
- Councilor Lindell asked, on the first page, for the typical resort development pattern, if we have footnotes or any source. These are some pretty big statements and she would like to have some footnotes and literature to read more about this, rather than just some bullet points.

Mr. Rodriguez said he can provide that information, yes.

- Councilor Lindell said she doesn't know the motivation for this or where it comes from, or what the long term plan for it is, but to try to intervene in the natural progression of the real estate market is a pretty sizeable project. She said, "Additionally, I've worked in affordable housing. I have a pretty good feel for that. But some of the data in here, I would just really need to spend an awful lot more time researching and trying to determine the real trends in, for example gross receipts tax revenues from 2008 to 2015. We've been in a rather serious recession like we haven't seen in a long time, and I don't know I can tie this data to us being a resort community. And I don't know if we are a resort community. I don't know what the real definition of that is. I just think that we need to be very very careful that we don't paint with too broad a brush in these kinds of things. Because I think for some of these bullet points and some of the ideas, policy questions, we would have a community that wants to have a long, lengthy dialogue if we want to think we can intervene and change the existing real estate market. Those are my thoughts on this."

- Councilor Trujillo said he's never really considered Santa Fe a resort, and considers resorts to be places like Orlando, Florida. He said, "You see the trend. Oscar you say the locals are always getting displaced because of high cost of living That's been happening since Santa Fe became more than a mark on the map. It happens and that's the unfortunate thing, because those who live on this side of town in million dollar houses move to the south side when taxes get too high. It's cheaper. Councilor Maestas and I were talking about.... District 1 and District 2 have always been sacred cows. Don't put it in my back yard, but shove it to District 3 and District 4. Those of us who represent the south side, we've always fought for that. What's good for District 1 and District 2, guess what, it's just as good for District 3 or 4."
 - Councilor Trujillo continue, "As for economic development. I've seen many things. There's not a lot to do in the community, based on how much it costs. I see us constantly going to Albuquerque, as much as I would love to stay in Santa Fe, but I go to Albuquerque because there's a lot to do and that's what hurts Santa Fe. I support our small businesses, but why can't we have other restaurants. They come in, they provide jobs and produce gross receipts. It's a hard one. I would love for more of our people to be able to afford to stay here. Our young people are leaving. I see my children moving. They don't want to stay here. My kids don't want to stay here and they've told me, there's nothing to do here dad. I don't know how you survived 46 years here. It's a different time, a different place. I would love to have a Dave & Buster's here. I'll just leave it at that Councilor, and thank you guys for the report."
 - Councilor Rivera asked said the housing prices are strictly within the City limits, and doesn't include the entire Santa Fe County or areas like Las Campanas or Hyde Park.
- Ms. Noble said it is strictly within the City limits.
- Councilor Rivera thanked them for the presentation, saying it definitely is something to consider.
 - Councilor Rivera said in looking at the trends, it appears we would be better off with increasing property taxes and decreasing GRTs. It might be a more stable revenue, although he is unsure if that is the case, but it seems to be the case in looking at it.

Mr. Rodriguez said communities in Southern New Mexico that have gone through these cycles, over time found that the property tax was a lot more stable. We can continue going there, and he will provide a comparison around the State. He said Northern New Mexico is tourist rich and we rely a lot more on GRTs and less on property taxes. He said this is presented to start the conversation, but there are no policy recommendations, commenting we are at least several conversations away.

Chair Dominguez said the gap between the wealthy and the poor that exists nationally, is going to hit Santa Fe pretty hard here pretty soon. We have a whole generation of government workers that are no longer going to be in government, because government is shrinking. He said this is where we used to deal with generational poverty on a local level, but that no longer will be the case, although it will be an issue it won't be the main cause of poverty.

Chair Dominguez continued, "He said Councilor Trujillo talked about my son being in Los Angeles, which is true. However, his son tells him all the time, that Los Angeles compared to Santa Fe has no soul. He said with all due respect, Albuquerque does not have the same kind of soul that Santa Fe has, and that's part of the difference. Do we want to maintain that integrity that comes with a soul, or do we want to just become any old town USA. He said these are challenges we've been seeing year to year, at the local level and nationally and education is the key – education with a population that has a diverse set of skills. In the long term that may be part of the solution, but that whole system is a beast in itself. And to change that or to influence in the short term will be tough.

Chair Dominguez thanked them for the presentation saying "the information is what it is."

31. DISCUSSION ON BUDGET FOLLOW-UP. (OSCAR RODRIGUEZ)

None.

32. OTHER FINANCIAL INFORMATION

There was no other financial information.

33. MATTERS FROM THE COMMITTEE

Chair Dominguez said, regarding the agendas for budget hearings, if anyone here has any recommendations on how to redesign the agenda, to please let him know.

Councilor Lindell asked if it is possible to shift the scheduling so we can get our finance packets on Thursday rather than Friday, so they can have more than one day to ask questions of staff.

Chair Dominguez said we can work on that and see what can be done.

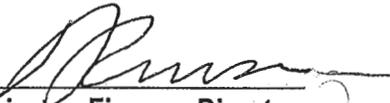
Councilor Maestas said when we deliberate on the Resolution regarding the Bond Program and the audit, that we just consider ending the practice of using City force account work on Bond Projects. He thinks the public will look at that practice, if continued, in a jaded fashion in the short term.

34. ADJOURN

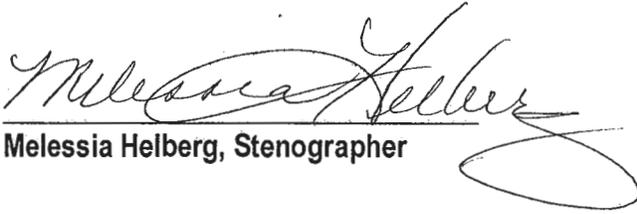
There was no further business to come before the Committee, and the meeting was adjourned at approximately 9:00 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:



Oscar S. Rodriguez, Finance Director
Department of Finance



Melessia Helberg, Stenographer

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, March 30, 2015

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved [amended]	2
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT CALENDAR LISTING		2-3
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REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A GREEN COMMUNITY PROGRAM FOR THE BENEFIT OF THE RESIDENTS OF SANTA FE; DIRECTING THE CITY RENEWABLE ENERGY PLANNER TO DEVELOP AND DRAFT A COMPREHENSIVE 25-YEAR SUSTAINABILITY PLAN TO ANNUALLY REDUCE SANTA FE'S CARBON EMISSIONS AND ENERGY CONSUMPTION, AND ACHIEVE THE CITY'S GOAL OF BECOMING CARBON NEUTRAL BY 2040

Approved

12-15

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

REPORT BY INDEPENDENT AUDITORS ON THE 2008 PARK BOND AUDIT

Postponed to 04/13/15

15-16

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Information/discussion

16-23

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Approved w/direction

16-23

REQUEST FOR APPROVAL OF EMERGENCY FUNDING SOURCES FOR HOMELESS COMMUNITY IN THE AMOUNT OF \$12,900

Approved

16-23

PRESENTATION AND APPROVAL OF HEALTH PLAN SAVINGS OPTIONS

Option approved w/direction

23-38

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OTHER FINANCIAL INFORMATION	None	39
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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, March 30, 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, March 30, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

Kelly Brennan, City Attorney, introduced Jesse Galen replacing Melessia Byers as the Legislative Liaison..

Mr. Galen said he is looking forward to working with the Committee and all of the members of the Governing Body.

Chair Dominguez welcomed Mr. Galen, saying he has some big shoes to fill.

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
Kelley Brennan
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Elizabeth Martin, for 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

Chair Dominguez asked to move number 19 on the Agenda to be heard as the first item under discussion.

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

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. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND PROFESSIONAL SERVICES AGREEMENT – FIRE ALARM SYSTEM DESIGN AND CONSTRUCTION AT GENOVEVA CHAVEZ COMMUNITY CENTER AND SALVADOR PEREZ POOL; ATI SECURITY, INC. (RYAN MORTILLARO)**
- 7. **REQUEST FOR CONCEPT APPROVAL OF SALE AND PARTIAL VACATION OF RIGHT-OF-WAY FOR PORTION OF LENA STREET RIGHT-OF-WAY CONTAINING APPROXIMATELY 3900 SQUARE FEET WHICH ADJOINS THE WESTERLY BOUNDARY OF 1600 LENA STREET; LAS BODEGAS, LLC. (MATTHEW O'REILLY AND EDWARD VIGIL)**
- 8. **REQUEST FOR CONCEPT APPROVAL OF STATE AND PARTIAL VACATION OF RIGHT-OF-WAY FOR PORTION OF EL CAMINITO RIGHT-OF-WAY CONTAINING APPROXIMATELY 2263 SQUARE FEET WHICH ADJOINS THE SOUTHWESTERLY BOUNDARY OF 830 EL CAMINITO; MIKE AND JENNIFER TANSEY. (MATTHEW O'REILLY AND EDWARD VIGIL)**
- 9. **REQUEST FOR APPROVAL OF GRANT AWARD – STATE GRANTS-IN-AID FOR PUBLIC LIBRARIES; NEW MEXICO STATE LIBRARY AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$7,780 IN THE LIBRARY FUND. (PATRICIA HODAPP)**
- 10. ***[Removed for discussion by Councilor Lindell]***

11. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – COMMUNITY STEWARDSHIP SERVICES AT THE SANTA FE RAILYARD; THE SANTA FE RAILYARD PARK STEWARDS. (ROBERT SIQUEIROS)
12. *[Removed for discussion by Councilor Lindell]*
13. *[Removed for discussion by Councilor Lindell]*
14. *[Removed for discussion by Councilor Maestas]*
15. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE TRANSIT DIVISION TO ESTABLISH A NO-COST TRANSIT PROGRAM THAT WOULD SERVE THE TRANSPORTATION NEEDS OF SANTA FE’S VETERANS (MAYOR GONZALES AND COUNCILOR IVES). (JON BULTHUIS) Committee Review: Public Works Committee (approved) 0323/15; and City Council (scheduled) 04/0829/15. Fiscal Impact – No.
16. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE ESTABLISHMENT OF A VEHICLE VENDOR ORDINANCE; AMENDING SUBSECTION 18-1.2 TO AMEND THE DEFINITIONS OF “ITINERANT FOOD VENDOR” AND “ITINERANT VENDOR;” AMENDING THE TITLE OF SECTION 18-8; REPEALING SUBSECTION 18-8.9 “STREET VENDORS; PERMIT REQUIREMENTS” AND CREATING A NEW SUBSECTION 18-8.9 ENTITLED “VEHICLE VENDORS;” AMENDING SUBSECTION 18-8.10 TO ESTABLISH SPECIAL EVENT VENDOR FEES AND VEHICLE VENDOR FEES; AMENDING SUBSECTION 23-5.2 RELATED TO SPECIAL EVENT SPONSOR LICENSES; AND MAKING SUCH OTHER CHANGES THAT ARE NECESSARY TO CARRY OUT THE PURPOSE OF THIS ORDINANCE (COUNCILOR LINDELL, MAYOR GONZALES, COUNCILORS IVES, DOMINGUEZ AND RIVERA). (MATTHEW O’REILLY)
 - A. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING MOBILE VEHICLE VENDORS WITHIN THE PLAZA PERIPHERY AREA AT SPECIFIC LOCATIONS AND AT LIMITED TIMES, PURSUANT TO THE VEHICLE VENDOR ORDINANCE, 18-8.9 SFCC 1987 (COUNCILOR LINDELL, MAYOR GONZALES, COUNCILORS IVES, DOMINGUEZ AND RIVERA). (MATTHEW O’REILLY)

Committee Review: Public Works Committee (scheduled) 04/06/15; City Business & Quality of Life Committee (scheduled) 04/08/15; City Council (request to publish) 04/29/15; and City Council (public hearing) 05/2729/15. Fiscal Impact – Yes. (Expenditure: \$1300 FY 14/15 Nonrecurring; Revenue: \$1,295 Recurring beginning FY 15/16)

 END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – MARCH 2, 2015

MOTION: Councilor Rivera moved, seconded by Councilor Maestas, to approve the minutes of the regular Finance Committee meeting of March 2, 2015, as presented.

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

CONSENT CALENDAR DISCUSSION

10. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – LOW VOLTAGE WIRING PRODUCTS AND SERVICES AT DWI IMPOUND LOT AT CAMINO ENTRADA; ATI SECURITY, INC. (LeANN VALDEZ

Councilor Lindell said we have been seeing information on this, and we just had approved \$98,900 and asked if these are additional monies. She said there is new information about a concrete pad, electrical plumbing and sewer service to put a manufactured home there in the future.

Ms. Valdez said the \$98,900 will cover this as well.

Councilor Lindell asked the reason this wasn't all in one package and why is this new to us. Secondly, why is it new to us about placement for a manufactured home and who is going to live in the manufactured home.

David Pfeiffer this is providing a pad so a police officer can bring in their own home and put it on the pad, if they like to, noting this is the way the Police Department has done it in the past, and when they leave they take their trailer with them.

Councilor Lindell asked why this is coming up now and not before. She said you are requesting almost \$100,000 to put light in a lot that we've been told hasn't had any problems and that's a lot of money. And now, it includes bringing in someone to live there as well. She asked if someone living there would negate having to have all of the cameras and lightening and everything else. She asked if we can do one or the other..

Mr. Pfeiffer said that certainly is an option. However, most police officers work at night, and the lighting for this would be at night. He said this is for a significant expansion of the lot, and the lighting is for the expansion. He said the current lot already has lighting.

Councilor Lindell said it was never an option that was presented to us for consideration. She said it doesn't set particularly well with her. She said we approve one thing, now we've got a little bit more and there is this creep. This isn't the project we originally looked at. She doesn't know why all of it couldn't have been brought forward in very beginning, so it looked like there was an option. She said, "I don't know who that was up to, but it doesn't seem like it's presented to us as an option."

Mr. Pfeiffer this came back to the Committee because ATI's State Price Agreement expired in March, and this to bring in their State Price Agreement again for approval. He said no changes were made and all of this was in the original portion. He said this is going through the Committees for ATI to be able to do the contract under the new State price agreement.

Chair Dominguez asked Mr. Pfeiffer if he is saying we are reapproving something because the price agreement was expired, except for the pad for the mobile home. He said this is troublesome if this is the case.

Mr. Pfeiffer said we are bringing this back because Robert Rodarte, Procurement Director, said we had to take back through committees for ATI to be approved, because the State Price Agreement expired at the time we were going through Council approval for this project.

Chair Dominguez said then we didn't know when this came through that the contract was going to expire.

Ms. Valdez said there was a Memo from Robert Rodarte that anything exceeding \$50,000 will have to come to this Committee for approval.

Chair Dominguez said then we probably shouldn't have heard the previous item until that agreement was approved. He said, "I'll just say this. I think that what I've heard from the Committee on several occasions is the frustration we have with the procurement process. And as Councilor Lindell said it, this creep continues to happen with these projects. I think that's the frustration that you're hearing. I have a question outside of that, but before that, I'll turn it back to Councilor Lindell."

Councilor Maestas said he thinks he asked that question at the time. His question was that the duration of the contract exceeded the expiration, and I asked Mr. Rodarte if that was okay, and Mr. Rodarte said that was okay. So there was a question of timing at the time we initially heard this.

Councilor Maestas said he has a question in terms of policy for this fund, noting the balance is more than \$500,000. He inquired about the policy for using these funds. He thinks there is a policy, although he doesn't know if the City Manager signed off on it. He said in light of this coming back, it would be reassuring to have an administrative policy in place. He said the forfeiture program is a deterrent, but we are taking peoples' transportation away, and if this fund is going to accumulate to levels in excess of \$500,000, he wants to know what the policy is, and to ensure that it is an active fund and we are using it for purposes other than capital improvements to the impound lot. He would like to direct staff to bring that policy back to us. He doesn't see these improvements as unreasonable, but he remains concerned about the high balance and the lack of a policy.

Chair Dominguez said he agrees with Councilor Maestas, and this is the situation throughout the entire City. We have the intent but not the policy in place to clarify the intent. He asked Mr. Rodriguez if he is okay with that direction.

Mr. Rodriguez said yes. When you get the budget you will see all of the funds the departments use, and a plan or staff recommendation for the use of the funds and you will be able to set policy as you wish.

Chair Dominguez that is what we used to do a few City Managers ago, but now we move money around quite a bit.

Councilor Lindell the last time we talked about this fund, part of the funds are to be used for DWI projects and education. She said she is much more inclined to see the money used for those purposes, rather than lightening a lot that has not reported any problems. And now we are going to do plumbing, sewer and put a pad on it for a manufactured home. She said we have an agenda item tonight to give \$12,500 to the Interfaith, but we're spending \$100,000 to light a lot they are having no problems with. She cannot support this.

Councilor Rivera said he thinks he remembers this coming before this Committee previously, and we asked the Police Department the reason they needed the lighting. He said what we heard from the Police Department made perfectly good sense. He said rather than kill this tonight, he would rather postpone it to the next meeting when someone from the Police Department can be here to answer those questions.

MOTION: Councilor Rivera moved to postpone this item. **THE MOTION DIED FOR LACK OF A SECOND.**

Chair Dominguez asked when the decision was made to make these the manufactured home amenities.

Mr. Pfeiffer said it was in the original plan, but it wasn't conveyed in the documents. It is because the size of the lot is being expanded..

Chair Dominguez so when this originally came to this Committee in February, there was an intent to put a manufactured home on that lot.

Mr. Pfeiffer said yes.

Chair Dominguez asked if there is someone who intends to move there, a Police Officer..

Mr. Pfeiffer said he doesn't remember exactly, but he believes they have someone in mind for that place, but nothing is set in stone yet, because they have to put out a questionnaire to see if anybody wants to do that.

Chair Dominguez said so we could be approving expenditures without a definite idea of when or if someone will be moving on the site.

Mr. Pfeiffer said, "I do believe they have somebody in mind, but I'm unsure of the details – that I'm not positive about."

Chair Dominguez responded that having someone in mind and having a commitment are two different things.

Mr. Pfeiffer said this work needs to be done so someone can move on site.

Chair Dominguez said then if we do not approve this request, no one will move there.

Mr. Pfeiffer said if you do not approve this request, without the lights then the project would be null and void.

Councilor Rivera said he understands there seems to be concerns about the lights. However, we are always talking about affordable housing, and about having our public safety people remain here in the City where they can be visible to all the residents and provide protection. He said we have manufactured homes at the Airport, and at several of our parks and at other locations. This is a way to keep an officer here in Santa Fe who may be considering moving to a place outside the City. He said it is a little frustrating to hear conversation on one side saying how we want more officers living in Santa Fe, and then have a discussion saying we're not really willing to support an extension of a lot on South Meadows and providing lighting for the extension. He said, "Just a sense of frustration on my part and I do support the project, and I support our officers staying in Santa Fe and providing that protection."

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request, with the condition that during the budget hearings, this Committee will have an opportunity to review this policy and have a discussion with the Police Department.

DISCUSSION: Chair Dominguez said he agrees with Councilor Rivera that we need to do what we can to keep our officers in town, and that has been well documented. He asked if there would be an individual lease with each tenant, or is there a policy in place that articulates the intention we have for all potential tenants.

Mathew O'Reilly, City Assets Manager said, "A little clarifying information. With regard to whether there's a policy in place. At the time of the transition from the previous Police Chief to the current Police Chief, there was some discussion about when a Police Officer would be allowed to lease and reside on City property. We looked at it as an internal policy with the City Manager. That said, whenever that happens, we do enter into a lease with that employee, there is a payroll reduction for them to pay their rent and to reside on City property. So if a manufactured home were to be placed on the lot, there would be rent charged to that officer or other City employee living there."

Mr. O'Reilly continued, "I would qualify, that I was involved with obtaining the right to a form of lot from the State Department of Public Safety who has a long term lease on, it is actually our property, but they control it. They got back to us with additional 3 acres at no charge and with no penalty at the DWI lot. At that time we were getting that done last year, the then Police Chief expressed the desire possibly at some point to

have a manufactured home there, because they have reported that there were some problems at that lot, and they wanted to make sure that someone was there to watch over the lot. In my discussions with the current Police Chief, he related to me that he wanted to continue that option. Whether it was in the packet before, I can't speak to, I can just say that the previous Chief and the current Chief have always have someone living there on the premises. I believe we had a contractor on site doing all this work, and to do the extensions that could serve a future home."

Chair Dominguez said that makes sense. He said, "But what I am hearing you say each is that each lease could be different from tenant to tenant."

Mr. O'Reilly said, "We try to keep the leases the same and the terms of the leases the same. But honestly, how we're handling those, is if someone expresses the need for additional security at one of these locations, they come to us and make sure the lease isn't cumbersome, and it is reviewed by me and it is reviewed by the City Attorney. An example, is someone living a manufactured home out at the water tank. *[Inaudible here because of noise overlay]*. There are other locations where we have a City employee living on a City facility. It has cut down on vandalism."

Mr. Rodriguez noted someone from the Police Department just arrived. He said she told him there is no one designated, but there are 2 or 3 people who have expressed a desire to move to the site.

Councilor Maestas said he is perfectly fine with this administrative policy, and in his opinion, he doesn't believe the Governing Body or any Committee of the Governing Body needs to weigh-in on each and every case, provided that we are following an approved policy. He said his concern is with the negative press we had in implementing the housing program. In some cases it was contrary to the intent of the housing program where we were allowing much higher salaried officers to reside on City property, when the intent was to help entry level, mid-level with transitional housing.

Councilor Maestas continued saying, "I am not going to link that issue with this one, but I want the record to reflect that I am still concerned about the administrative policy. And I want to be assured we've made those corrections, and that the tenants we consider will be fair, and that the circumstances meet the intent of the Housing Program. We ought not to have any high salaried officers living in this housing. I have not seen any kind of qualifications, or changes to tighten the policy to make sure that does not happen again. If someone would be willing to show me that administrative policy and what happened was unusual and it won't happen again."

Nancy Jimenez, Fiscal Administrator, Santa Fe Police Department. Ms. Jimenez said the current policy has been updated, and Sergeants or below are the only individuals eligible for the housing. It has gone through the Legal Department, and it is now updated, clarified and there is a limit to those who can reside at those facilities."

Councilor Maestas asked if that policy has been signed by the City Manager, since it involves other assets of the City.

Ms. Jimenez said, "The policy we have is only signed by the Police Chief. It goes in our SOP's. If it does need to be a policy like that, I'm sure we can get it approved and have the City Manager sign off on it. In talking specifically to the DWI lot, which is the item that we're talking about right now, that will have to be a Police Officer, only because of the liability for that lot. At Ashbaugh Park and other locations, we have other employees, and always not necessarily Police Officers."

Councilor Maestas said he is pleased to know they clarified the policy, but would suggest the City Manager sign off on that. He said if it involved assets strictly under the purview of the Police Department, it would be okay. However, in view of some of the press we've had, he thinks the City Manager should sign off on it as well. That would be his warning.

Chair Dominguez asked if he would like that direction to be part of his motion.

FRIENDLY AMENDMENT: Councilor Maestas said he would like the motion to include that the City Manager will approve and sign the Police Department policy. **THE AMENDMENT WAS FRIENDLY TO THE SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

DISCUSSION ON THE MOTION AS AMENDED: Chair Dominguez said he thinks in the absence of some of these policies, we're going to be in the same situation where someone at high level could be living in a park. He said, "I think it behooves us to give some direction to the City Manager to be able to sign off and take some responsibility for some of these." He isn't interested in tying that to this issue, but it is a general overall issue that needs to be addressed in the absence of that policy.

FRIENDLY AMENDMENT: Chair Dominguez said he also would ask that Councilor Maestas's motion include direction to staff to provide the documentation from Robert Rodarte that clarifies that we need to do this again, and why it was done the first time. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

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

12. **REQUEST FOR APPROVAL OF FY 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN. (MARGARET AMBROSINO)**
 - A. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – FY 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ALLOCATION IN THE AMOUNT OF \$430,042.**
 - B. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS FY 2015/16 AFFORDABLE HOUSING TRUST FUND (AHFT) ALLOCATION IN THE AMOUNT OF \$412,000**

Councilor Lindell asked if we have any flexibility in this funding to increase our funds for transitional housing, and if we are designating the full 15%.

Margaret Ambrosino asked Councilor Lindell if she is asking about the public service allocation or the 15% to be allocated to transitional housing.

Councilor Lindell there is a statement on page 2 of the HUD communications. And on page 3, it's broken down into Housing, Public Facilities and Public Service. She said she asking if we did allocate the maximum amount of 15% into the Public Service category.

Ms. Ambrosino said yes.

Councilor Lindell said then we have \$54,000 into Public Services. She asked about the 20% for administration for each individual organization.

Ms. Ambrosino said it goes toward administration and a portion of the salaries for the 3 employees who work on the CDBG, advertising to publish notices as required, and to the other activities required by HUD.

Councilor Lindell said the total CDBG grant was \$430,000.

Ms. Ambrosino said it eventually will be \$530,000, noting the \$100,000 is a little less than 20%. She said this is the reallocation that the City has received.

Councilor Lindell asked, referring to page 3, under the Public Facilities Section, how do we determine and select the improvements to be made. How do we select a specific nonprofit to receive these funds.

Ms. Ambrosino said every year the Office of Affordable Housing advertises a notice of funding available for CDBG, and as the funds allowed for the Housing Trust Fund. It is based on the applications received, and the projects. She said there were 2 applications from the Santa Fe Recovery Center and Girls, Inc. She said the Community Development Commission elected to fund those projects.

Councilor Lindell how many applicants there were.

Ms. Ambrosino said there were 10, and we were able to provide a portion of the funding, because the activities are in line with out consolidated themes. She said this is year 2 of a 5 year cycle.

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

DISCUSSION: Councilor Maestas do we have do to separate motions, one to approve the plan and one to approve the allocations PSA's for the Affordable Housing Trust Fund, or approve the whole thing.

Mr. Rodriguez said it can be done either way.

Chair Dominguez asked how difficult would it be for Ms. Ambrosino to indicate how much revenue was generated by each of the funds.

Ms. Ambrosino said she don't have that information, but she can work with Finance to get that information and provide a Memorandum with that information.

Chair Dominguez said that would be very helpful for him, just on those who are allocated from the Affordable Housing Trust Fund.

Mr. Rodriguez said he can get that information.

Chair Dominguez would also like the balances in each fund, if any.

Mr. Rodriguez said he will get that information.

Councilor Maestas said he thinks this is a great mix of funding, and he commends Ms. Ambrosino, and all those had anything to do with this plan, commenting it is very good.

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

13. REQUEST FOR APPROVAL OF EMERGENCY PROCUREMENT AND PROFESSIONAL SERVICES AGREEMENT – TESTING OF CRITICAL INTERFACES FOR NEW UTILITY BILLING SYSTEM IMPLEMENTATION; MOUNTAIN RIVER CONSULTING. (CARYN FIORINA)

Councillor Lindell said the contract amount was \$76,700, and the funding on some of this is due to the termination of someone who was the primary support person, and asked at what level do we need to fund this.

Ms. Fiorina said we're requesting this contract, perhaps half of this.

Councilor Lindell asked if there no JD Edwards representative closer to us than Idaho.

Ms. Fiorina said they have not found one closer than Idaho.

Councilor Lindell said this seems astounding.

Ms. Fiorina said the thing that is unique about this is that they have experience on this system and are specialized.

Mr. Rodriguez said JD Edwards is a very specific system. He said we are kind of locked in to working with people who can work with our system. He said it was cheap going in and it is now expensive to keep moving forward with the maintenance.

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

DISCUSSION: Councilor Rivera said he has had some issues with this all along. He said we knew that this advanced utility system was coming, yet we did not prepare to coordinate with the new utility company. He said because of lack of foresight, it is now it is an emergency situation and we have to fund something that is already done. He asked how and why that happened.

Ms. Fiorina said, "[inaudible] and I was notified of the City Manager's decision and had to scramble to get coverage [inaudible]."

Councillor Rivera said he recalls some discussion about whether IT was consulted in this process, and he remembers that it was, and asked Mr. Schiavo to comment.

Nick Schiavo's said the IT employee who helped us do billing each month was terminated. The main focus here is to get someone to help us do the billing every months, and this is the reason this has popped up as an emergency, and has nothing to do with poor planning.

Councilor Rivera so there have been communications, it's just the timing of the transition and the release of this one employee..

Mr. Schiavo said the bottom line is that employee was helping us every month, and he was terminated and now IT is short staffed and we need someone to help us do our billing.

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

14. **REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A GREEN COMMUNITY PROGRAM FOR THE BENEFIT OF THE RESIDENTS OF SANTA FE; DIRECTING THE CITY RENEWABLE ENERGY PLANNER TO DEVELOP AND DRAFT A COMPREHENSIVE 25-YEAR SUSTAINABILITY PLAN TO ANNUALLY REDUCE SANTA FE'S CARBON EMISSIONS AND ENERGY CONSUMPTION, AND ACHIEVE THE CITY'S GOAL OF BECOMING CARBON NEUTRAL BY 2040 (MAYOR GONZALES AND COUNCILOR IVES). (JOHN ALEJANDRO)**
Committee Review: Public Utilities Committee (scheduled) 04/01/15; and City Council (scheduled) 04/0829/15. Fiscal Impact – Yes. (Expenditure: \$12,000 FY 14/15; \$50,000 Recurring beginning FY 15/16)

Mr. Alejandro provided a copy of *Sustainable DC Plan*, to the members of the Committee. Copies of this document can be obtained from John Alejandro.

Councilor Maestas said this will tie you up for a while. He said his head is spinning over all the plans we have and the overlap and some duplication. This legislation calls for a 25 year sustainability plan as the ultimate goal to becoming carbon neutral as a City by 2040. He said there was an update by the Climate Action Task at the last Council meeting, and there were a number of recommendations for implementation, so called low hanging fruit. He said he went on line and saw that the current Climate Action Plan that was developed by the Sustainability Commission is consistent with the current Sustainability Plan. So we have a current Sustainability Plan, and we have an active Climate Action Plan

from a previous administration. We have an initial initiative from a Climate Action Task Force from the current administration. He asked how he is going to make sense of all that. He is unsure what we are doing. Are we going to render the current Sustainability Plan and Climate Action Plan obsolete and replace it with this. He asked Mr. Alejandro to comment.

Mr. Alejandro said the bottom line is the 25 year sustainability plan is designed to consolidate all the previous plans out there, noting portions have helped us get to the goals of the Resolution. He said he has hard copies of the Sustainable DC Plan which he will hand them out, noting he sent an electronic copy to the Committee. He said that way he can better explain how this is going to work.

Mr. Alejandro said in 2008 a Plan was developed by the Sustainable Santa Fe Commission, one of the recommendations of what the City should do. There are competing plans, a lot of water conservation plans, waste management plans and such which had actions and recommendations. The 2008 plan didn't established a baseline. That was the only plan ever done which was 7 years ago, and some of what came out of it is now obsolete and out of date. He has sat in a number of the Sustainability Commission meetings, and the thought has always been to revisit that plan and to bring it forward and update it. He said the Sustainable Santa Fe Commissioners have agreed to work on what you have before you to develop a new Sustainable Plan.

Mr. Alejandro said, moving to the Climate Action Task Force, the first recommendation Mayor Coss gave was related to gathering data related to greenhouse gasses and the plans to reduce those emissions and collecting data to establish a baseline. And then to take that information and develop a sound plan for the City to use to reduce those emissions. This 25 year sustainability plan comes out of the Climate Action Task Force.

Mr. Alejandro said he has been working closely with the Sustainable Santa Fe Commission to finalize that benchmark report that establishes baselines in many areas. He said that benchmark should be published in the next several weeks. He said those will be the baseline measurements by which this plan will be developed and brought forward.

Councilor Maestas thanked him for clarifying what is going to happen to the current product. He agrees the current plan needs to be updated and a lot of recommendations that came from those haven't been implemented. He said, "My issue is why are we going to have you do it, when it will occupy 70% of your time. Why couldn't we just ask the existing organizations such as the Sustainable Santa Fe Commission or the Climate Task Force to do this with your guidance and support, and was that considered."

Mr. Alejandro said this is one of the core functions of his job. And his time associated working on the plan includes his time working with the Task Force members, and the Sustainable Santa Fe Commission, and others, and going to the public and holding public listening forums, and coordinating all of that into one written document. He said he has done this in the past. He said this is nothing new to him, and he would be the central staff person working with other City staff and stakeholders.

Councilor Maestas said he thinks there needs to be a stakeholder public engagement component at the outset. He thinks there are a lot of advocates out there for renewable energy, wanting to be a part of seeing Santa Fe carbon neutral by 2040. He thinks we need to clarify the broader vision and where we are going as a City, and how to incorporate into the City process, establish a baseline, engage stakeholders and such. He said, "I really think we need to hit the reset button on that, and make sure we know what the play is and go execute it."

Mr. Alejandro said he thinks that is where they are at this point as a City at large. He said they have specific direction from the Council that we become carbon neutral by 2040, but we don't have a plan to do that. There are recommendations from the Climate Action Task Force which is to develop these goals. What is involved here is to get out new goals and strategies and the cost for us to be carbon neutral by 2040. He said his thought is to hold two public meetings in each Council District with the District Councilors in attendance so we can have a meaningful dialogue.

Councilor Maestas said he would urge Mr. Alejandro to exercise caution, including some aspects of this that could impact the community at large, and possibly limit it to the City government, noting carbon neutral would be the entire City.

Mr. Alejandro said it is for the entire city.

Councilor Maestas said we just deliberated on legislation to incorporate water efficiency at points in the Green Code, which truly was an unfunded mandate. We need to put an estimated cost on this. He imagines there could be more mandates in the Green Code. He said we need data, post empirical data, and we're not going to have a true baseline and true measure if only part of our data is based on empirical data. He wants to proceed with caution until we have the true costs in place. He said, because of the slow recovery of the recession, he doesn't want to start piling things on at this sensitive juncture of the recession. He said if you go slow and it does incorporate some of that, he thinks it's possible.

Mr. Alejandro thanked Councilor Maestas, saying they are very cognizant of those things.

Chair Dominguez said the FIR talks about 70% of his time, and asked if that is part of the \$50,000 for 2015/2016..

Mr. Alejandro that is correct

Chair Dominguez said that's not an additional budget cost, and asked Mr. Rodriguez how we will deal with that and in calculating those fiscal impacts.

Mr. Rodriguez said this raises a question, and he would encourage you to handle this differently.

Chair Dominguez asked if the new FIR form will articulate some of that.

Mr. Rodriguez said yes, and you can see the impact.

Chair Dominguez said then this is not an additional cost, it's just absorbed in the budget.

Mr. Rodriguez said yes.

Chair Dominguez asked if we get into the budget will your position require reclassification, commenting he is trying to figure about how this fits into the budget, bottom line.

Mr. Alejandro said, "I am confident I can deliver on this plan with the assistance of all of the stakeholders."

Chair Dominguez asked if he can do that on his current salary.

Mr. Alejandro said, "Yes. That's my job."

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

19. REPORT BY INDEPENDENT AUDITORS ON THE 2008 PARK BOND AUDIT. (OSCAR RODRIGUEZ)

A copy of *Independent Accountant's Report on Applying Agreed-Upon Procedures*, dated March 30, 2015, as a tentative and preliminary draft for discussion purposes only, is incorporated herewith to these minutes as Exhibit "2."

Councilor Lindell said she would like to reconsider the agenda. She said we found a document on our desks today. She said she would like to take this item off of the agenda.

Chair Dominguez asked if she is speaking of Item #19 and Councilor Lindell said yes.

Councilor Lindell said she would like to be able to read and study this report. She asked the reason we couldn't have had this report two days ago, and asked if it wasn't completed.

Mr. Rodriguez said he received it about 4:00 p.m., noting they had to make the presentation before the end of the month. He said he delivered it to the Committee as soon as it was received.

Mr. Rodriguez suggested that since the auditors already are here to allow them to present the information.

Chair Dominguez what he is hearing from Lindell is that she needs time to go over this document and wants to postpone to the next meeting.

MOTION: Councilor Lindell moved, seconded by Councilor Maestas to reconsider the previous approval of the Agenda, to postpone Item #19 to the next meeting of the Finance Committee on April 13, 2015, and to approve the agenda as amended.

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

17. RESPONSE TO RESOLUTION 2014-94 TO ANALYZE THE OVERALL OPERATION OF THE ONE-STOP FOR HOMELESS SERVICES AND WINTER SHELTER LOCATED AT 2801 CERRILLOS ROAD. (TERRIE RODRIGUEZ)

Items 17(A) and 17(B) were combined for purposes of presentation and discussion, but were voted upon separately.

Ms. Rodriguez noted the Resolution is in the Committee packet, noting she has listed the items in order. Ms. Rodriguez reviewed her Memorandum of March 9, 2015, with attachments, to Mayor Gonzales, City Councilors, Brian Snyder, City Manager and Oscar Rodriguez, Finance Director, in this matter. She noted the Memo recommends emergency funding. Please see this Memorandum and attachments which is in the Council packet, for specifics of this presentation.

The Committee commented and asked questions as follows:

– Chair Dominguez asked Ms. Rodriguez if she considers this to have been a productive dialogue.

Ms. Rodriguez said absolutely. She said the first meeting was very confrontational, and the neighbors were unhappy with the process she set out, and wanted to mostly discuss moving the shelter. Their primary concern was to move the shelter out of their neighborhood. She said she made it very clear that wasn't her job, that her job was to address the immediate needs for safety and they would stay there. She said by the third meeting, it was gratifying to see that the neighbors and the shelter were in the same place – they wanted to see a better system to address the needs of the homeless in the community, as well as the safety issues in the neighborhood.

– Chair Dominguez said then this was a dialogue that needed to happen, and there were two sides very apart from one another, and this brought them closer to have better dialogue..

Ms. Rodriguez yes, and she believes this dialogue needs to continue to happen, and that is one of the recommendation in the short term and it is also in the Memorandum of Agreement.

- Chair Dominguez said, so it was a good exercise, in spite of all the emails he received before the meeting, and Ms. Rodriguez said yes.

- Chair Dominguez asked if the Interfaith community agrees.

Guy Gronquist, Chair, Interfaith Community Shelter, said, "Yes. All's well that ends well."

- Councillor Rivera said some of the residents around the Shelter are concerned about the time we are recommending to extend the shelter, and the neighbors were hoping we would keep it open only until about 8:30 p.m., 9:00 p.m. at the latest. He said this is one-stop shop and asked if additional services can be moved to a secondary location for even a short amount of time. He said all they're asking is for a break for a little while. He said perhaps we could look for a secondary location for the additional services they offer. He said they also asked if perhaps the summer feedings could be moved to a different location just for the summer, perhaps in the Park or one of the churches.

- Councilor Rivera continued saying, these are their main issues and they're looking for a break during the summer months. He gave a "shout-out" to the Interfaith Community and staff, saying they have done a great job. He said when he has driven by, there were residents picking up trash and it looks much better than it has in the past. He said they deserve a pat on the back for doing a good job, and he is sure the residents see it and appreciate it as well.

- Councilor Rivera continued saying he met several weeks ago with Mr. Pino about doing some other things that were suggested, including improving some lighting outside on the lot on Harrison Road, where there may be people, some of the homeless, so nobody is run over, as well as minor sidewalk improvements. These are recommendations from the neighbors, noting a break for the summer months is an appropriate request, and instead of opening until 1:00 a.m., maybe just staying opening until 8:30 p.m. He said what Ms. Rodriguez recommended came from the overall meeting, but he is giving information he got from the business owners and neighbors right adjacent to the Shelter.

- Chair Dominguez asked Councilor Rivera, with regard to his suggestions, how are those items articulated in the agreement, or are they in the agreement.

- Councilor Rivera doesn't believe they are in the Agreement, noting the increase in service hours is in the agreement, and he feels we have the flexibility to have additional discussions with the Interfaith Shelter to discuss if we can stay open and what those costs could be.

- Chair Dominguez asked Ms. Rodriguez if she concurs that there is the flexibility to work out some of those small details.

Ms. Rodriguez said she thinks the idea brought forward to the Mayor, a group of staff and two Councilors is deserving of consideration. She does think there needs to be additional discussion with the Shelter as well the providers. It is essentially asking that food services and other services

not occur at shelter. She said that isn't a good idea for the rest of the winter, and will disrupt what has been happening there. She knows and understand that the neighbors want a break and that is a very reasonable request. She suggested we look at making those changes in the summer to give the residents a break, and look at sites for service. There are some services that could happen other places such as health care and counseling for the homeless. There are services that can happen at the ROC. One of them are the showers, and the Recreation Department has dealt with that some time by having people access showers at the recreation centers before the Interfaith Shelter started offering showers. She said the provision of clothing happens only at that site, and the meals which have been provided by the Interfaith Shelter as well. She said she would suggest further discussion if we could close the shelter for the summer months and be able to take care of the need for people to access food and other requirements.

- Chair Dominguez said he is asking, outside of those items which are explicit in the MOU, if you need more flexibility in the MOU to be able to have those discussions. He is sure the Shelter will be amenable in talking about it, but does she feel that needs to be explicit in the MOU.

Ms. Rodriguez said the MOU we were asked to do was to address the issues the neighbors were having to deal with right now, and that they addressed. She said what the neighbors are saying right now, because the services continue to be provided at that site, should be included so we can come to an agreement between the City and the Interfaith Shelter. It is in our best interest to have this shelter relevant to people that live in Santa Fe, if we can't find sufficient resources to be able to provide those services elsewhere than 2801 Cerrillos Road, then we need to do that because it is the City's agreement between the City and the Interfaith Council. She said she believes we should look at closing the shelter during the summer.

- Councilor Maestas said the matrix you set up on short term needs has helped me a lot. He said there are several needs where the City is the responsible party and we really haven't moved on those needs. For example, the sidewalks are a significant investment, and he doesn't know that Harrison is wide enough to accommodate two sidewalks. He thinks we should look at capital improvement estimates for sidewalks, and pursue reallocation of capital funding, whether it be CDBG or otherwise. There are complaints about speeding, although he doesn't know that has anything to do with the shelter, but nevertheless he thinks we should at least initiate a traffic study, commenting John Romero's shop could do that. He said he agrees that lighting is an issue, and we should come up with an estimate on that as well. He said we don't know how long that Shelter will be in operation, but he believes lighting would be a worthy capital estimate there.
- Councilor Maestas continued saying, page 2 of the matrix indicates additional patrols, noting that information was gathered by some of the residents, and he believes we should initiate additional patrols. He said perhaps there could be an *ad hoc* implementation committee to make sure each and every action is implemented on the short term needs. He said a lot of these issues stem from the frustration of the neighborhood. We have to focus on the short term needs and we could reduce a lot of emotions by everyone if we start working on the short term needs. He doesn't know if that can be incorporated in the MOU as an amendment. He said all stakeholders need to do their part because responsibility is shared among all stakeholders to implement all these short

term actions. He thinks the City should commit to its responsibility for the short term items in the matrix.

Ms. Rodriguez said the reason she did the matrix was as a way to figure out what we were looking and who was going to be responsible for what. She said the issues of sidewalks, traffic signs and lighting will be discussed at the Public Works Committee, and Mr. Pino has been working on these issues. She said he has given direction to staff to look at some of these issues. She said we are hoping if the Council accepts this memorandum as a response to the Resolution, that these items will be considered to be a part of this document to go forward. She said she likes the idea of an implementation committee to follow up. She said, "I'll just also caution that, in addition to the short term needs, a lot of the community members also said the City shouldn't put hundreds of thousands of dollars into this, because we want this shelter moved. So that was a lot of our coming up with what we were going to address in the short term."

- Councilor Maestas said, "If we are going to radically change operations and possibly relocate it during the summer, I really think there needs to be true discussion. It's easy to say we're going to relocate services, but you have to think about where and what the impacts would be in relocating the services. It may serve the purpose of the local area, but it's going to impact another area. I would just urge you and all the stakeholders to proceed with caution on that, and take a go slow approach to make sure exactly what we're getting into here. Summer is just right around the corner. If that's a desire for the summer, I think that's a really aggressive time frame, so just be careful. Again, after you identify the location then there's a public involvement process wherever we locate these services, even if they're temporary. Just a word of caution."
- Councilor Maestas said Ms. Rodriguez has done a great job. And he commends Councilor Rivera for attending all of the public meetings, noting he attended the one at the Chavez Center which was well done. He gave kudos to Terry Rodriguez and Staff, and the stakeholders who did a really good job of being so responsive to the Resolution.
- Councilor Lindell said when Ms. Rodriguez started her statement she said something about St. Elizabeth's and asked her to repeat that statement.

Ms. Rodriguez said St. Elizabeth Shelter is very interested in relocating their space to a different place. She said they would build its resources by selling their space on Alarid and on Cerrillos Road, which is Casa Cerrillos, a 28 occupant facility. They also have another facility for womens' services, and a facility for the elderly on Cerrillos, and they have transitional housing across the street from the school.

- Councilor Lindell said then they have a vision of combining all their services into one campus.

Ms. Rodriguez said yes, and the key word is campus. She said our information is a lot of service providers were saying people weren't going to the shelter, particularly youth and women, because they didn't want to be associated with people who were actively abusing substances, or the long term homeless. So they would design that facility so people wouldn't have to be interacting with

people with whom they didn't want to interact. The idea would be to have separate entrances and exits, commenting it would have to be a well thought out design and construction process.

- Councilor Lindell asked if that is something we potentially would see the Interfaith Shelter being to join, or is that a consideration, or is it too preliminary to have this conversation.

Ms. Rodriguez said it is a very preliminary conversation, but it would make sense to have winter services located in one campus which would then start that continuum of services from Human Services. The winter shelter keeps people off the street and getting to start thinking about changing their lives and accessing the services at St. Elizabeth's, which is happening now. She said 41 people who have gotten out of homelessness, came to the shelter and then connected to health care, to St. Elizabeth's shelter and have received housing at this point because of their interaction with the Interfaith Shelter.

- Councilor Lindell said that's great. She hopes that is something we can pursue, recognizing that is very preliminary. But she thinks that kind of project in the future would meet the needs of the clients and the whole community. She said we're trying to hold this together with "just glue and duct tape." She would like for us to be able to do a better job with it. She attended the first meeting, and said there wasn't very much love shown. She said Ms. Rodriguez did a wonderful job, and she is glad that we found common ground with them in the subsequent meetings and they moved along much better. She said the matrix Ms. Rodriguez put together will be very very helpful to use in the future. She thanked Ms. Rodriguez and Mr. Gronquist for participating in this process and helping us with it.

- Chair Dominguez thanked Councilor Rivera for "taking this head on," and for all the work he has done to work with the community and the neighbors and with this Committee as well. He thanked Ms. Rodriguez for being in an uncomfortable position at times, and for going through all that.

- Chair Dominguez thanked Mr. Gronquist for the services they provide on behalf of the community. He thinks we do a good job with our homeless population, commenting a lot of it is because of the work they do and their involvement in the community. He knows it's not always easy, and just opening these discussions was important.

- Chair Dominguez said he doesn't know what an organization serving the homeless should be. He asked, regarding the Day Services Program Manager and some of the other positions, if any of these are from the homeless population, and if not, why not.

Mr. Gronquist said the Kitchen Manager is an alumni of the program, and there are a number of the staff of the shelter who are guests or who have graduated. He said, "As Joe says, if we are not prepared to offer these individuals jobs, should we expect others to do so." He said they seek actively to give employment opportunities to their guests and from the guests."

- Chair Dominguez asked if the individual is the evening Kitchen Manager.

Mr. Gronquist said yes, and one of the individuals who works in the kitchen during the day is a guest.

- Chair Dominguez asked Mr. Gronquist if he sees moving to an empowerment model where you're not just hiring folks who are graduates, but also doing outreach to the homeless population to encourage them to get out of that cycle.

Mr. Gronquist said there is a template for that model and it is the Lifelink. He said several of the counselors from The Lifelink have been homeless in their past lives, and said, "I would see us following that paradigm because it can be done."

- Chair Dominguez said although he doesn't know how an organization providing services to the homeless population should be organized, he is glad to hear you are working on that piece. He thanked them again for providing services to that population.
- Chair Dominguez said he would like separate motions for 17(A) and 17(B).
- Councilor Rivera said, in light of what Ms. Rodriguez said about possibly making changes to the Agreement, based on the neighborhood recommendations, to try to do some of the things they requested, he would like to postpone 17(A) and 17(B) until the groups come together and have some of that discussion. He noted the emergency funding is only for a short amount of time and some of those things may impact the neighborhood.. He said it is important to get recommendations from the shelter perspective as well as the neighborhood perspective. He said some of these changes may not happen, but that discussion needs to continue before there can be an agreed-to, signed agreement.
- Councilor Rivera said he would like to postpone Items 17(A) and 17(B) to the next meeting of the Committee. He said there was miscommunication previously with the Mayor's staff, and they weren't invited to the meeting until the last minute, so they definitely need to be included in these discussions that take place..
- Chair Dominguez said then there is no need for emergency monies.

Ms. Rodriguez said the recommendation made by Councilor Rivera should be done as quickly as possible. She said the shelter has extended some of its hours in anticipation of these meetings, and they are underwriting those costs at this time. She said the request was to have the Shelter hours extended. She said the request is for the remainder of the funds for the winter season. The reason she has the emergency fund is to be able to cover these kinds of things. She said a small group of people met with the Mayor asking that the times not be expanded, and that services be done at locations other than at 2801 Cerrillos.

Ms. Rodriguez continued, "I would respectfully request that we look at the emergency funding to be able to finish out the winter, and use that time and the money to do what the majority of the neighbors appear to have requested, and then look at the MOU to see if it would be possible to

close it for the summer months. Because, as Councilor Maestas mentioned, that is going to take a lot of work in terms of these those services can happen and what is best for everyone involved. The group that met with the Mayor is really a much smaller group and they had concerns, but she would respectfully request that consideration of the emergency funding to be happening first."

A. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – PROVIDING IMMEDIATE RELIEF TO NEIGHBORHOOD AND BUSINESSES AND SERVICES TO SHELTER; INTERFAITH COMMUNITY SHELTER.

MOTION: Councilor Rivera moved, seconded by Chair Dominguez, to postpone Item 17(A) until the Mayor and the group that made their request and the business owners can get together with the Interfaith Shelter and thoroughly discuss the possible changes that may impact the MOU.

DISCUSSION: Councilor Maestas said, "And this is your baby Councilor Rivera, but I think the MOU as presented really memorializes and commits the City and all stakeholders to what has been agreed upon and not in dispute. I would urge the Committee to adopt this, and that we give staff direction to bring back an appropriate amendment, if any, to change the summer services or anything related to shelter operations. That way, on the record, we know that what's in the MOA is validated to public meetings and the commitments by stakeholders have been clarified, and we are all in agreement to do that. I would just urge us to adopt this and consider an amendment to the MOU once all the parties have discussed this change. And this is a very late change. I see this as progress and good will, and as a mechanism for us to really start addressing these issues as they come. I think this is kind of a curve ball and I just don't see a need to postpone. I think we should approve it, but entertain a future amendment. That's my concern."

Councilor Rivera said that would be fine as well. His concern to postpone was based on what staff was saying that there may be some changes necessary, but if that can be done through an amendment process he is fine with that as well.

WITHDRAWAL OF THE MOTION BY MAKER AND SECOND: Councilor Rivera and Chair Dominguez withdrew their motion and second.

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve Item 17(A), the MOA, as presented, providing immediate relief to neighborhood and businesses and services to the Interfaith Community Shelter, with direction to staff that if there any amendments to the MOA, those amendments should have full agreement and consensus of the stakeholders.

Chair Dominguez said Item 9 of the proposed MOA says, "Amendment. This Memorandum of Agreement shall not be altered, changed, or amended except by instrument in writing."

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

B. REQUEST FOR APPROVAL OF EMERGENCY FUNDING SOURCES FOR HOMELESS COMMUNITY IN THE AMOUNT OF \$12,900.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve Item 17(B), the request for approval of emergency funding sources for the homeless community in the amount of \$12,900.

DISCUSSION: Councilor Rivera asked how long the \$12,900 will cover the shelter.

Ms. Rodriguez said the shelter will close on May 8, 2015, so just a little over a month.

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

18. PRESENTATION AND APPROVAL OF HEALTH PLAN SAVINGS OPTIONS. (SANDRA PEREZ)

A copy of the statement for the record by Sandra Perez, Human Resources Department, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "2."

A Summary of Collective Bargaining Agreements Regarding Insurance Benefits, with attached Collective Bargaining Agreements, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "3."

A copy of *Top 10 Providers*, prepared by Aon, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "4."

Chair Dominguez he would like for Ms. Perez to make a statement, and then allow the 3 unions to make a statement if they choose. He said, although this not a public hearing, he would like to give them an opportunity to get their concerns on the record, so we can continue with deliberations. He said whatever time he gives Ms. Perez to speak, he will give the same amount of time to each union.

Ms. Perez passed out a statement that she will read into the record, which summarizes the information we gathered at the Group Advisory Committee primarily, as Chair of that Committee, noting that Vicki Gage is the Human Resources representative on the Committee, "so we thought it was best to capture everybody's feedback and how that vote went, to be entered in the record." She said in addition the written statement, she included a copy of the spreadsheet that summarizes the 3 different contracts and the specific language in those contracts regarding health care and the benefits plan, as well as copies of the contracts so you can see the actual contract language, and discussion of the effect of different pieces of the benefit plan. She said, "In the past when we paid our top providers, how those chart out, particularly in the area of alternative medicine..... And we thought it might be helpful for the Committee if we just provided those two pieces of information when we get into that discussion. I don't necessarily touch on them during my presentation, but you do have them for referral."

Ms. Perez introduced Lynette Trujillo the new Director of Human Services, who is joining us tonight and will be in attendance throughout the budget hearings. Ms. Perez said she committed to the City Manager and Ms. Trujillo that "I was knee-deep in this, so I'll see this piece out as part of the projects that I'm going to be meeting with you about."

Ms. Perez read her statement into the record. Please see Exhibit "2" for the text of this presentation.

Chair Dominguez asked, following Ms. Perez's statement for the record, if the union representatives in attendance would like to speak, noting representatives of AFSCME and the Firefighters are in attendance, but there is no one in attendance from the Police Officers Association.

Officer Pelly Hutton, Santa Fe Firefighters Association, said, I'm not going to be able to do anything *[inaudible]*, but I would like to add we were tasked to give you 4 options. We are a little overwhelmed, *[inaudible]* said we would like for you to give us options on how we could save money. He said we believe we have. We believe we have a strong wellness plan in place, and they are looking at expanding that as a way to save money as well."

Officer Hutton said he believe that there are areas of the plan that are abused, and if modified could save money. He said the employees pay money into the plan, noting it is a recruiting tool to add monetary value. He said if you tax the employee so there is more out of pocket, he has no doubt there will be pushback, so you need to consider that when you look at these 4 options, as they transition into another contract, and look at tightening some of the loopholes. He said the PD asked me to speak for them today, noting it is his birthday.

Patrick Romero, AFSCME 3999, said in 2008 the cash balance in this fund was *[inaudible]*. He said the money in the cash balance of the fund was transferred out of the fund and into the general fund. He asked how much was transferred out and what was the intent, and was it put back in. He said this fund is built with employee and City funds. He said they would like for the Governing Body to pass something that only allows this money to be spent for healthcare, and provides how to protect the \$5 million fund into the future. He said he doesn't think it is fair for the money to be used for other things. He said this fund is an asset and one of the most valuable assets. He said it is valuable to the City to have healthy employees. He asked how we are going to protect this asset as we move forward. He said there is no real, concrete agreement to accept these changes across the board, perhaps a "bit of a co-pay increase." He said there is still a lot of work to be done. He said they are in the middle of negotiations right now, noting they have more than 600 members of Local 3999. He said, "We appreciate you listening to us, we're working as hard as we can to make this fair across the Board."

Chair Dominguez thanked everyone who spoke this evening, and the Advisory Committee for the work that they did. He said this isn't a new issue, but he believes it has taken a significant leap forward, but there is a realization that something has to be done.

The Committee commented and asked questions as follows:

- Councilor Maestas said this has been quite an exercise, but it is a needed one. He hopes this will leave us to take action to make this fund solvent again. He said what we're going here is independent of the City's overall budget, because our focus is making this fund solvent which he thinks is needed. He doesn't think we should kick the can down the road. He believes we have enough information before us to make a decision to set this fund on the path to solvency. He said he also realizes that on the 5 year horizon that we're well beyond wellness in making some of the changes, noting we are looking at some changes.
- Councilor Maestas said, with regard to Mr. Romero's uneasiness about accumulating a high balance, he agrees with him. He is uncomfortable in accumulating any cash balance above \$2 million, and that's been a target of ours. He thinks we need a healthy balance so we can observe any changes in the market, commenting there may be other federal and State mandates which could impact the cost of medical and pharmaceuticals. He said, in looking at the options, he is convinced that we do need to adjust premiums. We need to keep pace with the increasing cost of healthcare, and it's going to be increasing. He has seen no projections under 5.8%. He said if we don't keep pace with the increasing cost of health care, we're going to be doing this every 2-3 years, and we will have to make major structural changes to the plan. He said the premiums are the best place to do, noting there's no disproportionate burden on the employees or the City, and we share funding the increasing cost of health care. He encourages the Committee to incorporate the element of premium changes to keep pace with the cost health care, although what that is remains to be seen although we have looked at some scenarios.
- Councilor Maestas continued, "I don't advocate changing the *pro rata*. I believe we need to change the co-pays. I myself prefer Option 2A because it's not that extreme. And when we looked at our plan side by side with the State and other cities, even with these copay changes, our plan is still very very good. The copay changes had to happen, but I think the real fix is going to be adjusting those premiums to keep pace with cost of healthcare. And I think we can either calculate the increase in premiums and project to always have a minimum of \$2 million, and maybe we can have an upper range of no more than \$4 million to \$5 million, and adjust the premiums based on maintaining a certain minimum balance. Why don't you just apply the projected in healthcare, and I think that's what they applied to the premium trends."
- Councilor Maestas said, "I offer an alternate calculation. Instead of going with the trends, that we factor in the balance and calculate the premium increase and tie it to having a minimum balance in the fund to ensure, as Mr. Romero said, we don't calculate estimates of \$18 million, which I think is way, way too high. I think it can be done and we can do it. We have the information here. I realize the unions are against any changes, but I really implore you that I think the time has come for us at this time to face the facts that we're dealing with incredible inflation costs of medicine and pharmaceuticals and medical services."

– Councilor Maestas said, “I like Option 2A, the \$860,000 savings through changes, and revise the calculation in the premium increase, not necessarily the trends, because I think the balances are much too high. I would like to tie it to maintaining a minimum balance, maybe even a maximum balance I think would be acceptable to the unions, to make sure we keep it solvent, but we don’t accumulate a serious positive balance or a serious negative balance. My goal is to come up with a scenario where we do not have any negative balances, and we have a minimum balance of \$2 million. I think this hybrid which I think 2A represents is not an excessive change in copays, and then incorporate an amendment to the premiums. I think what I’m saying too, is I’m committing, or at least advocating that the City change those premiums as needed to maintain at least a \$2 million balance. That’s precedent setting, because I think the City in the past has wanted to keep that constant for budget flexibility. I think, in our budget deliberations, we need to face facts and incorporate escalating costs in the form of contributing additional premiums as we go along to keep pace with increasing health care costs.”

– Councilor Maestas continued, “So I think the City has an obligation to face that fact too. I think we need to face facts. We need to take action and incorporate a mechanism to keep pace with those health care costs. I think the time is now. In fact, I think we need to institute these changes before we get a carrier. It would be much better to have the changes and have the carrier implement them. The carrier can always revisit these changes and make tweaks, but I think we are beyond tweaks. So, I advocate for Option 2A, with an amended premium calculation to ensure that we have a lower balance on the magnitude of \$2 to 5 million, and that would surely reduce the premiums. I realize the challenges to future City budgets, but we’re just going to have to budget these increased premiums. I think it’s too much to fix premiums and then in another 2-3 years make these draconian changes to copays and deductibles. That’s much too unstable, I think, for the employees to deal with. Let’s take care of it, index those premiums, and a key base for the cost of health care, but maintain an acceptable balance.”

– Chair Dominguez said he thinks everything you said is well taken.

Ms. Perez said, “Mr. Chair, I would be remiss if I didn’t jump in here for a minute, because there’s something Councilor Maestas said in his eloquent summation of his position, and that was that he knew the unions were against changes. And I just want to be really clear that at the Committee’s direction, the Nos across the board were related to these 4 options as presented in their total picture. They were not opposed to considering any changes, they just presented these 4 options, that’s what it was. And I just want to make sure we’re very clear about that.”

– Chair Dominguez said he doesn’t want to speak for Councilor Maestas, but he understood that was the case.

– Councilor Lindell thanked the committee for working on this. She said, “I pretty much agree with what Councilor Maestas said. I think we do have to get realistic about this. I don’t think that anyone wants to continue to have this conversation every 24 months, and having to bring it up and bring it up. It takes up a lot of time for everyone, and I do think we should do it prior to a new carrier. I think that’s important and we should make a commitment. The one place I have

possible disagreement with Councilor Maestas..... tell me where the \$2 million balance came from. Where did that recommendation come from."

Ms. Perez said, "When we were before you last, and our packet we had put together on December 26, 2014, and we had an array of projection sheets from Aon, and we zeroed in on the option that started with a foundation of \$745,000 in savings, and then we attached it to page 39, which was one of Aon's 5-year projection sheets that had a \$2 million, give or take, balance in 2017/2018. So all discussions and instructions to us stemmed from page 39 and go with the foundation of the savings plan for \$745,000, and take it from there. And then additional instructions came on top of those two foundation pieces."

- Chair Dominguez said it was to allow us to establish a baseline.

Ms. Perez said that is correct. So that's how they got the \$2 million.

- Councilor Lindell, "I'm concerned... like I said I really do agree with Councilor Maestas, but I'm a little concerned that \$2 million is a little bit low, and I did hear him say maybe \$4 or \$5 million, and we could have a catastrophic \$2 million claim. I've seen in my own family very very very sizeable hundreds of thousands of dollars of claim, and that's one person. You have a sizable sample here, and I'm rather concerned, that rather than come up short... I would rather do this once and err on the side of getting it too right. We can always go backwards. It's much harder to deal with a fund that is negative rather than one with a positive number. I would concur with Councilor Maestas, but my feeling is that we need to have a \$5 million balance."
- Councilor Lindell continued, "And again, I thank you for the work. It is clear. I hope we can not kick this can down the road. I'm sorry, we're all affected by it. To increase premiums, I think we need to do it prior to selecting a new carrier, and I think we have to have a reasonable balance in the fund. So, those are my thoughts on it."
- Chair Dominguez said, "We are at the end of the road."
- Councilor Rivera said, "I think everyone agrees that there needs to be some changes made. Sandy, I'd like to thank you for all your work, with representatives of Aon and especially the unions, specifically to member Hutton who probably has been a member of this committee since it started. You and Vicki are part of the furniture now, because you've been here so long. And you've seen many different things happen. I agree we need a fund balance and I also agree that we need to make sure that fund balance stays where it is supposed to be, and not used for everything. I think \$5 million would be a good balance, but I'm not sure we need to make it all up in year 1. So, can we take smaller steps, smaller approaches, I think we can. I like Option 2, and I think paring it down to those things that are really being taken advantage of, either by the providers or by employees. And the acupuncture and those things are extremely rich, with the copay being only \$10, it's easy for somebody to bill."

- Councilor Rivera continued, "I went to see a massage therapist a couple of months ago with a back problem, and I asked her when she started her business. She basically said, in not so many words that she slanted her charges to make money off these plans to sort of take advantage of it. So you come in, get a massage, you pay a copay and then they bill the insurance company. It's real easy for people. So I think having some variation, maybe Option 2, we can see how taking small steps will help us get where we want to go. I think with the economy coming back and potentially hiring more people and getting a little more GRTs may help us out as well."
- Councilor Rivera asked, on the top 10 providers list, the top one, Christus St. Vincent, is the regional medical center, so that's specifically the hospital, and Ms. Perez said yes.
- Councilor Rivera asked if those remaining are primary care providers in the Christus network, but are outlying facilities.

Ms. Perez said the remaining providers on the top 10 list would be Presbyterian Hospital in Albuquerque, Santa Fe Imaging Center and UNM Health Sciences.

- Councilor Rivera said not those. He said he is talking about the remaining providers at the bottom of the page.

Ms. Perez said it would be the remaining providers in the network with the UST Health Plan, so it could be primary care physicians, specialists, urgent care centers, other labs or X-rays. And one of the things that stuck out to us, and the reason we provided it earlier and we're providing it again, is because we have been discussing alternative medicine. And when you drop to 5th and 7th on the list, those are two alternative medicine groups or providers that are doing alternative medicine practices or massage therapy. I think it's unusual that we have an individual provider stick out among the top providers who are otherwise hospitals and things like that. And that was what was telling to us that we have a problem in that area."

- Councilor Rivera said he has glad that has been identified. This is an area where we can take steps and save a considerable amount of money, and take smaller steps. He said for many years we typically have given employees an increase of 2-3%, and then raised health care costs by 4-5%. He said he would ask that we wait for a new provider, or UHC to remain the provider, if we can make changes before any discussion happens, and asked Ms. Perez her recommendation.

Ms. Perez said, "I think the plan design is the plan design. And the carrier that is selected responds to the plan design. A big portion of what it is we're deciding on when we're selecting a carrier, has to do with how they respond to the design and how its network complements the current network, and how do you complement what we currently have. Primarily, it is about the administrative fees, and fees they're going to charge regardless of our plan design. It is also related to the insurance premiums on our stop loss, and how we have that, and what if those premiums don't increase over time. And then also ease of administration, partnership in administration, on-line capabilities, and being there during open enrollment and then after. So there are a lot of factors in selecting a carrier which don't have much to do with the ultimate plan

design. How are they responding to our emphasis on the wellness program. Definitely there's been responses to that. Some are greater than others and we're varied in how they're responding and how that works."

Ms. Perez continued, "We asked them, and put everybody on notice of the ideas being discussed around plan design, that the copays could change and other things could change. That's fine, they're just going to bill us for the difference of whatever the copay is and what they have to cover. Making decisions about the plan design now is important for open enrollment, because then the employees are faced with choosing Plan A, Plan B or Plan C based on the design changes. It's important to them to make wise choices for their own families related to that. It's happening at the same time, there will not be a train wreck I'm sure of that. You want to educate what the plan design changes are, because they are our design changes and that's what we're going to put forward, and here is the carrier that's going to provide the service."

- Councilor Rivera said then we could see significant savings in administrative fees if we decided to change carriers – on top of some of the savings we might see in one of these options, not in total form but in variations in some areas of these we could see potential savings here as well as potential savings from what we do in the provider contract.

Ms. Perez said yes, and our timeframe for that is we've narrowed it to finance, and it will be back to the selection committee April 6-7, and then we will make that recommendation to the Finance Committee on April 13, 2015, for final recommendation to the Governing Body on April 29, 2015, which would allow us to go into final negotiations on the contract and what that is and how that is stepped out, so we're looking at it carefully.

Responding to Councilor Rivera, Ms. Perez said what we're looking for tonight is, 1) To respond to the Committee's instruction on bringing you back savings within the plan design, so what we're looking for tonight from you is to decide if you're going to make recommendations to the Governing Body for changes to the benefit design we have in place, or 2) Is it going to stay status quo and continue to be under discussion until such time as you want to make that decision.

- Chair Dominguez said by not providing you with an option either tonight or the Council, what does that do to your selection process.

Ms. Perez said, "Not a thing."

- Councilor Maestas said our goal all along was to come up with design changes that would make this fund solvent prior to the selection of the carrier, and he wants to point that out.

Ms. Perez said that is correct. They wanted to coincide the two, so if employees were going to open enrollment, the education process to employees about choices would happen simultaneously. She said another important piece is the use of the flex spending account. If you make changes to the plan design, there are things that are taken away, the massage benefit for example. The employees get the massage and pay for it with their flex spending account. We

have 250 employees enrolled in a flex spending account. This is an opportunity to educate the employees about the benefits of a flex spending account. This is really the prime opportunity make these changes.

Ms. Perez said, "I think we're doing an injustice to our employees by keeping them in the dark, that the reality is \$10 copays. I'm sorry, that's not the reality. Nobody has \$10 copays. Everybody has higher copays, and at some point we're going to have to cross that bridge. We can kick the can down the road and educate the employees about the changes, but if you don't put the stake in the ground now it is not fair.

- Councilor Rivera said he would like to have a plan that the unions participate in and have options to buy into it. He said in looking at option 2, Copays, the primary care is going from \$10 to \$15, and \$10 to \$30 for specialists. He understands the system is kind of messed up, and you can't see a specialist sometimes until you see your primary care physician. You have to have a referral. He is unsure that he buys into all these changes. He wants all 3 unions to participate and to agree with the changes. He said he is unsure we've had a discussion of, for example, specialist copay from \$10 to \$20 or a variation. He said maybe there other options that be incorporated into one blanket options that everybody likes. He said it is their plan as much as it is ours.

Ms. Perez said that is the exercise that we did in December, when they came up with the a la carte menu across the board. It came back with options to you. They didn't put it in the form of the same kind of vote we put before them with the canned options this time. They did indicate the \$500,000 savings, leaning toward the \$745,000 savings was most preferable. Everyone agreed that taking only the primary care co pay to \$15 was key, a minimum change, while taking the specialist to the \$30 copay was probably liveable. But there was an option at that time that was also part of the a la carte menu which was \$15 across the board. So we have done that type of exercise. What we came back with tonight was answering the question and the direction that was given to us. So we could go back and continue to come back with other options, it's certainly doable.

- Councilor Rivera said he has a question of Mr. Hutton. He asked, what are the specifics of why you were not in favor of this plan in its total presentation.

Officer Hutton said, "I would have to call you back to our union contract, I really represent the union. And we, in our POA contract, have specific language that talks about no increase to co pays, so I have to represent that. So what we've done through the course of the years, we haven't been opposed to premium increases necessarily, but we would pick the low hanging fruit to get around minimizing the increases to the City and the employees with no change in copays. That has been my mission to this Committee."

- Councilor Rivera asked if we were to accept Option 2 tonight as the plan to move forward, your contract negotiations are occurring now, and that contract may remains as is, which calls for the lower copays. Option 2 may not be a viable option based on the Union contract, and asked if that is correct.

Officer Hutton said he does not sit in negotiations, and can't speak to that directly, but would say that would be a fair assumption. He said, as a member of this committee, and "I'm not negotiating our contract in that committee, because that isn't my job." However, he is trying to find a solution here they can accept – if we create additional programs within the plan to try to get around this, and have different options, and still keep the language intact in the contract. He said a lot of effort goes into try and keep it working. He agrees that we could sit at a table and do a menu-by-menu, menu-by-menu, item list, and say what works what doesn't work. He said that is not what they were tasked with.

- Councilor Rivera said he understands and he is just talking about current language.

Ms. Perez said she spoke with Legal about it, knowing we were coming tonight to have these discussions. And the information she received from them is, it would be different from the language in the Fire contract and the Police contract. She said basically, the bottom line is, you would be adopting something as a recommendation to go forward to the Governing Body for final adoption, in the form of an appropriation that otherwise would not fund the benefit plan in its current state. If that were to happen and the copays would be different, that would force the parties back to negotiations on this particularly piece. So it would open the door for negotiating that language, or the copay levels or whatever that means, but it would go into renegotiations for Police and Fire.

- Chair Dominguez said then for Fire and Police, those are openers.

Ms. Perez said, "That is an automatic reopener, because the appropriations to fund, basically the contract at that level, based on the way it's negotiated would not be available. And so it would immediately go into contract negotiation."

- Chair Dominguez said that is for both Fire and Police, and Ms. Perez said yes.

- Councilor said he thought the contracts were open to change in the copays if it was recommended by the Benefits Committee.

Ms. Perez said that is correct and if both parties agree.

- Chair Dominguez said, "I just want to make sure, for the record, that we're not negotiating changes."

Ms. Perez said, "You are not."

Ms. Perez said the language specifically says, "Insurance copays shall remain the same or lower unless recommended by the Group Benefits Advisory Committee and both parties agree. So if the Benefits recommended the change, if both parties didn't agree, then it would end up in impasse and arbitration."

- Councilor Lindell said in Option 2, we are increasing acupuncture, chiropractic and Naprapathy copays from \$10 to a \$30 copay. She asked if there is any data that shows that when copays for these treatments are increased that seeking for that treatment diminishes.

Todd Burley, AON, said there is data.

- Councilor Lindell said then the \$75,000 includes people who make the decision not to use these services because of the increase.

Mr. Burley said, "That is correct. It includes both the \$20 difference, as well as the difference in people not utilizing service as often."

- Councilor Maestas asked if we can we come up with a premium rate structure that is tied to a specific balance in the health fund.

Mr. Burley said, "Yes we can. I believe when we first had this 5 year projection the goal was to end up with \$2 million in the fund, thinking that would be enough for an adverse claim year. So we can certainly model that however the committee desires."

- Councilor Maestas said he would like a minimum and a maximum, \$4 to \$5 million. He said we wouldn't just predict straight out. Through the course of the year we would set the premium, and at the end of the 3rd quarter we would look at actual cost, project a balance, and that would set the premium on an annual basis.

Mr. Burley said is that is exactly what he does every year.

- Councilor Maestas said that is not what you presented here.

Mr. Burley said that is correct. He believes the last time we had several scenarios, some at a \$2 million balance at the end of 17/18, or a \$2 million at the end of 5 years. He said they can easily model changing the \$2 million to the level you want. He said premiums are calculated every year on the current information to keep the fund balance at that level.

- Councilor Maestas said the carry-over balance is \$5.8 million for the current fiscal year, so we are in a healthy starting position versus by making that up in future premium increases. This is the reason he likes factoring some kind of calculation into the premium to maintain that balance. He said, "The last thing I want to say is the copay options in 2 and 2A, were not random. As I recall, they carefully looked at comparable plans and we were still trying to remain better than the peer programs, but represent an increase to try to realize some savings in the plan. I do remember looking at each of the plans. I think these changes are made relative to the plans we used for means of comparison with ours. To me, the changes weren't random, and the changes were done very carefully relative to other plans."

- Chair Dominguez asked who sits on the selection committee for carriers.

Ms. Perez said it is the Group Advisory Committee, and each member is a member of the selection committee. In addition, she is on the Committee as a voting member, the benefits coordinator and Robert Rodarte. She said Aon sits as a subject matter expert advisor to the Committee.
- Chair Dominguez said then it is the Advisory committee as well as a few others, and Ms. Perez said this is correct.
- Chair Dominguez said, in terms of timing, I think regardless of whether we give a recommendation now, or after the carrier is selected, I think this was a very valuable process for us to go through. He said it would differ from what we did in the past in giving direction before the carrier is decided. He said he sees no harm in providing a plan after the carrier is recommended. He wants to find out more about the idea that we can't select a carrier before we provide a plan.

Ms. Perez said you can but it would start to impact open enrollment paperwork. When employees come in to think about their plan, if you are still undecided on the plan design, the employees will be enrolling based on the carrier and the possible options, but they will not have any literature about what their design plan will be. So, it is as it is today, but as it changes you will have new information that will come. She said from an administration standpoint, if you make a decision by the time you're selecting the carrier which is set before the Council on April 29th for a full presentation and decision, we can then go forward into open enrollment. However, it is pushing us tightly for publishing materials. We get our enrollment packets and our enrollment materials from the carrier, but the carrier will not know until the 29th, but they will know if they've been recommended to the Finance Committee. She said it complicates open enrollment, based on who is selected, how open enrollment is scheduled and how it's going to happen, is still to be determined.
- Chair Dominguez said then there is urgency to get the plan in place before the carrier is selected.
- Chair Dominguez said he wants to make sure we are referring to the same documents.

Ms. Perez said she has copies of the documents, but no page numbers.
- Chair Dominguez said, "Option #2, the front page is a summary.

Ms. Perez said it says \$860,000 benefit changes at the top of the page.
- Chair Dominguez asked if this is reflective of Option 2A.

Ms. Perez said yes, and the benefit changes you can see on Line 8A, Benefit Changes, \$860,000, and so those are pages 6, 7 and 8. Option 2A is on page 8.

– Chair Dominguez said then on Page 7 you have Option 2.

Ms. Perez said on Page 6 we have Option 2, and Page 7 is Option 2 Premium Flat and on Page 8 is the premium trend at the industry national average.

– Councillor Dominguez said he just wanted to be clear that if a motion is made, we understand what we're looking at. So Option 2 is flat premiums, Option 2A has trend *[inaudible]*. He said the cover sheet summary is applicable to both 2 and 2A.

Ms. Perez said, "Yes. That totals the \$860,000 in benefit changes. That is one of the ways you can get there."

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve Option 2A, "with the following change, that instead of the present premiums based on trends, that the premiums be set to a fixed balance of \$5 million and be calculated every year through the 5-year period, so then my motion is to approve Option 2A with the \$860,000 benefit changes in the copays, with a change in calculating the premiums to be sure that have a fixed balance every year through FY 19/20."

DISCUSSION: Chair Dominguez said he likes that motion, it's a hybrid of 2 and 2A, but the premiums are going to have to be looked at every year.

Councilor Maestas said there will have to be a full quarter calculation, look at the last 3 quarters and then project what the balance would be and that would set the premium for the next year. He said we could end up with a circumstance where there is no increase and might stay the same.

Chair Dominguez asked if Aon can provide that information.

Mr. Burley said, "I certainly can. We typically set the funding in February for the following year, using the past 12 months of claims data. If there is a shortfall in the funding, we increase the funding to make up that shortfall. If there is a positive, then the increase wouldn't be as much and we would try to hold it to the same level. He said it may not be exactly \$5 million at the end of the year."

Councilor Maestas said he is willing to say that will be approximately \$5 million.

Mr. Burley said, "I will set up the 5 year funding to show that at the end of each year it's going to vary up and down, based on the claims experience from the prior year."

Chair Dominguez said, "From what I heard from the unions that testified, my sense is that they want to be able to have some flexibility and some tweaks and change. I think, actually both Fire and Police say breaking the premium into tiers, more education of employees surrounding areas of abuse. Do we still have the flexibility to go through some more exercises, if you will, to make those tweaks."

Ms. Perez said, "I would say we absolutely do, because now we know the dollar amount that they recommended, \$860,000. This is a good menu of how you can get to \$860,000, but it doesn't mean it's the only way you can get to \$860,000. But now we know what's been adopted, because when you adopt the sheet, Option 2A is a round number of \$860,000 reduction in benefit changes. My plan is to obviously, brief the HR Director and, and with that permission, would assemble the Group Insurance Advisory Committee, explain what this Committee approved to go forward to the Governing Body on April 8th and see if we could reach some consensus on a menu of pieces making up a savings of \$860,000. They could survey their members, get [inaudible] that we could approach you at the time of going to the Governing Body, and that's next week, to be able to come forward with that final number. That would be the natural next step."

Chair Dominguez congratulated the committee, because we've taken a step forward that he's never seen happen on the Finance Committee. He said it's not the best, but certainly not the worst, but we've been able to provide a framework with direction and decisions that need to be made. He asked how Ms. Perez sees that fit in.

Ms. Perez said, "I understand, and with the active involvement of the unions and the non-union participation at the table, and Nick Schiavo couldn't say, but he indicated to me that he has gone back and started talking to the non-union employees that he represents at the table, I think that gets you that flavoring. If you recall when Councilor Trujillo was speaking about the employees survey, he was looking particularly to his experience at the State level. And when the State made changes and was changing premiums up and down, nobody asked employees what they think about this. And he felt for his fellow employees in that decision. As a policymaker in this entity, he wanted to make sure that employees at least had heard about changes that might be coming, and really had a voice in what those changes might be, and he asked if we could do some sort of survey. We said we can always do a survey. Now that we know what the direction, we will call a meeting as soon as possible, and if we think we also need to do a survey to complement it in the event the group can't get the word out we would do that to help them spread the word. I think we will be back before the Governing Body with voices of the employees this is affecting well in hand. Whether that's a separate survey, or the people representing them on the Group Insurance Advisory Committee. This really what they are offering."

Councilor Rivera said the approval of Option 2A includes page 6, and asked if those are recommended changes.

Ms. Perez said she understands that is the sheet that will go back to the Group Insurance Advisory Committee to start the discussion. And if they have other pieces from all the menu of options that we had available that would substitute one for another, as long as the bottom line does not change from the \$860,000, you would be okay with us coming back with a different array of what this looks like, if it was comparable with the individual items.

Councilor Rivera asked if we approve Option 2, which is right in front of us, it doesn't say anything about variations and it doesn't say anything about coming back with proposals from here, if the motion was to approve Option 2A which contains changes in Option 2. He said, "I just want to be sure the motion allows for that continued discussion."

Chair Dominguez said he as he understands it, the motion still provides that framework, keeping to the \$860,000. There is some understanding that copays may change a little bit."

Ms. Perez said you can't get there without it.

Chair Dominguez said, "Right. Maybe on the dominant side for copays. The way I see it as a hybrid is that Option 2 is just flat. And Option 2A is a trend, and the motion is to flatten out that trend."

Ms. Perez said, "To change the trend lower. To fit the premiums to a fixed balance of \$5 million calculated each year for a 5-year period to 19/20."

Chair Dominguez said this gives us a better outlook on its solvency, understanding this may change year to year, but it at least it established that threshold, is the way he understands it.

Councilor Rivera said, "Should the motion say that we want to look for \$860,000 in benefits and not really specify Option 2. What if they find something in Option 2 which everybody agrees to, but that isn't specific to Option 2."

Councilor Maestas said, "I think if we just focus on the savings as a goal, then I think it will open up every single copay again. I think we just talked about the sense of urgency in approving this plan design, and time it with the new carrier coming on board. That's why I made the point earlier that I don't think the copays were random, and I think they were very calculated and strategic. And I think we talked about changes after this, not now. My motion was 2A as presented with those copay changes and the \$860,000. We did talk about tweaking it going forward. The main thing is we are going to make it solvent and we have to scale back some of the benefits for the future of the fund, but we know there will be tweaks in the future. I think we need some decisions here early to keep us on task, because this has gone before the Benefits Committee and it's been there for quite a while."

Councilor Maestas continued, "I just want to state that this committee at some point, needs to revisit the scope and purpose of it. I see where the unions voted against every single option presented. I want to feel that everyone has a sense of ownership in making this fund solvent. I was a little disappointed that there was not a new option that accomplishes what we've been striving to create to make this fund solvent, at least within the next 5 years. I want to make sure the unions feel that they can think out of the box, and we can still get staff support and come up with our own brand new option that meets the general goals we had established at the beginning of this whole effort."

Councilor Maestas continued, "As I understand, Councilor Maestas, I think we have an obligation now to face up to this take ownership and do a positive solution. I want to make sure, going forward, that the committee works through the unions, the staff support is there, but that you have the freedom to come up with your own plan if you so desire, instead of the ones presented. It's easy to shoot things down. It's another to come up with an imaginative solution that you like."

Councilor Rivera said he didn't see Nos in everything the union had, but said he was reading that they were No to the entire Option 2 as presented, but they did like some things, but not necessarily everything that was in the plan. They wanted to be able to have continued discussions with unions they were able to and have those changes implemented. And then to have the new plan come forward. He said, "I'm not sure we are headed down that way. I'm not sure I can support something we basically are forcing on the unions, and feel like they are not a part in the changes that are happening. I understand where everyone's coming from and I can appreciate that, so that's where I am Mr. Chair."

Chair Dominguez asked if there is flexibility.

Ms. Perez said, "If you look at Option 1, which was leave no copay changed, the only difference between Option 1 and 2 are 4 lines: the hospital in-patient from \$250 to \$500, the lab and X-ray currently at 100% and there is no way to go a copay so you go to coinsurance, and MRI and CAT scans go to \$100 copays. We increased the copay last year for emergency room. If we take back option 2 and say if not this then what, you have the 4 lines to play with from Option 1 of leave no copay unchanged. The big shift is the \$255,000 in copay changes which were thoroughly and thoughtfully discussed with the Committee in December. There is \$15 across the board, we had \$20 on the table, and we had other things and we zeroed in at the last Finance Committee as being the ones to tie to the \$750,000 savings. The Committee in December, in talking about copays, said no. In addition, the recommendation for acupuncture was only \$15, then \$30 for specialist and urgent care and that's a bit of how we got to the \$30 on acupuncture, chiropractic and Naprapathy because they were specialists. I think there was some indication that was something they could possibly live with and get their members to agree, but nothing was taken back officially. And then the whole idea behind the massage therapy alone is that it is a huge savings. So much more variation in \$860,000 for lines that are on this chart that we can play with, but not much more than that."

Councilor Lindell said she is comfortable with the motion, but she's trying to accommodate other thoughts. She says Option 3 has copays on alternative medicine going to \$160,000 in savings with copays of \$50. She asked Councilor Rivera if he would be more comfortable with that. She said if we took copays to \$160,000 and took \$85,000 from the services copays, which would leave us having to come up with \$170,000, rather than \$255,000.

Councilor Rivera said, "No. What I am looking for is just continued discussion with the unions, and where that goes will be up to them, whether it is alternative medicine or copays or whatever they feel their membership can handle. It's not a specific area."

Chair Dominguez said he also wants that flexibility, and that continued discussion. He heard from staff that discussion is going to happen regardless of how specific we get in the plan that we decide upon, commenting that is what he would like. He wants to be sure we set parameters, and we have that framework in place where we're disciplined in providing that direction. But there is that caveat that there is going to have to be continued discussion with employees.

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

Chair Dominguez congratulated the Benefits Committee, the Finance Committee and staff for the great job.

20. DISCUSSION ON BUDGET FOLLOW-UP. (OSCAR RODRIGUEZ)

Mr. Rodriguez said there was a very good discussion at Council. He presented the plan for managing vacancies in the budget and how to proceed. He said they will take that into account as they moves forward with the budget, and said he will be talking with the department heads as to how to proceed with that.

Chair Dominguez said he asked Brian Snyder to get with Ms. Perez to refine the list of vacancy savings Ms. Perez provided in the past.

Mr. Rodriguez said they are working on that, gearing it to the actual expense in the departments, which is a percentage of what they actually spent.

Chair Dominguez said he believes we need a policy on vacancy savings. He said there is no policy at the Council that says that after the 3rd quarter that vacancy savings can be used for one-time savings, but you can't use them for expenses.

Mr. Rodriguez said he will be presenting a policy for how vacancy savings should be used to maintain a healthy ending balance.

Chair Dominguez said, "That won't get us to the promised land, although it will this year, but for sure it won't get us there after that. He said he asked Mr. Snyder to sit with Mr. Rodriguez and start laying out our strategic plan process when the budget hearings are over. He said our work isn't over and you can expect a little more work.

Mr. Rodriguez said one of the things we discussed at council meeting was revenue enhancements which got more interest. He said although the guidelines were no tax increases, there seems to be some interest in exploring that. We will develop a budget that shows this is what can do, and provide options for a tax increase.

Chair Dominguez said he is open to the discussion, but said, "I will say that without a very comprehensive, even long range plan on how to deal with revenue enhancements, I would be reluctant to jump too quickly. "

Mr. Rodriguez said planning is a much longer process. He is working on a presentation for the City Council meeting of April 13, 2015, to give you some context of how the local economies are shifting. He is working with Kate Noble and staff on a presentation to show the shifts in the local economy. He said you will see that over time land sales and property values have increased drastically as a percentage of the GNP.

Chair Dominguez would like to look at the option of flipping those and what that would look like.

Mr. Rodriguez talked about his presentation on the 13th with regard to the impact of the economy on the GRTs, to give the Committee context for long term planning.

Chair Dominguez said, "To Councilor Maestas, barring any shift in policy, with regard to the budget, he has asked the City Manager to meet with the Finance Director to plan a strategic planning process after the budget is approved.

Chair Dominguez asked if everyone is okay with the budget hearing dates. He said, hopefully, with the work we have been doing on the benefit package, and other work we've done throughout the year, our budget hearings will be much less complicated than in the past. He will work with Mr. Rodriguez on the agendas.

Mr. Rodriguez said there will be a different look to the budget, and talked about the changes that will be made.

Responding to the Chair, Mr. Rodriguez said the City Manager has been hearing department budgets last week and this week.

21. OTHER FINANCIAL INFORMATION

Mr. Rodriguez said, as reported to the Council last week, with what has come in, before making any adjustments, we are \$5.9 million above projected revenues. He said this is before they calculate vacancy savings.

Chair Dominguez said he asked the City Manager to look at cutting contracts by 10%, noting we have done that in the past.

22. MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

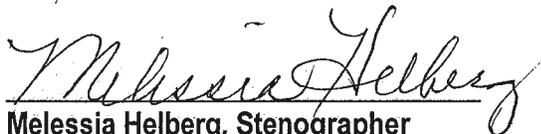
23. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at 8:45p.m.

Carmichael A. Dominguez, Chair

Reviewed by:

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


Melessia Helberg, Stenographer