

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, March 31, 2014

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END OF CONSENT CALENDAR DISCUSSION

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**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, March 31, 2014

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Monday, March 31, 2014, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

OTHERS ATTENDING:

Brian K. Snyder, City Manager
Marcos A. Tapia, Finance Department
Yolanda Green, Finance Division
Melessia Helberg, Stenographer.

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

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

3. APPROVAL OF AGENDA

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

- 6. **REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT – ADVERTISE AND PROMOTE CITY OF SANTA FE RECREATION DIVISION AND GENOVEVA CHAVEZ COMMUNITY CENTER; HUTTON BROADCASTING, LLC. (IVIE VIGIL)**
- 7. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – CONSTRUCTION AND ENGINEERING SERVICES FOR BACA AND NORTH RAILYARD DISTRICTS; SANTA FE RAILYARD COMMUNITY CORPORATION. (ROBERT SIQUEIROS)**
 - A. **REQUEST FOR APPROVAL OF BUDGET INCREASE – SANTA FE RAILYARD PROJECT FUND.**
- 8. **REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO MEMORANDUM OF UNDERSTANDING – USE OF PARKING PERMITS FOR COUNTY EMPLOYEES; SANTA FE COUNTY. (PJ GRIEGO)**
- 9. **REQUEST FOR CONCEPTUAL APPROVAL OF SALE OF REAL ESTATE – APPROXIMATELY 139 SQUARE FEET WITH A PORTION OF DESIGNATED PARK PARCEL OF THE EVELYN H. LISCHKE SUBDIVISION, LOCATED AT 2119 RANCHO SIRINGO ROAD; MARY E. SCHRUBEN. (EDWARD VIGIL)**
- 10. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO LEASE AGREEMENT – INCORPORATING ADDITIONAL REQUIREMENTS OF LESSEE REGARDING SERVICES PROVIDED IN LIEU OF RENT AND BETTER COLLABORATION WITH CITY STAFF TO PROVIDE SERVICES TO THE PUBLIC AT 201 W. MARCY STREET BY AGGIE DAMRON-GARNER, MANAGING DIRECTOR; LENSIC PERFORMING ARTS CENTER D/B/A TICKETS SANTA FE BOX OFFICE. (EDWARD VIGIL)**
- 11. **REQUEST FOR APPROVAL OF GRANT APPLICATION AND AWARD – FY 2013 SECTION 5307 URBANIZED AREA APPROPRIATION FOR TRANSIT DIVISION; FEDERAL TRANSIT ADMINISTRATION. (KEN SMITHSON)**
 - A. **REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.**

12. REQUEST FOR APPROVAL OF GRANT APPLICATION – FY 2014 SECTION 5307 URBANIZED AREA APPROPRIATION FOR TRANSIT DIVISION; FEDERAL TRANSIT ADMINISTRATION. (KEN SMITHSON)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.
13. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – 2014-15 AFFORDABLE HOUSING TRUST FUND ALLOCATION; SIX (6) VARIOUS VENDORS. (ALEXANDRA LADD)
14. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – 2014-15 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS ALLOCATION; ELEVEN (11) VARIOUS VENDORS. (ALEXANDRA LADD)
15. *[Removed for discussion by Councilor Rivera]*
16. *[Removed for discussion by Councilor Rivera]*
17. *[Removed for discussion by Councilor Trujillo]*
18. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A LEAD POLICY COMMITTEE AND LEAD CASE COORDINATION SUBCOMMITTEE TO ENSURE THE EFFICIENT AND ETHICAL OPERATIONS OF THE LEAD SANTA FE PROGRAM (COUNCILOR DIMAS AND COUNCILOR LINDELL). (TERRIE RODRIGUEZ) Committee Review: Public Safety Committee (no quorum) 03/18/14; and City Council (scheduled) 04/09/14. Fiscal Impact – Yes
19. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO EXPLORE POTENTIAL CITY OF SANTA FE TAXPAYER EMPOWERMENT POLICIES RELATING TO OUTSOURCED CITY SERVICES THAT WOULD PROMOTE TRANSPARENCY, ACCOUNTABILITY, SHARED PROSPERITY AND COMPETITION (COUNCILOR DOMINGUEZ AND COUNCILOR RIVERA). (JUDITH AMER) Committee Review: City Council (scheduled) 04/09/14. Fiscal Impact – No.
20. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO STUDY THE FEASIBILITY AND FISCAL IMPACT OF ESTABLISHING A SINGLE-STREAM RECYCLING PROGRAM FOR THE CITY OF SANTA FE (COUNCILORS BUSHEE AND IVES AND COUNCILOR RIVERA). (NICK SCHIAVO) Committee Review: City Council (scheduled) 04/09/14. Fiscal Impact – No.

 END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE MINUTES – MARCH 17, 2014.

MOTION: Councilor Trujillo moved, seconded by Councilor Rivera, to approve the minutes of the Regular Finance Committee Meeting of March 17, 2014, as presented.

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

CONSENT CALENDAR DISCUSSION

- 15. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SANTA FE METROPOLITAN PLANNING ORGANIZATION PUBLIC TRANSIT MASTER PLAN (RFP #14/25/P); KRH GROUP, INC. (ERIK AUNE)**
A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.

Councilor Rivera asked how Items #15 and #16 work together, or should work together, or even if they work together.

Mark Tibbetts, MPO Officer in charge of staff, Metropolitan Planning Organization (MPO), said they are in the process of updating the Metropolitan Transportation Plan, and these are components of the Plan. He said Item #15 is the Public Transit Plan and #16 is a Pedestrian Master Plan, and these work together with the Bicycle Master Plan adopted in 2012. He said these 3 components, along with the 4th being the condition of roadways, etc., make up the Long Range Plan.

Councilor Rivera asked if all of these groups communicate with one another for the overall Plan.

Councilor Rivera said, "Yes. What we're looking at is..... the update of our MTP is required every 5 years. The last time we did that was 2010. It's due in June 2015. We've started this process earlier, 18 months before, because we found that it takes time to get the public involved, to get them aware of what the plan is, and then to start making contacts. So what we've doing is having a consultant that's going to help us on this Public Transit Plan, #15. This consultant is also familiar with the area. They're working on the Service Plan for the North Central RTD, the Regional Transit District. And so, we will be working together on public input, working together with the Transit Advisory Board, working together with any of the organizations we've been in contact with. There are several local groups, whether from the south side, east side, west side, different parts of the City. So yes, and our job is to help coordinate all the efforts and input we get."

Councilor Rivera asked if Design Office works directly with the KFH group, or is that all coordinated through Mr. Tibbetts staff.

Mr. Tibbetts said, "We do the coordination. The consultants are not necessarily required to be working together, but the committees we have, the main steering committee is with staff in each of these, but we kind of commingle on these issues, especially with Transit, Pedestrian and Bicycle, because we see they're all together. And for every Transit ride, basically, a pedestrian trip is involved in getting to and

from the transit stop. So it definitely is an integral part. In fact, the Transit Plan focused on schools, as well as all transit stops. So they will be working together on the results and what not."

Councilor Rivera asked if there is one consultant, or does it ever make sense to have one consultant look at all these little pieces and then put the big picture together, or does this seem to work very well.

Mr. Tibbetts said, "That's an interesting question. Right now, we're working on another consulting contract for updating the MTP itself. That's where this integration would occur, and trying to take it more as a higher level view of bring all these points together. We have our own staff overseeing the issues, but we are trying to put together another consultant contract for the general update of the MTP. These component parts are separate or segregated in a way, because there's a lot more expertise in dealing with Transit, for instance, Public Transit Planning is very specialized. They look at a lot of timetables and routes and what not, to try to develop the best efficiencies. But these are called a service plan development, it's a 5-year plan. What we're looking at is beyond that. These are long range going out to a 25-year plan. We're trying to do both the short term, mid and long range plan. But we will look to having an on-board consultant to just look at some of the goals and objectives and integrating to each of those plans and then developing a rating system. Funding is the big issue for a lot of the improvements we're talking about and getting some, I don't know if we can call it equitable investment of resources. Most of these things are short in that there is not adequate funding for Transit for pedestrian facilities, bicycles and our roads. And so, we're trying to develop in this plan a rating system to help rank these projects, within and across the different modes."

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

DISCUSSION: Councilor Maestas said perhaps we should take a step back, because the MPO is working on different components that tie into the Long Range Transportation Plan. He said, "Typically, what's happened in the past, is don't you do like a 20-year socio-economic forecast with population projections and land use assumptions and all of that, especially since we've gone through an annexation and we've had a population gain, so why wouldn't that come at the very front end and take it to the Governing Body – the whole socio-economic 20-year forecast that will be the basis for the Long Range Pedestrian Plan, the Long Range Transit Plan and then the overall Transportation Plan. Would you maybe just explain how the MPO does that."

Mr. Tibbetts said we have a Metropolitan Transportation Plan, and it has, in the front section of it in fact, the demographics and the projections of shifting populations, and what not, the demand issue and where the needs are and what not, through the existing conditions. Part of our update of the MTP will be to review those demographic changes and economic changes and what not. In fact, we don't see a lot of difference between 2010 and now. There's still a trend that basically most of the growth is in the South and Southwest part of the City. We know that in our MPO area, includes the City and beyond, basically the central part of the County as well. We go as far as to Lamy, and include Tesuque Pueblo as well. So our area of study is all the demographic area we look at as the whole MPO planning area. We're right now looking at public input. Right now, we're trying to assess what are the issues right now that are dominant in peoples' minds. And we've been hearing from different groups that are represented in different

organizations. Through the survey we had on the Pedestrian Plan, for instance, we had over 1,000 responses, the survey and public input. We are getting responses on our MTP right now, up to 200 that Eric was working on with his work on that. We have a newsletter now."

Mr. Tibbetts continued, "But in terms of the studies you're talking about, projections and economic, that is part of the MTP. We're working right now on more of a specific level to see how the transit planning, for instance... We know there are centers where there is need for more public transportation facilities right now, because we've done that through a Title 6 Plan we have. We've done that through our Public Participation Plan, from looking at the profile of the area. And so, we were conscious of that. And we're reviewing our goals and objectives in the existing plan, but they're still pretty much the same as they were back then, but it is something we will review, and see what more tweaking we have to do with those changes. But you're right, we generally look at an overall view of the needs and the projections and whatnot, population, economic growth sectors and what not. We're trying to dis-aggregate these. Typically a long range plan can be very general and not very effective a lot of times. This time, we're trying to look more specifically at these components and see where they have this integration, like I was talking about before, where you have the common issues that you can be more effective in investing in improvements in these areas."

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

- 16. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – COMPLETION OF PHASE II OF SANTA FE METROPOLITAN PEDESTRIAN MASTER PLAN FOR METROPOLITAN PLANNING ORGANIZATION; DESIGN OFFICE. (MARK TIBBETTS)**
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – ½% GRT INCOME FUND.**

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

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

- 17. REQUEST FOR APPROVAL OF GRANT AWARD – FY 2014 SANTA FE METROPOLITAN PLANNING ORGANIZATION WORK AUTHORIZATION; NEW MEXICO DEPARTMENT OF TRANSPORTATION. (MARK TIBBETTS)**
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.**

Councilor Trujillo said, "Anytime there is anything given with the New Mexico Department of Transportation, I pull it just to clarify that I work for the New Mexico Department of Transportation. I do not work in this bureau, I work in the State Management Bureau, so there is no conflict, so I move for approval."

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

21. UPDATE ON AUDIT REPORT AND STATUS OF AUDIT REPORTS. (LIZA KERR)

A copy of *False Alarm Monitoring System Performance Audit*, dated March 2014, prepared by the Internal Audit Department, City of Santa Fe, is incorporated herewith to these minutes as Exhibit "1."

A copy of *Status of Audits, Current Audits*, dated March 20, 2014, prepared by Lisa Kerr, Internal Auditor, is incorporated herewith to these minutes as Exhibit "2."

Chair Dominguez noted this is an information item only and no action will be taken.

The Committee commented and asked questions as follows:

- Councilor Lindell said, regarding packet page 6, at the bottom of the page, in the Executive Summary, it says, "...could be greatly improved with a single point of ownership that is responsible for all aspects of leadership, including coordinating with PSC and all City Departments, such as finance or legal, to comply with the various aspects of the Ordinance." Councilor Lindell asked if there is a proposed time frame, or a plan of action.

Ms. Kerr said Finding #1 on Report page 9, addresses that issue and the City did respond in regards to that issue, and the Police Department has agreed to take primary ownership of this program. She said, "One of the complexities of this program is that it does cross several different departments, so we're dealing with Finance, Licensing, Land Use that does the permitting, the third party administrator of the program, so everything was a little bit scattered. And the Police Department has agreed to become that point of ownership to help give the program cohesion. And I believe there is a date in there. They have agreed to also advertise for a position and they hope to have that position filled by July 1, 2014. That is in the *City's Response and Implementation Date.*"

- Councilor Lindell asked, on a program such as this, when a second audit would occur.

Ms. Kerr said, "I would like to do a follow-up audit within 6 months to a year of them completing the.... of the implementation, so that would be ideal."

- Councilor Lindell said, "So, if by this, the implementation is July 1, 2014, you're thinking early in 2015.

Ms. Kerr said, "The second or third quarter, probably third quarter in 2015. It will be on the audit plan."

- Councilor Rivera said, "Lisa, also on the Executive Summary, the Expense portion of the table talks about Operations. What is included in the Operations piece."

Ms. Kerr said on Packet page 36, Appendix B, "It says Summary of Revenue and Expenses by Year, and Nancy might be able to better address this as well. You're asking what the Operating Expenses include."

- Councilor Rivera said, "What goes into that, what goes into the Operations Expense."

Ms. Kerr said, "They include office supplies, copy machine paper and a shredder."

- Councilor Rivera asked, "So where does the personnel cost come out of."

Ms. Kerr said, "The personnel cost is salaries and benefits, and what we're seeing being paid out of salary and benefits, that's number 8 on the bullets there, '*.8) FY 13/14 is the first year that salaries are being allocated to the false alarm program.*' And right now, I believe Alfred Walker's salary is being taken out of there. He's in the Legal Department, and 75% of his salary is being budgeted to this, and Dorothy Encinias is the False Alarm Monitoring System Administrator for the City."

- Councilor Rivera said then those costs weren't included in the Executive Summary.

Ms Kerr said, "I didn't include the 13/14 in there, because the year had not been completed."

- Councilor Rivera asked the source of funding these positions previously.

- Ms. Kerr deferred to Marcos Tapia, Finance Director, to answer this question.

Mr. Tapia said, "Walker was, I think, being funded right out of Legal, which would be funded out of the General Fund. But since was doing 100% of the Legal work for this Alarm for the litigation, at the time, I think Robert wanted to do about 75% of his salary for that."

- Councilor Rivera asked source of funding for the False Alarm Administrator.

- Ms. Kerr said, "Her salary had not been previously been allocated to the program, but I think they wanted to have a clearer picture of the expenses in that program, so they started allocating it, which seems appropriate actually. It is being allocated in the fiscal year ending 2014 and is not included in the summary. But if you look again in Appendix B, you will see there's \$89,000 in

salaries expense in that column for 13/14. It previously was paid from the General Fund.”

- Chair Dominguez said, “So, any revenues that were collected from this program.... did they go straight to the Police Department and then disbursed from there to Legal, or how did that work.”

Mr. Tapia said, “As far as the allocation for this fiscal year, for his part of the salary, all we would designate, even in our system, I could designate that part of the salary be paid out of this, a percentage. What it should do, is hit the Alarm Fund and then is allocated to that Fund.”

- Chair Dominguez asked who manages the Alarm Fund.

Mr. Tapia said it is the City Police Department.

- Councilor Rivera, referring to Report page 5, “Number 1 through 6 at the bottom, it says, ‘Several findings are noted’ and it lists several things that need to be improved, and I see that there is a plan to do that. Has everything been reconciled to this point.”

- Responding to Ms. Kerr, Councilor Rivera said it is on Report page 5, under ‘Several findings.’

Ms. Kerr said, “So, in regards to the findings for PSC, PSC is addressing the issues in regard to errors in the billing. Every time I’ve sent them a request, they have been very responsive in making corrections, going into their system, trying to find out at a systems level, what was happening and making the corrections. Their findings, again, are listed in the back here. There’s several findings related to PSC, and so I know they’re working on them, and it is a work in progress.”

- Councilor Rivera said, “So they have a plan moving forward, but have they reconciled as much as possible in the past.”

Ms. Kerr said, “I think they have. I think they’re waiting for some direction from the City, to tell the truth. There are some issues where they were under billing that they don’t know if they need to go in and now assess those bills to these customers, or if the City wants them to call that a moot point and move forward. They’re just waiting for some direction from the City at that point.”

- Councilor Rivera said, “At the bottom of Report page 7, it talks about the City needing to record in the General Ledger as an asset. Has that been addressed on the City side.”

Mr. Tapia said, “Yes. One of the things we struggled with is putting an accurate Accounts Receivable in our CAFR. And it is to our benefit to include that accounts receivable, because it makes our books look better. However, I have to determine whether it is attainable, whether I can count on that cash, that it is a true amount. And that’s where we struggled. But I think, at the end of the day, we considered some of the arguments Lisa made to Teresita, who is my assistant, and we came to the conclusion that we will review it with all receivables and include it this fiscal year for the first time.”

Mr. Tapia continued, "And some of these findings Lisa brought to light, and part of this Report, and part of the auditor's responsibility, in my opinion since I was an auditor, is to highlight certain areas that can be improved upon. What you are going to see though, is there are some suggestions here.... what is going to fix a lot of these, even with the vendor, is that we're going to be going out for RFP for this. And in addition to that, we've got an RFP that we are evaluating and going to bring to you, as far as having someone for collections."

- Councilor Rivera said then we will be looking at something for collections, and Mr. Tapia said, "Absolutely."
- Councilor Rivera asked, "I imagine when you have repeat offenders, and I don't know if PSC discussed this at all, but if you have repeat offenders that really aren't sent to collections after 1 or 2 bills, they know that nothing's really going to happen because of this. So, does PSC have an idea of how much revenue has been lost."

Ms. Kerr said, "Right now, the accounts receivable balance is about \$876,000, and of that, if you look at Finding #3, it talks about that. And \$635,000 of the \$876,000, or 73% of that balance is greater than 180 days old. To your point, Councilor Rivera, once you get a receivable that is that old, it is very difficult to collect, and people realize you're not going to do anything, so they don't feel compelled to pay. And one of the issues that came up with PSC in talking with them, and I found them very responsive when I worked with them, one of the issues that came up is the way we do the billing. And that is driven by the Ordinance."

Ms. Kerr continued, "The Ordinance says that we bill \$10 per day and they say we're the only customer they have out of 70 customers, 70 different cities they do that type of work for, that bills every day. The other cities bill a flat fee per month, so they will charge \$300 for a month instead of \$10 per day. And I think what's happening with some of these old bills is... I looked at an invoice that was five hundred and something pages long, because we bill every single day, and a new invoice has to be created every day, and it's very problematic. I think it's difficult from a customer service perspective for the customers to look at the... to try to drill down and to, gosh what is that I really owe."

Ms. Kerr continued, "Anyway that was one of the recommendations that they had, is that, if it was at all possible, to change the billing structure to a monthly rate instead of a daily rate. That would help from a customer service perspective, it would help them from their perspective in catching errors in the billing and answering questions the customers had. So, whether we go with them or with the new vendor, that still is going to be an issue unless it is addressed at the root. So thank you."

- Councilor Rivera, referring to Finding #8, on Report page 20, "that the billings are not always accurate, your recommendation is, 'In regards to existing accounts receivable balances, the City and PSC staff need to work together to determine the current balance.' I know you're just auditing, and probably that is your recommendation. In my opinion, that should be more of a priority. I don't know if there is stronger language that you can use as an auditor in that, or if it is typical for you just to make recommendations to us and then we do the rest."

Ms. Kerr said, "That's typical. I would make the recommendation. I really can't force a hand here, but the strong recommendation is, 'yes, the City needs to work with PSC. Of that \$876,000, do they want to just start at a certain point and say from this point forward, this is what we're going to do. Or, I'm not sure that all of that balance is valid. To Marcos's point, we need to determine... there are accounts that have been under-billed, over-billed, I have a complete reconciliation of all those accounts. But do we want to go back in time and make those corrections, or do we want to start fresh, or with a new vendor, or.... I can't force the hand there. That has to come from you guys or from Finance. They need to direct that."

- Councilor Rivera noted this is not an action item, and said, "In my opinion, there are several items in here that require action."
- Chair Dominguez said, "What it really comes down to, is determining whether or not the City Manager and the Finance Director have indeed put some of these recommendations in place. I imagine that some of them don't necessarily need policy decisions, or policy written for them, but some of them are just more coordination and administrative. So maybe what we can do is to ask the City Manager to go ahead and write us a summary about whether or not, or how much of this has actually been implemented, and of these recommendations, which ones have a fiscal impact. So, are we going to have to buy a whole new set of software to get some of it done. I have no idea, but some of that information might be helpful to the Committee."
- Councilor Rivera asked, "If the audit goes to the City Manager and the Finance Director, it has your recommendations. Now they can choose to accept your recommendations and implement your plans, or they could choose not to. So when it comes back to this Governing Body for either an update, and maybe this is for you Mr. Chair, how do we know which recommendations have been accepted, which ones were...."

Ms. Kerr said, "The way the process works, is that I make a recommendation, and then the auditee has to respond to that recommendation. They have to tell me what they're going to do, when they're going to do it, and the date they're going to do it by. If they give a response that doesn't have those components, or I think doesn't address the issue, it is my responsibility to evaluate their response and include a negative evaluation in my Report. I would say that the response doesn't meet the recommendation, or does not follow the recommendation, I do not agree with it. They can disagree with the recommendation. They can come back and say, the fiscal impact or the cost benefit of remediating that finding is prohibitive and we will not be addressing it for that reason, or whatever the reason is, and then I evaluate that. I come back and say.... give my opinion. So I went through the process with Deputy Chief Schaerfl and Nancy, and the False

Alarm Administrator. We went back and forth several times until we got the responses we have in here. I believe that these responses do address the implementation dates, who's going to be doing it, timelines, all of that. So that I can come back to Councilor Lindell's point, and audit them in 6 months and say, you said you were going to do this. Is it done. And then, I can give you an update at that point in time, so does that answer your question.

Councilor Rivera said yes.

Responding to the Chair, Mr. Tapia said, "I think Lisa answered that. Management has to respond, and she does evaluate that. Now if she didn't agree with the plan we put forth to correct these findings. She would say, evaluation of management's response, if she agreed with it or not, and that would also be in here. But she would go and come back in 5-6 months, or whenever, and evaluate whether we acted. And as you see, in most of these, there are some dates of implementation, but again, I think the RFP is going to throw some of this off a little bit. I do see this coming back to you guys to review the Ordinance, and maybe changing it so that \$10 isn't in there, because I think it does hamper. And so, we're looking at that coming forward, probably to you. And that is one of the things that I'll be discussing with Legal and with the Police Department."

- Councilor Rivera said he assumes a lot of the findings and changes would be included in the new RFP.

Ms. Kerr said she isn't involved in that process and doesn't know the answer.

Mr. Tapia said, "There are some changes in the type of reporting we are going to require from the vendor. Going through this audit, we've talked to the PD, and that will need to be done by them, some of the reports. And some of the reviews they will need to do, such as business license and/or if they are a business here in town, or whether they are an alarm company through the internet, or whatever. They will have to comply. So yes, because of this audit, there will be some implementation that we will require in the RFP."

- Councilor Rivera asked what happens if a new company is selected, is it in the contract for PSC to reconcile everything before the new company takes over, or if we are starting over.

Mr. Tapia doesn't believe there is something like that in the contract, and he will look at that. He assumes they reconcile the alarms to what has gone out to individuals. We will reconcile those items, and ensure that all funding which has been collected is returned to the City. He will have to look at the contract specifically.

Ms. Kerr said at the point the audit was finished, she and PSC reconciled \$471,460 worth of these accounts, out of the \$876,000, so 46% of them were reconciled at that point in time. She said they know what's there, but it is again, a matter of decision-making by the City and what they want to do about it.

- Responding to the Chair, Ms. Kerr said, "The bulk of it was with the alarm company. The biggest offenders were the alarm companies, not the residential. The residential worked very smoothly, actually."
- Councilor Maestas said he thinks some kind of close out conference is necessary, noting a plan was presented and she concurred with that. He said July 1st seemed to be the milestone date to implement these changes. He would like a goal to implement all requirements prior to the expiration of the current contract October 28, 2014. And if you back out the timeline for issuing an RFP, that would be after June 30th, but well before the expiration of the contract. He thinks we need to come back before issuing the RFP to look at the status of all recommendations and what has been implemented, commenting perhaps that could be the closeout. He thinks one year, even six months, is too long to come back to the Committee. He said the timeline to implement the recommendations will be the end of October. He asked if that is possible – to implement all recommendations before issuing the RFP.

Judith Amer, Assistant City Attorney, said she understands that the RFP has already gone out. She has no further information, but Robert Rodarte can speak to that.

Mr. Tapia said the RFP for collections has been issued, but no RFP for the Alarm company has been issued.

Ms. Amer said, "Marcos is correct, but you were talking about collections, and as part of the collections RFP, one of the components was to do collections for the alarms. We haven't decided whether or not we're going to do that. So that's a decision point that needs to be made when we actually award the agreement."

- Councilor Maestas asked, "If there are unfinished findings to be implemented, why can't we put that on the consultant and include that in the scope of work, to have a work element to help resolve the findings from this audit. I realize it may not be totally clean, we may not implement everything, but perhaps we might consider incorporating the final resolution of a lot of these recommendations in the next scope of the alarm contractor RFP." He complimented Ms. Kerr on the fine job she has done
- Chair Dominguez said follow-up needs to happen, asked if this will come back in 6 months.

Mr. Tapia said we need to work on the implementation of the \$10 which is crazy and keeps on, and after a while it isn't collectible. He said the recommendation for the industry standard is to have one main one for a month, "get 300 pop, that's what it'll be. We're going to look more into that."

Mr. Tapia said, "What I do see is coming to you as to whether we're going to use a collection company, or if that will be part of the RFP and then the Council/this Committee needs to decide ow aggressive you want to be in terms of collections."

- Chair Dominguez asked if we have to amend the policy to have "teeth" in the penalties associated with this Ordinance. He said it sounds like what is happening is, because there is not a severe penalty, people just aren't paying. Or, can that be handled through the RFP process.

Mr. Tapia said he would have to go back, with the help of Police and Legal, to see if there are enough teeth, commenting he thinks we may "have enough teeth," it just needs to be put in a different way. And then, allow the contractors to go beyond a soft collection. And that's something this body will have to decide.

- Chair Dominguez asked if there is direction to staff, and do we want this to come back to this Committee.

- Councilor Maestas asked when will the RFP will be ready for advertisement.

Mr. Tapia said the RFP can go out any time in June or July and then we can evaluate it from there. He said we can look at the way the Ordinance is written and come back with suggestions and options for the Finance Committee and the City Council.

- Councilor Maestas suggested perhaps in early July 2014.

- Chair Dominguez asked Mr. Tapia and Ms. Green to keep that in mind, and said perhaps we can have an update on this in July, commenting it may be the second meeting in July.

22. PRE-BUDGET PRESENTATION. (BRIAN SNYDER)

A copy of *City of Santa Fe Pre-Budget Review Fiscal Year 2014/2015* is incorporated herewith to these minutes by reference as Exhibit "3." This document can be inspected in the Finance Department.

Chair Dominguez said this is intended to be an introduction of the budget, and for us to be able to ask questions, although he doesn't want to get into the weeds too much because that is part of what budget hearings are for. But certainly we will have a dialogue, hopefully a healthy dialogue. He said, hopefully, with the information we have received, we can understand the dynamics of the budget, where the gaps may be, the processes in place to get us to the end, which is the adoption of a balanced budget, and lastly, to think about priorities.

Brian Snyder, City Manager said this is one of two Finance Committee meetings minutes where we can go through the budget book, ask questions and run through it. He said he looks at this as an open dialogue. He said he and Mr. Tapia are always available to the Committee, off line, to answer any specific questions you may have on the budget process. He said many of the documents were prepared for past budgets, so those who have been on Council have seen this kind of summary. He said if someone wants to see it in a different manner to let him know and they can do this.

Brian Snyder reviewed Exhibit "3." Please see Exhibit "3" for specifics of this presentation.

The Committee commented and asked questions as follows:

Tab 2 – Revenues

Tab 3 – GRT by Category

- Councilor Maestas asked, "Have you come up with projections for GRTs for the next budget year."
- Chair Dominguez said we will come to that.

Mr. Tapia said he has preliminary projections, and assuming, based on actuals and what is coming in, it will be about \$2.5 million above what we received last year, but is not budgeted at that level, and he probably will recommend approximately 80% of what we will receive.

Mr. Snyder noted budgets were due from staff to the Finance Department by March 4, 2014, and they have been working the numbers since then, and he will be reviewing the numbers over the next week, and then meeting with each of the department directors individually over the upcoming weeks, and then we will roll into formal budget hearings with the whole Council, commenting he hasn't seen those numbers yet.

- Councilor Rivera asked Mr. Snyder if his direction to staff is to remain at a flat budget.

Mr. Snyder said, "That is correct. My direction to staff was to prepare a flat budget, that being said, I also believe it is important to identify needs, capital expansions as well as personnel expansions staff feels they need to perform at the requested level of service. He has asked staff to prioritize the lists, and he will share those lists along with his recommendation in certain areas where we may not have given enough attention to in years past. He said two areas he's already looking at are training which he believes is very important, noting there has been very limited out-of-state travel over the past years. The other area is IT infrastructure and how we stay up with technology, not buying everything at once, but chipping away at staying on top of things. Those are the two areas I would expect to bring forward to the Committee as a recommendation for expansion, but I'll share the whole list with you and we can run down through it during the budget hearings."

Tab 4 – GRT Summary

GRT summary broken down as to where collected.

Tab 5 – Property Tax

Budget breakdown of balance in the Property Tax fund, summary about property and breakdown of where the Property Tax goes – Police, Fire, Various Bonds.

- Councilor Maestas asked, regarding the municipal property tax, if we add 1 mill of City Property Tax to the budget, is there any process outside of the budget adoption process, to change the property tax rate.

Mr. Tapia said yes, there is. He said it has to be done by Resolution approved by the Governing Body, and it also goes through DFA Local Government Division, so it can be implemented. He noted after the Council approves the budget, it has to be part of our budget so it can be included.

- Councilor Maestas said then there is no independent process associated with the levying of that mill.

Mr. Snyder said, “No. The City can implement up to 4.833 additional mills by Resolution, above what we already levy without going to the voters.”

Tab 6– Lodger's Tax

Tab 7 Overview of Funds.

- Councilor Maestas said, with regard to General Fund Services , Tab 6, the last page, he noticed there were some big differences from actual 12/13 to department requests for 14/15, specifically the Community Convention Center, Utility Customer Service, Transit Bus Operations and also the BDD Operating Fund. He asked the reason those fluctuate so much, assuming these are overhead fees for the different enterprises.

Mr. Snyder said a budgetary formula is used, and he hasn't really looked at the numbers for 14/15 yet, but he will look into the variability between the previous numbers. He said it is basically services performed by the General Fund and billed to each of the Enterprise Funds, noting there is a value associated with that – number of employees and the need for those services and such.

- Councilor Maestas asked if they do a cost allocation study limited to that enterprise and update it every year.

Mr. Snyder said there is a cost allocation study, but there is a formula that is used and it is plugged into the number of employees, the level of services needed, etc. There will be variability, based on all the factors, each year. He said he needs to verify what those are as compared to previous years.

- Councilor Maestas asked Mr. Snyder to at those and come back to the Committee with that information.

Tab 8 – General Fund

- Councilor Maestas asked if a column could be added to the right for the percentage remaining. He asked the “as of date” on the current actuals for 13/14.

- Chair Dominguez said the percentage remaining behind another tab which we will cover.

Mr. Tapia said we took it out for this report to fit in, so you could view it better, but we do have another report which has a percentage remaining as of March 9, 2014.

- Chair Dominguez asked, going back to Tab 4, GRTs, he thinks we need a better picture of how much of the GRT is paid to subsidize some of the enterprise funds.

Mr. Snyder that it is behind one of the later tabs, and as he goes through, he or Marcus will point that out.

- Chair Dominguez said there are so many ways that shell gets moved around. He would like a summary of the GCCC, for example, noting there is an allocation mandated by the voters. So, aside from that, how much of the General Fund is subsidizing, for example, the Chavez Center.

Mr. Snyder reiterated there are tables that show that.

Mr. Tapia said he had a report done prior to the time the book was starting to be assembled. He said it is a breakdown of GRT showing what goes where and what is earmarked, what part of the General Fund GRT goes to departments, and shows total they get from the GRT. He said along with those numbers, there is a pie chart, which gives a good view of how the GRT is distributed, but that isn't in the book. He will get a copy to the Committee members.

- Chair Dominguez said it would helpful to get that information, noting in some instances last year, we balanced the budget by taking funds from enterprises. However, we take from the General Fund to make sure the enterprises are sound.
- Chair Dominguez said, regarding CIP, we will be working with Public Works to get a better picture of what CIP looks like in terms of how much of that is being used to balance our budget as well, so we can try to move more of those funds to capital projects and not operations. He said two members of this Committee are not on Public Works. He hopes we get some of that at Public Works, sooner rather than later, so we can transition that information into the budget hearings and the budget process..

Tab 9 – Cash

- Chair Dominguez asked if there is a way to pull the golf course out of the MRC

Mr. Tapia said everything is thrown into the MRC, and he is looking to see if we can do that for the next budget cycle, if we can somehow separate those, but the costs and revenue going in are not separated by the soccer fields, baseball fields and/or the golf course, it's all combined.

- Chair Dominguez wants to see if there is a way for us to pull that out, in terms of internal bookkeeping and information for the Committee. He said there are some restrictions on that because of the structure of the bonding instrument.

Mr. Tapia said he thinks there are other staff that may have this information. He said, "Out of my system, my accounting system, I cannot pull those numbers and separate them." He said he probably can give the Committee a pretty good estimate of the allocation of those costs and revenues.

- Chair Dominguez wants to know whether the Golf course is covering its operations, and if the debt is coming from the fields.

Mr. Snyder said he can come up with new business units or sub-business units to extract that information fairly easily.

Tabs 9-10-11 – Cash balances

- Councilor Maestas asked, if a balance is negative at the end of the fiscal year, does the negative balance carries over, commenting that if the fund isn't making money that deficit could grow and grow. He asked, "As a matter of policy, are you going to make any recommendations to try and hit the reset button on some of these problematic funds and make some positive changes to ensure we have more of a positive cash flow on them."

Mr. Snyder said this is exactly what he is doing, is working with Finance on. He said they are looking for funds to take away the negative balance. He said they are looking to establishing minimum target balances with some basis in logic behind them. If it is an operating fund – establishing a 90-day operating supply. If it is a capital fund – what does it have to fund ultimately and then getting a good target for a minimum balance. He said once established, we may create a gap in our budget, something we may need to fill in year 1, or over a period of time, and figure out how to fill those. He wants to know what this number is, and make the fund whole, rather than carrying forward negative balances throughout the year. He will be bring forward some new policies for consideration by the Committee and the Council during the budget process.

Tab 12 – Revenues/Expenditures

- Chair Dominguez would like a simple explanation about what the percentages mean, what the current encumbrances are and what you look for, and gave examples in Exhibit “1.” He said we should be at 40% right now. He would like to know the methodology between the spending patterns.

Mr. Snyder said each department is different, and it depends on its function. He said, with regard to contractals in utilities, the 30%, we are tracking pretty well, because the funding for most contracts has been encumbered. He said the money for utilities also is encumbered at the beginning of the fiscal year. He said these figures aren't alarming to him. He said, depending on the type of usage for Contracts and Utilities in other departments, you could have 10% left. He said if you encumber properly at the beginning of the year, there may not be much money left in the line item.

- Chair Dominguez said, for the most part, salaries and benefits should be pretty much consistent.

Mr. Snyder said everyone seems to be 41%, but it depends on the vacancies.

- Chair Dominguez said, “Hopefully, we're not holding positions back just to kind of have this balance. You're making sure that departments are hiring people and getting the personnel that has been budgeted.”

Mr. Snyder said, “I don't look at it as holding positions back. Each position that becomes vacant, an analysis is done, ‘is this position needed,’ and if it is, then you're right, we hire it right away. If it is in evaluation phase, we don't hire it right away . And some positions will sit vacant throughout the budget cycle and be revisited at the end of the fiscal year – do we even need the position, or do we need it in a different role, whether it's done at the end of the fiscal year, during the budget process or throughout the fiscal year, from the standpoint of working with H.R. and re-establishing the position as a different function, to perform the level of positions needed.”

- Chair Dominguez said, if we're holding positions back, then we shouldn't have any expansions. If we have a funded position, but are not hiring it, we aren't going to ask for an expansion because we've been doing the job without a person in that position.

Mr. Snyder said this is correct, in that specific section of that department, yes. So when an expansion request come in, he looks at it, and the department director and H.R. and Finance look at it and at the org charts, to see what positions are available, how long they've been sitting vacant. And we then ask the question, does this position need to be filled. If the answer is no, this has been on the books for whatever reason and we don't need this position, we will reclassify that position, rather than do an expansion and using funding from that position toward expansion of a new position.

- Chair Dominguez said, "I don't want to get into the weeds too much, so I apologize for kind of treading there. But, I think it's important when we look at the position remaining in salaries and benefits, we want to make sure that positions that have been approved are being filled, so we can continue to operate and provide those services to the public.

Mr. Tapia said he scrutinizes every BAR request, and if we find that a director may be trying to use personal services for a contract or to buy a new vehicle, that just doesn't happen. He said anything coming from personnel will be reviewed by him, and all the way to the City Manager.

Mr. Snyder said, in looking at the salary line item on the high level summary, they range from 35 to 50%, so that is right in line for what he just described and what he would expect to see.

- Councilor Rivera said tab 12 has both revenues and expenditures, but is listed only as an expenditure. He asked if it is good to have both shown on one sheet, or is it best to have revenues in a separate tab and expenditures in a separate tab.

Chair Dominguez said we can do it that way, noting we have done it like that in the past.

Mr. Snyder said there definitely is a mixture of revenue and expenditures.

Tab 13 general fund expenditures by department

Tab 14 are enterprise funds

Tab 15 Unfunded mandates.

Mr. Snyder said this is something new he has requested, which basically is legislation with a fiscal impact, noting he refers to it as unfunded mandates. He said each cycle a budget is approved and implemented. During the fiscal year, any new legislation or ordinances, are not in that approved budget cycle. He said, if it is funded, we go into our cash reserves, or move money around within the fund.

- Chair Dominguez said we have an FIR on each piece of legislation, so those should track with some of this information.

Mr. Snyder said this is a cumulative of the individual ones.

- Chair Dominguez said some of it is enterprise, and Mr. Snyder said that is correct.
- Chair Dominguez said, "Theoretically, they should be able to come up with the revenue to pay for that cost, if it's a true enterprise."

Mr. Snyder said, "Correct. That being said, theoretically if it is a true enterprise, it is run like a business, and you're dipping into reserves like we do in the General Fund, and you may have to adjust the rates to get the funding for the Resolution in place."

- Chair Dominguez said some of this is partially mandated by the State, such as the Open Meetings Act. We must have a stenographer. He said some of this is absolutely mandatory such as the stenographers. He said, "... I would say that the stenographer needs to get a raise, but that's just my opinion." He said he likes this idea because it reminds us that many pieces of legislation that we approve have a fiscal impact, but we don't necessarily see the cumulative effect of that, we just look at it as each piece comes through. He said, "I think maybe reorganizing that a little better might be helpful, but I like it."

Mr. Snyder asked Chair Dominguez if he has any recommendation(s) to reorganize.

- Chair Dominguez said, "No off the top of my head, but maybe by Departments."

Mr. Tapia said, "What I'm doing there is putting more thought into it, looking to see what is recurring and that will have a significant impact going forward. What is a one-time shot. Then breaking it out, whether by enterprise or that it's General Fund impacted. And one of the things I think Brian was trying to allude to, is that if you set up a certain fund that we fund at \$500,000 or \$300,000 or whatever, that's what you dip into. And then going after that you would have go through the board [council?] because it wasn't budgeted, knowing that you had some stuff that would cause fiscal impact. If it's above and beyond that, that's when you look at it again. You could set money aside in the budget process automatically. Like, for example, we had the LEAD program, that everybody remembers, it was a fiscal impact of \$100,000 this fiscal year when it wasn't budgeted, and it is budgeted at \$200,000 for next year."

- Chair Dominguez said there is a social savings to the LEED program, and hopefully we save on the back end somewhere. He asked if we can include that as well, commenting some of this stuff can't be measured, like the nighttime economy one. It's costing us whatever it's costing us, but we will hopefully see a gain in the GRTs on the end of that. He is unsure how to organize it, but believes it would be good to find a way to measure that. He said, for example herbicides. We can't use herbicides to clean the medians which means we have to spend money on personnel to do that. And so it's this kind of thinking that he is looking at. He said there should be a measurement and some sort of benefit to it.
- Councilor Maestas said, "Marcos, you're right on." He said he wants to see summary of one-time initial and then recurring and perhaps separate the recurring to discretionary. He thinks what we should do for those discretionary, recurring, unfunded mandates, is to perhaps ask the Internal Auditor to look these and evaluate them on a routine basis after year to determine if they are effective. He said if it is an effective recurring, discretionary expenditure, that could be a good cost savings, and a routine exercise for our Internal Auditor. He realizes these came from the Governing Body, but things change, circumstances change, and it might be beneficial to evaluate these things annually.

- Councilor Rivera said, under Legislation with a fiscal impact, the graffiti transition to the Environmental Services Division, there is a fiscal impact for year 1 and 2. He said you're just moving people to a different division and asked how there be a fiscal impact.

Mr. Snyder said, if that is the case, then there wasn't a fiscal impact. However, he is uncertain if there was more involved than just moving positions, and if there was an expansion. He said in moving positions from an enterprise to the General Fund, there is a direct hit. He said in this case, he doesn't believe there is.

- Councilor Rivera said he thinks there just needs to be some cleanup of the fiscal impact and the resolutions. He is unsure all of these "potentially would be in there, and the graffiti one was just an example."
- Mr. Snyder said he was trying to get a snapshot of everything that has been approved with some fiscal impact. And similarly, to Mr. Tapia's point that \$200,000 on the LEAD program – you will see this in the budget and it will be reviewed and considered during the budget process.

Mr. Tapia said this is the reason we did an approximation of the cost.

- Councilor Rivera reiterated his believe that there needs to be some cleanup of the FIR's, the Resolutions, commenting he hasn't looked at the Ordinances yet. He said this is the first time he's seen this.
- Councilor Lindell said there needs to be a second check on the reduction of impact fees, commenting she thinks it might be a bigger number, so there should be a second check on those figures.
- Councilor Trujillo asked Mr. Snyder to send an email to the Councilors with regard to the loss in revenue for the fees for the facility for the 9 events – what is allotted to that and to make the new Councilors aware of this so they know they can take advantage of that benefit for any non-profit..

Mr. Snyder said one Councilor has already taken advantage of that and he can make sure Councilor Maestas is aware of that.

Tab 17 – Human Resources

Tab 18 vacancy savings.

Mr. Snyder said he budgets with a 4% vacancy rate, so they budget at 96% of the overall salary budget.

- Councilor Maestas suggested adding a column on the right, so we can see a grand total of vacancies by department on the spreadsheet.
- Councilor Rivera said right after the Vacancy Savings Page, there is the Forecast Over/Under budget, noting several departments are way over budget and some are under budget, and asked if all of those numbers are correct.

Mr. Tapia said funding will be allocated to correct some of them. He said there are some costs which will have to be absorbed through their funds which already are budgeted. This means we will reallocate funding to cover the cost. He doesn't believe any of them will go above the overall budget.

- Councilor Rivera said it indicates that Public Utilities is \$3.5 million over budget.

Mr. Tapia said this is correct and what is in the current report.

- Chair Dominguez said that is because there are 55 vacant positions, and Mr. Tapia said this is correct.
- Councilor Rivera asked how long those positions have been vacant.

Mr. Snyder said it depends on the position. He said there are some operator's position which have been vacant for a month and others vacant two years.

- Councilor Rivera said that seems like a lot of money for 55 positions.

Mr. Snyder said he is unsure of the details, but he will look at this.

- Chair Dominguez said he is unsure how to get a better report on that, noting he too is concerned about this.

Mr. Tapia said they have supporting documentation, reports by individuals, which shows, by department, how these numbers were calculated. He said that supporting documentation is available, but not included. He said that number is in line with the vacancies, noting at the time it might have been 65 or 75 vacancies.

Mr. Snyder said he did the quick math, and it is an average of \$64,000 each for those 55 positions – salaries and benefits – which he thinks is reasonable.

- Chair Dominguez said his concern is what positions are being held back, and the reason they aren't getting filled. He thinks it's different for some departments, and there will always be vacant positions in Public Utilities because there may be a lot of turnover. He said, "But if there are positions that are being held back purposely..."

Mr. Snyder said he doesn't like to use the term "held back." He said when he ran the Utilities Department, as an enterprise, he ran it like a business. He said, "So if a position became vacant, I made the management decision to determine if this position was needed or not. It wasn't holding it back. I knew the level of service we had to provide, I knew the staffing, but I also needed to see, from a staffing standpoint, did we need that additional staff, did we need a full FTE, did we need a part time or a half FTE. I can speak to Utilities directly, and then applying that throughout the City, I go through this exercises with each of the department directors, H.R. and Finance every time I see a position come through the process – do we need this position, do we need it for this purpose. Because I think, too often in the years past, we just filled a position for the sake of filling the position. When levels of services are changing, types of service that we need to provide are changing, I think it's our responsibility to make sure we evaluate them, and fill them when we need to and with the right job that we need, as well as the person in that position. And if we don't need to fill it, I believe it's our responsibility not to fill it, from the standpoint of the public because it saves us budget."

- Chair Dominguez asked the reason we continue to budget for a position which has been vacant for a number of years. He doesn't have enough information to give an example. He asked why we don't just cut that position and move those funds elsewhere where there may be another priority.

Mr. Snyder said, "I dealt with the same thing. I'll go back to my Utilities experience, where there were a number of vacant positions for years. I scaled those positions back. The challenge is, if we don't have some vacancies in the budget, you aren't budgeting for those positions. So, throughout the year, if you feel there is a need for an expansion, there is no money there appropriated for that budget."

- Chair Dominguez said, plus you don't want to lose that tool number, in case you need it later on.

Mr. Snyder said that is correct, and it is a matter of striking a balance between too many vacant positions and not enough. And, it depends on the department.

- Chair Dominguez said if lower level managers are asking to fill a position, and they can justify it to you, then you're going ahead and filling it.

Mr. Snyder said, yes, that's correct.

- Councilor Trujillo said for the budget hearings, he would like a listing of positions which have been vacant for two years or longer.

Mr. Snyder said that will be done.

- Councilor Maestas asked Mr. Snyder if he could identify the vacant positions as General Fund, or in any department which is an enterprise. He said he gets the sense that perhaps the General Fund positions, not subsidized by a dedicated funding source, are being left vacant longer because of that very reason. He noted the table indicates there are 79 vacancies in the General

Fund and 86 vacancies in Enterprise Fund. He hopes there isn't a trend where we are keeping General Fund positions open longer because our budget is in such flux. He said, "So in that table, if you could differentiate those positions so we can see..."

Mr. Snyder said he definitely can do that. He said for example, there are 106 vacancies in Community Services, and the reason is these are the Summer Youth Program hires, which are part time. So they appear as vacant positions, but they're not vacant positions, so those factor in down to the totals. He said they aren't sitting there vacant year round, and they are vacant at the time we are running the report, because they haven't yet been hired. He said the two-year Vacant Position Report will get at this, he believes. He said these numbers are inter-mixed, and this is how it was budgeted. He said they are getting ready now to hire the Summer Youth positions.

- Councilor Maestas asked if he can show the total positions to see what is the vacancy rate is. He said if we segregate out the total positions filled, what would be the vacancy rate, commenting he thinks it is more than 4%.
- Chair Dominguez asked staff to get that information as well.
- Councilor Trujillo said, "And Brian, the reason is, you've seen what the press has done lately anytime we give raises, they're not here. But that's the thing. Some people get raises, some people don't. I just want to be transparent on that. Our constituents come back and they'll say this person got a huge raise, but yet why aren't you hiring, there are all these vacancies. This way, we can justify this. For me, it would be a better transparency to the constituents and the people of Santa Fe."

Mr. Snyder said, "I am 100% in support of that, and why we're trying to portray this in a different way, just so you guys can see the real numbers, because there is a lot behind it. And that's why we've changed some things around and trying to show it in a different manner."

- Councilor Rivera noted there are a number of people in acting positions right now, and asked, with the new Mayor still having to make permanent decisions, if the positions they vacated are considered to be vacant, or if those still are being carried.

Mr. Snyder said it depends on the position. Some of them are vacant, depending on the funding source, they may not always be considered vacant. An example would be Kate Noble's position in Housing & Economic Development, as an Interim Department Director. She is fully funded out of her old job, and since she is filling in for Nick, Energy Specialist, who is also funded by a different funding mechanism. So it depends on the position.

Tab 19 – Worker Compensation Fund

- Mr. Snyder said there is a Memo in the packet that summarizes the balances and claims and litigation costs, and a table that shows the four-year history for the Workers Compensation Fund, and talked about the efforts to establish a stable cash reserve for this Fund.

Tab 20 – Health Fund

- Chair Dominguez asked how many positions work in the Wellness Program and how much revenue they generate.

Sandra Perez, Interim H.R. Director, said there are 1½ employees. *[The balance of Ms. Perez's remarks are inaudible here because she was speaking from the audience.]*

- Chair Dominguez said there was to be a savings in the health program.

Mr. Snyder said they don't generate revenue, the goal is to offset the expenditures from hitting our health fund from employees going to the E.R. The thought is, if you are living a healthy life style, you are going to the hospital less.

- Chair Dominguez said, "So the new Councilors can hear this, staff is prepared to start trying to measure that, correct."

Mr. Snyder said, "Correct."

- Chair Dominguez asked how much potential revenue is being lost. He said it's a good program, a great program for the new Councilors. What we did is we said those employees who were paying to get into the Chavez Center no longer have to pay, which includes family members and dependents, so that is lost revenue.

Mr. Snyder said it is a whole program at all of the facilities, and it is for employees, their significant others, families. He said it is those as well as programming. He said, "On the first page, you will see the back care seminars, stress reduction seminars, diabetes prevention, those things which we believe, and in our evaluations of other programs around the country, help us save money. On the second page, you will see the ER costs in the year January 2013, the ER costs are down 19%, and attribute a good portion of that to this program,. And what that means is, that was a 6-month savings of about \$128,000, so these are some of the metrics we're trying to put in place and get a good handle on – what does this program, other than just the well being of an employee, how does it impact our health fund. So these are types of metrics you'll be seeing as we move forward."

- Councilor Maestas said there are 1,581 employees and 1,245 employees are receiving benefits. He said some employees may be covered through their spouse's plan. He asked if all City employees are covered in some way or another.

Mr. Snyder said the part time employees are not all covered.

- Councilor Maestas asked if we are striving to have 100% coverage for our full time employees.

Mr. Snyder said he is unaware of an overall goal, and all employees are offered the health benefit, and whether they have it with their spouse or another, it is a top-notch program. He is unaware that there is a goal to get 100% of full time employees to be a part of the program, those with the opportunity to take on the benefits.

- Councilor Maestas said he wants to know why they don't have any kind of coverage, those employees that don't, and perhaps we can use this information as a means to make improvements to our overall health benefits and wellness programs.
- Chair Dominguez said they have to be covered somewhere, somehow.

Ms. Perez said, "To that point, regarding the Affordable Care Act, you're right. There is a mandate or else a penalty for next year which people would have to pay on their personal income taxes. But what we don't collect is... when people refuse the coverage, we get a card back that says they refused the coverage. There is nothing that says they have to tell us why they're refusing it. Sometimes they say, well I'm covered under my spouse's benefit, or they have their own insurance somewhere else that they thought was more affordable, or there is some other family plan. I can tell you there is a growing trend, and as we get into this more, through the budgeting process and we start talking about the Affordable Care Act, that the trend among larger employers now is, if your spouse or domestic partner has available coverage with their own employer, they want you to use that, and not be on the plan that's covered. They're starting to split that up more, and a lot because of the Affordable Care Act. So we'll have to talk some more through that as we move forward."

- Councilor Maestas asked when the certification of the mandate is for large employers such as the City of Santa Fe.

Ms. Perez said, "Our first fee is due in January 2015, and then it is staggered throughout after that, and it is \$62 per member, of all members covered. So it's personal coverage, and we have to pay that on the 3,300 members. So by the time it is all said and done, it is a chunk of change. But we can get the metrics on the reason, if they said anything. We don't track why they didn't take our coverage, we just know if they're covered then they go on, and if they refused it, or if they're part of the employment ranks that don't have coverage available to them, that could be part of it."

- Councilor Maestas asked if it would be acceptable if we can certify they're covered in some form or fashion, maybe not by our health benefits, but by another, that we are meeting the letter of the law.
- Ms. Perez said, "Right. Well, what we have to do, is the burden isn't on us to show that they've got their coverage. The burden is on them to show they've got it. So what we can do, is to modify our refusal cards to have a box to check that they are covered somewhere else. Most employers are

using that information to kick people out of their plan, rather than to try to make sure that they have coverage.”

- Councilor Rivera said, in looking at the wellness program, he would like a cost breakdown of the GCCC memberships and the revenues they have lost due to this program.

Mr. Snyder said, “The only reason I’m hesitating is... yes we can provide that. I’m just concerned that it may not be as it appears and trying to make sure of that however we present it. To answer your question, yes we can do it, to make sure it appears and you don’t make an incorrect assumption by just looking at the data. We’ll just have to be careful about that.”

- Councilor Rivera said, “My point in asking for it, is that similar to what is going on with the Transit System, is that we pass Resolutions that have an impact on departments, and in this case, an enterprise fund, and then we, as the Governing Body, have a tendency to complain about how much we’re having to subsidize the enterprise fund because of rules we made that create the fiscal problems in the first place, or add to them anyway. Just to be able to look at that.”

Mr. Snyder said, “Definitely.”

- Councilor Trujillo said, “Since we’re talking about the Genoveva Chavez, and this is always been the thing that’s always got me. Do you know how much do we charge for just a single, for one person, to join the Chavez for a year. We don’t have that information. How much Isaac.”

Mr. Snyder said, “It depends on what you want to be a member of, if you want access to the pool or the ice rink or just the general facility.”

- Councilor Trujillo said, “We charge one person so much, but then for a family, technically it’s a lot cheaper, but when you round it off, say it’s a 4-member family, each one of those members are paying, just taking a guess, a hundred and some a year, maybe. Yet, we’re charging three hundred and some for one person. To me, I would rather get more people in, if we could reduce the rates, and get 10 people instead of just 3, to me the balancing would make more. It’s just something to look at, and something I think would want to look at as well, with the budget and especially at Genoveva Chavez.”

Mr. Snyder said he understands what Councilor Trujillo is saying, in looking at the recreational fees and how we divide them versus family, and looking at the reduction for a family, versus an individual user, and how we approach that.”

Tab 21/22 Investments and other reports

- Councilor Maestas asked the mandate for 10% cash reserves as opposed to the 1/12 State mandate, is it an ordinance or a resolution.

Mr. Tapia said, "I haven't seen that Ordinance, but I know it exists. It is from past Councils that have passed that. We, at Finance like it and we keep it at 10%, other than the 1/12 which is about 8.33 or something like that. But we can find the Ordinance pass it forward."

- Councilor Maestas said he heard that for certain of the unfunded mandates, the Council has gone into some of these reserves, so you have gone below the 10%, so it's not a hard and fast mandate. He said he thinks this could be used as part of our portfolio of solutions to try and balance the budget instead of putting so much pressure on a property tax or gross receipts tax increase. He doesn't know how "hard and fast that is institutionally," and it could be a stop-gap measure. It doesn't have to be permanent. He said, "I can see the logic behind it, but I just think that should be on the table for discussion when we're talking about broad strategies to help balance the budget."
- Responding to the Chair, Mr. Snyder said we can look into that and have that as an option, and put that on the list.

Tab 23 – Bonds and loans

Tab 24 – Annexation

Tab 25 – Hold Harmless

Tab 26 – Projects Water, Wastewater, Environmental

Mr. Snyder said, "If you recall, back to the City's cash balances, those funds had some of the largest cash balances in them. And there's been that perception that we can dig into those funds year after year. And the reason I had these summaries put in here, these are the Capital Improvement Programs for each of those that is an enterprise fund, and as you can see, these are various capital projects. I'll just pick on water for a second. These are the capital projects for the next 4-5 fiscal years. And you notice the red at the bottom is cash available. What that signifies to me is that we are using the money, or we have a plan to use the money, and then we start seeing the red and then we circle into the negative. What that is, as per our Finance Plan, we have a planned bond sale, so that bonds gets us back up and gets flowing again."

Mr. Snyder continued, "So the point of this is to show that we do have a plan to expend the money. It's not just money sitting there. It's a lot of money and I understand that, but at the same time, we have a plan to spend the money in each of the utility enterprise funds, water, wastewater and environmental services."

Tab 27 – Outcome of Schedule of Affected Positions Targeted for Non-Funding and/or Funding Shifts.

Tab 28 – Bonds

- Chair Dominguez noted this Committee will be working with Public Works on this.

Mr. Snyder said the funding needs to be in place by July 2, 2014, so it is part of this budget process and the reason we bring it up here. We do have a time and place, between now and July 1, to get the process started, as well as to get it set up so we can refinance.

- *[Chair Dominguez's remarks here are inaudible because his microphone was not turned on.]*

- Councilor Maestas said he has a lot of question about bonds, and wants to understand the status of those to help balance the budget. He would like to have an Information session on bonds, about 15 minutes. *[Most of what Councilor Maestas says here is inaudible because his microphone was not turned on.]*

- Chair Dominguez said we can do this again at the next Finance Committee meeting and focus on some of these things. He said we probably need to provide a history of financing. He asked Mr. Tapia to get with staff and get that information.

Mr. Snyder said he wouldn't mind sitting with the Chair, the Finance Director and his staff to run down through that.

Tab 29

- Chair Dominguez noted the chart isn't complete because the \$1.2 million and the \$400,000 have already been approved, so essentially whatever we were in the "black" with our GRT, about half or more than half already has been obligated to those two things. As an example, if we wouldn't have done that, maybe we would have been able to move the Southside Library out of CIP into the operations, assuming we were going to stay on this trajectory or trend of increased GRTs. He said that's one way to look at it. He said, "This gap sheet is something which was done over the last however many years. It's pretty helpful, I think, but we'll continue discussion on it."
- Chair Dominguez said he will open it for one round for the Governing Body so we can "close this thing down."
- Councilor Rivera said last year at the end of the fiscal year, we appropriated funding for one-time CIP projects, roof projects, CIP projects which weren't going to cost a whole lot. He asked for a breakdown of what projects were approved, which ones were completed, and if not complete, the reason, and the status to completion.

- Councilor Rivera said last year, the department directors gave the budget presentation. He said, "And I felt and I brought it up during that time, I felt we were lacking in the process by not having individual supervisors that were actually going to be affected by the budget here to make a presentation. And I think it's important if there are going to be budget cuts, or flat budgets, that the actual supervisors that are going to be managing their areas, that they have buy-in to the budget, and are on-board with everything that's going to happen. I'll give you an example. The GCCC. They were making budget cuts that were going to affect janitorial staff there at the GCCC, and what we were hearing from department directors is that staff were going to take over those responsibilities of cleaning. I think you have better buy-in to that process if the individual supervisor is there at the GCCC actually making the presentation to doing that."
- Councilor Rivera continued, "Now, I don't want to get down to the supervisor or the life guards coming in and making a presentation, but at least maybe the director of that facility coming down. And I think she was here a few times, and then that was it. We never saw her again. And I think I brought this up during the last budget meetings, even though I wasn't on Finance, I did make it a couple of times, and felt like there should have been more involvement from other managers within each of the different departments."

Mr. Snyder said, "If I may, Councilor Rivera, I hear what you're saying. I do have some concerns about that which I'll talk about with you off-line. But one I'll express here, and using the GCCC as an example, there is a Rec Division Director, which is not the person you're speaking of, and then the next person down is the manager of that facility, which basically is comparable to a section supervisor in other departments around the City. So, from a department standpoint, that's three levels down in a department. So, my concern is to be equal and fair across the board, to have section supervisors presenting here, and we go through this a week, and I'm not sure what the budget hearing time period is, that we may be expanding to something that's not really..."

- Chair Dominguez said, "If I may Councilor Rivera, just to give you a little support on that, the GCCC is an enterprise and we've done it with other enterprises, where that division, if you will, makes the presentation. So, it's not necessarily the department director.":

Mr. Snyder said, "And I understand what you're saying, it's an enterprise fund, but it is not a division."

- Chair Dominguez said, "But it's an enterprise. We've given that facility a mandate to generate revenue. And we need to hear from line staff, as much as we can, is what Councilor Rivera is saying, to make sure that the division director is giving that section, as an enterprise, the ability to generate the revenue it needs to operate. And we can get into some of that detail later on, but I think I'll let you go ahead and finish Councilor Rivera."
- Councilor Rivera said, "Maybe I sort of mis-spoke here, but I think it's okay that the department director give the overall budget idea and where the group or department is going, but at least have staff available to answer any questions that we may have regarding the fine-tuning of the budget, or how it is going to affect individual groups."

Mr. Snyder said, "I don't mean any respect, but we will have the staff available, they can speak, I don't have a problem with that. My concern is, (1) drawing the process out; (2) frankly, there are staff at the City, even at the division level, that don't agree with having a flat budget, but that was my directive. So, if you are now asking staff that don't believe in coming forward with a flat budget, to come and talk to you, it's creating a problem internally. And I just want to call that to everybody's attention, because it is a concern to me, because there are certain directives I have to give, and if there is a division director that may either feel comfortable speaking out of turn, or not speaking out of turn by my directive, that's a concern. Because now you've created some turbulence. So, like I said, I'll speak more off line with you, it's just something I want to raise as a potential concern of mine."

- Chair Dominguez said, "Everyone should feel comfortable to be able to speak freely, without any retaliation."

Mr. Snyder said, "Mr. Chair I didn't say anything about retaliation. I hope that's not on record, that's for sure, because I didn't say anything about retaliation. But the reality of this is, that when you asked me what my directive to staff was, I said my directive to staff was flat budgets. As I see the budget picture, the windows, that's my job as City Manager to do. That doesn't mean that everybody agrees with that. In fact, as you'll see when I bring forward, and I'm trying to be transparent with everything in this book, as well as expansion positions, you'll see in expansion positions, people asking the world. We don't have that ability. So, I'm just cautioning, like I said, I'll have staff available and I don't have a problem with them speaking, I just caution that it could get into an exchange that may not be healthy."

- Chair Dominguez said, "No, I understand. And I say, with all due respect, and let the record note that the City Manager is not talking about retaliation, but, I know that there were some staff that were chased away last year. They were not allowed to be here for budget hearings, so make sure, as Councilor Rivera has asked, that appropriate staff is available for some of those discussions. Right like."
- Councilor Rivera said, "You know, I understand what you're saying Brian, and I can appreciate it. And if you recall, we used to do it that way, before last year, where we would have.... the Fire Department, for example, not only the Fire Chief there, but the Divisions Chiefs, people that were responsible for their areas to answer questions. Last year is the first time I remember it being just department directors giving the overall presentation, and really not having people here to direct questions to, and that was frustrating. And I think, if we can find the balance between how it used to be, and how it was last year, I'm okay with that."

Mr. Snyder said, "You guys give me the direction on what and who you would like to hear, they'll be here, and they can speak."

- Chair Dominguez said he will work with the City Manager on that, to make sure we don't get too far down into the org chart, and we're not getting the lifeguard supervisors there."

- Councilor River said, "I received several complaints by not having janitorial staff at the GCCC, and it's my understanding that we ended up hiring some of them back. And I think if we had had insight from other managers, maybe we could have avoided some of the headache that came along with that in the first place. That's all I'm trying to do. I'm not trying to wreak havoc for you, or to pit people against you, based on information that you or the department directors gave to staff below them, but I would like to hear from the staff that this budget is really going to affect and who is going to have to manage it."

Mr. Snyder said, "Mr. Chair, Councilor Rivera, that's understood."

- Councilor Lindell said, "I just want to thank you for putting this document together and also comment that, of course I'm new to Finance Committee, and how clear the packet was and how well that was put together. It certainly was very helpful to me. This document is extremely helpful to me, and what it tells me, without getting a magnifying glass out and reading through every page of it, is that we have a sizeable task in front of us, and that we need to be pretty careful with what are very precious resources, and that these are not only precious resources of the public, but they're quite limited. And we're not expanding, we aren't necessarily contracting, but when we do see fit to expand in an area, or pass resolutions or ordinances that cost money, we probably should be mentally prepared that that money may have to come from somewhere else in this budget. And, just because we want to pass a resolution or ordinance, we don't necessarily have the money sitting around to do that. So that's what this document has told me. It's my first experience with this, but it just seems like we have to be very very careful in this next year in how we allocate resources."
- Councilor Maestas said, "This booklet was really beneficial, Brian, so thanks, and convey my thanks to all the staff that helped you put it together. Just, in general, we have some really significant financial challenges facing the City. The City has done a great job to pass stop-gap budgets, but I think we're talking about making some major cultural changes. Making enterprises self-sufficient, funding CIP projects with bricks and mortar projects instead of continuing to fund a lot of recurring, related operational activities. And we need to move in that direction. We need to look at some bold solutions. And I'm going to work for a combination of things. No real shock treatment. You won't see me shouting that we need to pass the 3/8% gross receipts tax. I would like to see us really look at a wide variety of solutions, no shock treatment, but something that is balanced and will really start improving not just our next budget, but the budget outlook."
- Councilor Maestas continued, "And then the last thing I'll say, is I really think, just for the purposes of discussion if the staff could come up with some other financing mechanisms besides the traditional gross receipts tax increase. There is an increment the City did not enact, there is one more left. It is a 1/4% increment of municipal gross receipts tax. I think that's a negative referendum. It could be very similar to the new 3/8% that was made available with the Hold Harmless Repeal."

- Councilor Maestas continued, "And then, I think staff needs to look at maybe some tax improvement development districts, or tax increment financing. I know you guys have probably talked about that in the past. We have annexed areas – would that be appropriate. Or are there some specific major projects that would only benefit one particular District. Should that localized area pay for it, instead of the entire City. I don't know what the history is, and maybe we can talk off-line for other types of financing mechanisms besides the tradition gross receipts tax increase. So, if staff could look at that, and if there's nothing in your toolbox that you think really fits or is appropriate, that's fine. But I really think we're going to have to, Mr. Chair, before we get into the weeds, it would be good for us to have a discussion of broader solutions and then we get into the weeds. And I think the 1/12 reserve needs to be discussed, just as an example. Anyway, that's all I have for now."

- Chair Dominguez said, "What it really comes down to is, like I said before, we need to somehow generate more revenue, because if we continue to cut the way we have over the number of years that we have, we are at that threshold now, where the public will begin to become affected, and services to them will suffer. I think we're teetering at that. And outside of some other tax increase, that there's not a huge economic recovery that's steep and significant. We are going to have to continue to work on looking at the long term picture. Outside of annexation I think, Marcos, we could probably get by this fiscal year pretty well. But then, that would just be keeping to kick the can down the road, and we don't solve some of the larger looming issues that we have."

- Chair Dominguez continued, "And so economic development is one way. Raising revenue in terms of a tax increase is obviously another way, as it's been presented. So we do have some work, not only in the short term but in the long term. My hope is that we all work with staff to make sure we have this on the agenda again next time. I don't want to have as long a discussion, obviously. Maybe we can, I'm guilty of some of that myself, but nonetheless, we have to have this discussion, because we have a brand new Committee. I don't think anyone has been on the Finance Committee before."

- Chair Dominguez continued, "So, two things really quick. I would like for staff to go ahead and start looking at severing Parks and Recreation from Public Works to create a new department with two divisions, both Recreation and Parks. The other thing, and I think Ike has already prepared some of that data, brought some of that information, but opening the Southside library on Sundays. So, we can make available to the Committee as well. Yolanda, I need you to start polling the Committee on having budget hearings the week of the 21st. I think that's the original schedule."

Mr. Snyder said he was actually looking at the following week, and he can give you what he's thinking on that, and he can work with Yolanda as well. He mapped everything out, based on taking the budget to the Council on May 28, 2014, and then backing into giving you the same window of time for hearings. The last day he had planned on meeting with department staff was on the twenty-second, in terms of a second or third meeting.

- Chair Dominguez said the potential budget hearings start the week of April 28, 2014, and he will work with the Committee and staff to make it as painless as possible. Typically, we have done two full days, and then have dedicated time at the Finance Committee for the budget. He said he is working with the Mayor to schedule a study session before the budget hearings, where the Governing Body can articulate priorities in preparation for the budget hearings.

Mr. Snyder said he and the Mayor are looking at doing that, hopefully in the next week and a half to two weeks before the budget starts. He said they envision an open dialogue, and almost a full day session where there is open dialogue, and get some of the broad discussions on the table as well as the priorities.

- Chair Dominguez said he is open to suggestions to make the process better, from the Committee or staff.

23. OTHER FINANCIAL INFORMATION

There was no other financial information.

24. MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

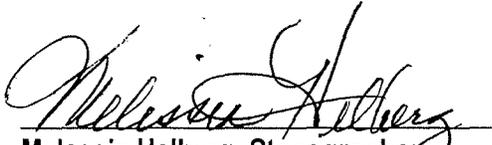
25. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 7:45 p.m.

Carmichael A. Dominguez, Chair

Reviewed by:


Marcos A. Tapia, Director
Department of Finance


Melessia Helberg, Stenographer