City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY
Bill No. 2015-23
Enterprise Fund Transfer Adjustment

SPONSOR(S): Councilor Ives

SUMMARY: The proposed bill amends Section 11-12.1 SFCC 1987 by modifying the formula by which the Governing Body may authorize funds for transfer from an enterprise fund to the general fund.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: June 4, 2015

ATTACHMENTS: Bill
FIR

CITY OF SANTA FE, NEW MEXICO

BILL NO. 2015-23

INTRODUCED BY:

Councilor Peter Ives

AN ORDINANCE

AMENDING SECTION 11-12.1 SFCC 1987 TO MODIFY THE FORMULA BY WHICH THE GOVERNING BODY MAY AUTHORIZE FUNDS FOR TRANSFER FROM AN ENTERPRISE FUND TO THE GENERAL FUND.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

Section 1. Section 11-12.1 of the Santa Fe City Code 1987 (being Ord. #1997-4, §1; Ord. #2011-14, §1) is amended to read:

11-12.1 Enterprise Fund Expenditures.

A. All revenues generated by enterprise funds, including bond and grant proceeds, shall be expended solely for the purposes of their respective enterprise funds.

B. All revenues in excess of that needed to pay for operations and maintenance, capital outlays, bond debt service and similar revenue expenditures shall remain within their respective funds unless a failure to transfer the funds would constitute a violation of law or an impairment of an existing contract[.], or is made in accordance with subsection C of this section.

C. Cash balances generated by enterprise funds shall be retained within their respective

funds, except that on annual basis, the governing body may authorize a transfer to the general fund in an amount not to exceed [~~one million seven hundred thousand dollars ($1,700,000~~]twelve percent (12%) of the available cash as calculated during preparation of the annual budget. Such calculation will be based on funds available after the requirements of subsection B of this section are met. Prior to such transfer of enterprise funds to the general fund, an analysis shall be performed to ensure that such a transfer would not require an enterprise fund rate increase; negatively affect bond ratings associated with the specific enterprise fund or be inconsistent with NMSA 1978, § 3-23.4.

D. The city may also charge the enterprise fund for extraordinary duly incurred costs of non-routine city services attributable to operation and maintenance of the enterprise or enterprise fund.

E[~~D~~]. This ordinance is not intended to be construed to affect, amend or repeal any provision of any bond ordinance and is not intended to pertain to the collection of payments in lieu of taxes/fees or the convention center enterprise fund.

APPROVED AS TO FORM:

Kelley A. Brennan

KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Bills 2015/Enterprise Fund Transfer Adjustment

CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO BILL NO. 2015-23
Enterprise Fund Transfer Adjustment

Mayor and Members of the City Council:

We propose the following amendment(s) to Bill No. 2015-23:

1. On page 1, line 25 ***delete*** "Cash balances" and ***insert*** in lieu thereof "Net revenue".
2. On page 1, line 25 to page 2, line 1 ***delete*** "retained within their respective funds, except that on annual basis" and ***insert*** in lieu thereof "used for capital investment, repair and replacement, debt management, working capital, and transfers to the general fund. On an annual basis"
3. On page 2, lines 3-4 ***delete*** "cash availability calculated during the annual budget preparation. The calculation will be based on the availability of funds after the requirements of subsection B of this section are met" and ***insert*** in lieu thereof:

   "three-year average total operating revenues based on the previous two years' actual revenues reported in the city's annual audit, after allowing the enterprise to meet all of its operating expenses and debt service obligations, and providing for 45 days of working capital."
4. On page 2, lines 4-7 ***delete*** the sentence in its entirety, and ***insert*** in lieu thereof the following new paragraph:

   "D. Prior to such transfer to the general fund, an analysis shall be performed to ensure that such a transfer would not require an enterprise fund rate increase, negatively affect bond ratings associated with the specific enterprise fund, or be inconsistent with NMSA 1978, § 3-23.4."
5. Renumber the succeeding paragraphs as needed.

Respectfully submitted,

_____
City Staff

ADOPTED: _____
NOT ADOPTED: _____
DATE: _____

_____
Yolanda Y. Vigil, City Clerk

CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO BILL NO. 2015-23
Enterprise Fund Transfer Adjustment

Mayor and Members of the City Council:

I propose the following amendment(s) to Bill No. 2015-23:

1. On page 2, line 8 ***delete*** "extraordinary".
2. On page 2, line 14 ***insert*** the following new paragraph:
   "F. The transfer of funds from an enterprise fund to the general fund pursuant to subsection C of this section shall expire on June 30, 2019."

Respectfully submitted,

_____
Peter Ives, Councilor

ADOPTED: _____
NOT ADOPTED: _____
DATE: _____

_____
Yolanda Y. Vigil, City Clerk

Amended

FIR No. 2668

City of Santa Fe
Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. **General Information**

(Check) Bill: X Resolution: _____
(A single FIR may be used for related bills and/or resolutions)
Short Title(s): **AMENDING SECTION 11-12.1 SFCC 1987 BY MODIFYING THE FORMULA BY WHICH THE GOVERNING BODY MAY AUTHORIZE FUNDS FOR TRANSFER FROM AN ENTERPRISE FUND TO THE GENERAL FUND.**

Sponsor(s): Councilor Peter Ives

Reviewing Department(s): Legislative Services

Persons Completing FIR: Jesse Guillen Date: 5/22/15 Phone: 505-955-6518

Reviewed by City Attorney: Kelly A. Brennan (Signature) Date: 6/5/15

Reviewed by Finance Director: (Signature) Date: 6-4-2015

Section B. **Summary**
Briefly explain the purpose and major provisions of the bill/resolution:
This bill amends Section 11-12.1 SFCC 1987 by altering the formula that allows for the governing body to transfer funds from an enterprise fund to a general fund. The current limit is $1.7 million per year, the amendment would change it to a maximum of twelve percent (12%) of the cash availability. The calculation will be based on the availability of funds after the requirements of subsection B (operations, maintenance, capital outlay, bond debt service) are met.

Section C. **Fiscal Impact**
Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:
a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director:

____ _____ Check here if no fiscal impact

Column #: 1	2	3	4	5	6	7	8
Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
Personnel*	$_____	_____	_____	$_____	_____	_____	_____
Fringe**	$_____	_____	_____	$_____	_____	_____	_____
Capital Outlay	$_____	_____	_____	$_____	_____	_____	_____
Land/ Building	$_____	_____	_____	$_____	_____	_____	_____
Professional Services	$_____	_____	_____	$_____	_____	_____	_____
All Other Operating Costs	$_____	_____	_____	$_____	_____	_____	_____
Total:	$_____			$_____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:
a. To indicate new revenues and/or
b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #: 1	2	3	4	5	6
Type of Revenue	FY 2015-16	"R" Costs Recurring or "NR" Non-recurring	FY 2015-16	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected
Operating _____	$3,000,000	_____	$3,000,000	_____	_____
_____	$_____	_____	$_____	_____	_____
_____	$_____	_____	$_____	_____	_____
Total:	$3,000,000		$ 3,000,000		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The proposed legislation would have a significant positive financial impact. It will raise the current limit that can be transferred to the General Fund from the utilities from $1.7 million to 12% of gross receipts. Next fiscal year, this will amount to $4.7 million. The actual amount transferred would occur only after the affected utility has covered all operating costs and debt service obligations and generated 45 days of working capital (net revenues). Current revenue and expenditure projections for the water utility next year indicate that it will be able to sustain the 12% payment.

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Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

No.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

If the transfer limit is not raised to 12% of gross receipts, next year's budget will come in short by $3 million. The city will only be able to transfer $800,000 above the estimated $0.9 million that is already transferring by way of non-utility costs in the General Fund paid directly by the utility. This will also widen the city's total operating deficit, which already stands at $11 million.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

This legislation would allow the Governing Body to transfer excess operating revenues from the enterprise funds, specifically in the Water Division, and appropriate them as needed. The legislation includes a provision that the enterprise fund keep a prudent balance in the fund as required by other subsections of the Code, as well as other applicable, existing law. If the legislation is not passed, the Governing Body will have to amend the budget to either cut services or lay off staff by an amount equal to $3 million or raise taxes by this amount, all of which may have a negative impact on the community.

Form adopted: 01/12/05; revised 8/24/05; revised 4/17/08

ACTION SHEET
PUBLIC UTILITES COMMITTEE MEETING OF 6/3/15

ISSUE NO. 19

Request for approval of Bill No. 2015-_____. An ordinance amending Section 11-12.1 SFCC 1987 by modifying the formula by which the Governing Body may authorize funds for transfer from an enterprise fund to the general fund. (Councilor Ives) (Oscar Rodriguez)

Public Utilities Committee – 6/3/15
City Council (Request to Publish) – 6/10/15
Finance Committee – 6/15/15
City Council (Public Hearing) – 7/8/15

PUBLIC UTILITES COMMITTEE ACTION: Not approved.

SPECIAL CONDITIONS OR AMENDMENTS:

STAFF FOLLOW UP:

VOTE:	FOR	AGAINST	ABSTAIN
COUNCILOR RIVERA, CHAIR	X		
COUNCILOR MAESTAS		X	
COUNCILOR BUSHEE		X	
COUNCILOR DIMAS		X	
COUNCILOR IVES	X		