

ACTION SHEET
CITY COUNCIL COMMITTEE MEETING OF 06/11/14
ITEM FROM FINANCE COMMITTEE MEETING OF 06/02/14

ISSUE:

30. Request for Approval of a Resolution Relating to the City of Santa Fe Fiscal Year 2014/2015 Budget; Amending Resolution No. 2014-35 to Include the Enactment of a Property Tax Rate Increase of 2 Mill Per \$1000 of net Taxable Value to be Used for ITT Infrastructure, and Public Safety Services Related to Phase 2 Annexation and Operation and Maintenance Costs for Infrastructure of Parks and Recreation Facilities and Libraries. (Councilor Ives) (Marcos Tapia and Judith Amer)

Committee Review:

Public Works Committee (scheduled) 06/09/14
 City Council (scheduled) 06/11/14

Fiscal Impact – Yes

FINANCE COMMITTEE ACTION:

SPECIAL CONDITIONS OR AMENDMENTS

This item has been postponed indefinitely.

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	Excused		
CHAIRPERSON DOMINGUEZ			

3-17/14/FCMissue

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2014-____ Property Tax Increase

SPONSOR(S): Councilor Ives

SUMMARY: The proposed resolution relates to the City of Santa Fe fiscal year 2014/2015 budget to amend Resolution No. 2014-35 to include the enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used as follows:

- ITT infrastructure
- Infrastructure and public safety services related to phase 2 annexation and operation
- Maintenance costs for infrastructure of parks and recreation facilities and libraries.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: May 29, 2014

ATTACHMENTS: Resolution
FIR

1 CITY OF SANTA FE, NEW MEXICO

2 RESOLUTION NO. 2014 – ____

3 INTRODUCED BY:

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5 Councilor Peter Ives

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10 A RESOLUTION

11 RELATING TO THE CITY OF SANTA FE FISCAL YEAR 2014/2015 BUDGET;
12 AMENDING RESOLUTION NO. 2014-35 TO INCLUDE THE ENACTMENT OF A
13 PROPERTY TAX RATE INCREASE OF 2 MILL PER \$1000 OF NET TAXABLE VALUE
14 TO BE USED FOR ITT INFRASTRUCTURE, INFRASTRUCTURE AND PUBLIC SAFETY
15 SERVICES RELATED TO PHASE 2 ANNEXATION AND OPERATION AND
16 MAINTENANCE COSTS FOR INFRASTRUCTURE OF PARKS AND RECREATION
17 FACILITIES AND LIBRARIES.

18
19 WHEREAS, the Governing Body of the Municipality of Santa Fe, State of New Mexico has
20 developed a budget for fiscal year 2014/2015; and

21 WHEREAS, the budget was developed on the basis of need and through cooperation with all
22 user departments, elected officials and other department supervisors; and

23 WHEREAS, the official meetings for the review of the budget documents were duly
24 advertised in compliance with the New Mexico Open Meetings Act; and

25 WHEREAS, on May 14, 2014, the Governing Body adopted Resolution No. 2014-35 to

1 adopt the 2014/2015 budget for submittal and approval from the Local Government Division of the
2 Department of Finance and Administration; and

3 **WHEREAS**, the Governing Body desires to amend the 2014/2015 budget resolution to
4 include the enactment of a municipal property tax increase; and

5 **WHEREAS**, since FY 2008/2009, the city's gross receipts tax revenue has fallen from FY
6 2007/2008 level of \$88.5 million for general operations (excludes water related) to \$80 million in FY
7 2009/2010 to \$84.2 million in FY 2012/2013; and

8 **WHEREAS**, the city relies heavily on gross receipts tax to pay for essential city services;
9 and

10 **WHEREAS**, since FY 2008/2009, the city has not cut services but rather the city has cut
11 spending by \$6.3 million which includes eliminating management positions; reducing overall
12 employees form 1860 authorized, budgeted positions to 1524 filled positions through attrition,
13 doubling duties, and making efficiencies: reducing overtime costs through more efficient staffing and
14 making other budget reductions; and

15 **WHEREAS**, the City is in need of a stable and adequate budget in order to ensure essential
16 city services for the residents of Santa Fe; and

17 **WHEREAS**, there is a need to identify funding sources for ITT infrastructure; increased
18 infrastructure and public safety services for Phase 2 Annexation costs; and operation and maintenance
19 costs for infrastructure of parks and recreation facilities and library services; and

20 **WHEREAS**, during these tough economic times, the city with its employees and the public
21 must come together and all commit to doing their part to ensure essential city services and invest in a
22 strong city; and

23 **WHEREAS**, Section 7-37-7 NMSA 1978 authorizes municipalities to impose a property tax
24 rate for general purposes of up to \$7.65 per \$1000 of net taxable value; and

25 **WHEREAS**, the city currently imposes a property tax of \$2.87 per \$1000 of net taxable

1 value of both residential and nonresidential property allocated to the City which is much less than
2 other cities in New Mexico (Imposed rates for Albuquerque - \$6.54 per \$1,000; Las Cruces - \$5.12
3 per \$1000; and Rio Rancho – \$7.65 per \$1000); and

4 **WHEREAS**, according to Section 7-37-7 NMSA 1978 the actual rate of property tax to be
5 imposed is determined in the municipality’s budget process; the municipality determines its
6 expenditures and how much of those expenditures is to be covered by property tax revenues; and the
7 municipality submits its budget to the New Mexico department of finance and administration who
8 approves the budget and confirms the municipality’s mill rate by September; and

9 **WHEREAS**, the levy and collection of taxes by the City will benefit residents and taxpayers
10 by enabling the City to provide maintenance and operation of facilities and by providing for the
11 acquisition and financing of public improvements for ITT infrastructure; maintenance of
12 infrastructure of parks, recreation and libraries, and infrastructure and public safety services related to
13 Phase 2 annexation; and

14 **WHEREAS**, the Governing Body desires to increase the rate of property tax imposed by the
15 City of Santa Fe by 2 mill per \$1000 assessed value which would generate \$7 million per year; and

16 **WHEREAS**, it is the majority opinion of this Governing Body that the proposed budget
17 meets the requirements as currently determined for fiscal year 2014/2015 with the inclusion of a
18 property tax increase of 2 mill per \$1000 assessed value.

19 **NOW THEREFORE, BE IT HEREBY RESOLVED BY THE GOVERNING BODY OF**
20 **THE CITY OF SANTA FE, STATE OF NEW MEXICO** that:

- 21 1. The Governing Body hereby amends City of Santa Fe Resolution No. 2014-35, the
22 2014/2015 annual budget resolution, to include the enactment of a property tax rate
23 increase of 2 mill per \$1000 of net taxable value.
- 24 2. For purposes of meeting the operating expense of the budget for fiscal year
25 2014/2015 of the City, there is hereby levied a property tax of 4.87 per \$1000 net

1 taxable value of property in the City.

2 3. The proceeds from the increased property tax shall be used to meet the expenses of
3 the City to provide ITT infrastructure; infrastructure and public safety services
4 related to Phase 2 Annexation; operation and maintenance costs for infrastructure of
5 parks and recreation facilities and libraries.

6 4. The City Clerk is hereby authorized and directed to immediately certify to the Board
7 of the County Commissioners of Santa Fe County and the New Mexico Department
8 of Finance, the levies for the City hereinabove determined and set. That said
9 certification shall be substantially following the form as is requested or required by
10 Santa Fe County and the New Mexico Department of Finance.

11 **BE IT FURTHER RESOLVED** that the Governing Body adopts the budget hereinabove
12 described, as to funds, categories and departments, and respectfully requests approval from the Local
13 Government Division of the Department of Finance and Administration.

14 PASSED, APPROVED and ADOPTED this _____ day of June, 2014.

15 MUNICIPAL GOVERNING BODY OF THE CITY OF SANTA FE, NEW MEXICO:

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18 MAYOR JAVIER M. GONZALES

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20 _____
21 COUNCILOR PATTI BUSHEE

COUNCILOR BILL DIMAS

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23 _____
24 COUNCILOR CARMICHAEL DOMINGUEZ

COUNCILOR PETER IVES

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COUNCILOR SIGNE LINDELL

COUNCILOR JOSEPH MAESTAS

COUNCILOR CHRISTOPHER RIVERA

COUNCILOR RONALD TRUJILLO

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:



KELLEY BRENNAN, INTERIM CITY ATTORNEY

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: _____ Resolution: X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): A RESOLUTION RELATING TO THE CITY OF SANTA FE FISCAL YEAR 2014/2015 BUDGET; AMENDING RESOLUTION NO. 2014-35 TO INCLUDE THE ENACTMENT OF A PROPERTY TAX RATE INCREASE OF 2 MILL PER \$1000 OF NET TAXABLE VALUE TO BE USED FOR ITT INFRASTRUCTURE, INFRASTRUCTURE AND PUBLIC SAFETY SERVICES RELATED TO PHASE 2 ANNEXATION AND OPERATION AND MAINTENANCE COSTS FOR INFRASTRUCTURE OF PARKS AND RECREATION FACILITIES AND LIBRARIES.

Sponsor(s): Councilor Ives

Reviewing Department(s): Finance Department

Persons Completing FIR: Marcos Tapia Date: 5/29/14 Phone: 955-6530

Reviewed by City Attorney: Kelley A. Brennan Date: 5/29/14
(Signature)

Reviewed by Finance Director: [Signature] Date: 5/29/14
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

The purpose of the resolution is to amend Resolution No. 2014-35 to include the enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries.

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: [Signature]

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY <u>14/15</u>	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY <u>15/16</u>	"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 14/15	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Property Tax	\$7,000,000	R	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$7,000,000	_____	\$ _____	_____	_____	_____

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.)

By enacting the proposed property tax increase, the City would generate annual revenue in the amount of \$7 million. For example the tax on a \$300,000 home (\$100,000 assessed value) would be increased by \$200 per year.

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.

Funding for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries would be have to be generated through a different source which is currently not identified.

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 that staff is aware of.

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.

The enactment of a property tax rate increase of 2 mill per \$1000 of net taxable value to be used for ITT infrastructure, infrastructure and public safety services related to Phase 2 annexation and operation and maintenance costs for infrastructure of parks and recreation facilities and libraries would benefit the community.

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

Proposal to Impose a 2 mil Property Tax

INTRODUCTION

No one wants to raise taxes or be in a position to ask others to raise taxes. This is as true for me as I know it is for you. I do so not because it gives me pleasure or for some ulterior motives as some have commented. Rather, having served on City Council since 2012, and now having been through three budgeting processes, it is my belief that we are quickly approaching, if we are not already in, a circumstance where we face a critical need to address an imbalance between the City's revenues and the cost of the services¹ it delivers to the people of Santa Fe. It is my hope that with the introduction of the measure I have brought forward, **Attachment A** hereto, we can have a good, fruitful and productive discussion of the services we provide, the cost of those services and how they are paid for in a sustainable way.

I recognize that there are some for whom the mere word "tax" is an anathema, bordering on a sin. However, our country, our state, our county, and this City all provide the services they do utilizing, among other means, many different types of taxes, including income taxes, gross receipts taxes, property taxes, and a multitude of others. To those who want to divert the discussion from the issue of the proper balance of revenue, expense and service delivery by the City, which is the heart of the matter, and turn it into some concocted conspiracy to force people to move from their homes, I will only say that we are better than that. Certainly a discussion of who is affected by what type of revenue measure is not only a valid part of the discussion, but an important one as different revenue measures affect the community in different ways.

¹ This cost is both internal and external to the City. By external, I mean, for instance, the police officer on patrol in the City. By internal, I mean those necessary costs of the City in training, equipping, compensating, etc. that officer.

As I have said on many occasions: My voice is one voice. My vote is one vote. Get engaged, get informed and get involved.

I. Since 2007-2008, City Revenues and Reserves Have Declined Significantly

We all felt the impact of the recession of 2008, including our City. Beginning at that time, the City saw declining revenues.

A. GRT

One of the City's prime sources of revenue is the Gross Receipts Tax or GRT. The GRT is described generally as a tax on the sale of goods and services. FY 2007-2008 was one of the best years, if not the best year, for the collection of GRT at \$92,445,822. With the recession, GRT revenues fell dramatically to \$84,226,081 in 2008-2009; \$79,792,702 in 2009-2010; \$81,027,342 in 2010-2011; \$83,609,281 in 2011-2012; \$84,833,921 in 2012-2013; and an estimated \$87,000,000 in 2013-2014. Compared with 2007-2008, over the ensuing six years to the present, the total change in revenue to the City has been a loss of \$59,135,129. Another way of saying this is that if GRT had continued at 2007-2008 levels through the present fiscal year, without increasing or decreasing, the City would have an additional \$59,135,129 in revenue. The chart detailing these losses is **Attachment B**.

B. Interest

A similar story is told in the amount of interest that the City has earned over the course of this same period of time. In 2007-2008, the City earned a total of \$9,886,548 in interest on its investments. With the recession, our interest earnings have become smaller and smaller. Between then and now, our City earned \$5,861,899 in 2008-2009; \$2,697,928 in 2009-2010; \$1,692,447 in 2010-2011; \$1,407,994 in 2011-2012; \$1,214,216 in 2012-2013; and this fiscal year is estimated to earn \$1,200,000. Thus, the amount of lost interest

earned, using 2007-2008 as a base year, from then to now is \$45,344,804. Another way of saying this is that if earned interest had continued at 2007-2008 levels through the present, we would have \$45,344,804 in additional revenue. **Attachment C** is a chart detailing these losses.

C. Federal and State Grants

We have all also experienced the impact of the recession on our Federal government and our State government. It is safe to say that the revenues received by the City from these sources, with the exception of certain CIP funding made available through Santa Fe's legislative delegation, has dwindled. A prime example is funding for the replacement of a number of the buses owned and operated by the City to transport our citizens. Previously, significant Federal grants were available for such funding. That funding is no longer available, and the City is working to use approximately \$3,500,000 in acquisition funds for three new buses. I do not have a comparison of these revenues over the period from 2007-2008 through the present, but am advised by the City's Finance Department that these types of funds have diminished over time.

D. Hold Harmless Payments

For anyone paying attention to municipal finance, the State's phase-out of the hold harmless payments being made by the State to cities and counties is nothing new. When the legislature decided to eliminate the GRT on groceries and medicines, it did so with the promise that it would ensure there was no negative impact on GRT revenues to cities and counties. The State was true to its word for many years, but two legislative sessions ago, the State decided to phase out the hold harmless payments over a period of 15 years beginning in the 2015-2016 budget year. **Attachment D** is a chart showing the effect on the City. To sum it up, over the next 15 years, the City will lose an additional \$10,000,000 in

Hold Harmless Payment funding. To make up for that loss, the State granted to cities and counties the authority to impose up to an additional 3/8ths of a percent of GRT. The City has not imposed any of that available increase in GRT at this time.

E. Summary of Losses

A conservative total of the losses of revenue to the City since 2007-2008, is \$104,479,933 (comprised of just the GRT loss of \$59,135,129, plus the interest loss of \$45,344,804). We know, too, that in the next 15 years we stand to lose at least an additional \$10,000,000 due to the phase out of the State's Hold Harmless Payments. The fact that we have lost these revenues yet maintained services is a testament to the hard and good work done by City staff throughout the community.

II. *Despite Reduced Revenues and Staff, the City Has Not Cut Services*

Notwithstanding the significant reductions in revenue experienced in the last six (6) years, the City has not cut services. The City's response was to tighten its belt and work harder, to the point that City spending has been cut by \$6.3 million annually. This has been accomplished by two principal means. First, the City has reduced staffing from a total of 1860 positions authorized and budgeted, to a current total of 1,524 filled positions, a very significant reduction in force. This was done through attrition, requiring staff to assume the workload of more than one position, and realizing various efficiencies, such as reducing overtime costs through more efficient staffing. In the face of the revenues lost, this effort by the City has in many ways been remarkable. It speaks to the many hard working staff at the City and their willingness to deliver services on behalf of the people of Santa Fe.

That said, it has also meant that certain matters critical to the continued efficient and smooth operations of the City have been placed on hold and for too long. Additionally, with the recent (January 1, 2014) completion of the second phase of the Annexation, that

was part of a settlement between the City and the County, and the phased transition of core, essential services, such as police and fire operations, from the County to the City, there is a need to hire more police officers and more firefighters and build a new fire-station.

III. We Now Face a Circumstance Where Additional Revenues are Required to Address Critical Needs and Provide Necessary Services

During the past year, the Governing Body has become more keenly aware of various significant maintenance and operational needs that should be addressed in the short term, and then made part of a regular and systemic plan to ensure that they do not in the future face the urgency of the current circumstance. Further, additional services are needed in order for the City to provide a safe and basic level of such services to the newly annexed portions of the City.

A. Critical Infrastructure Needs at the City

In the budgeting process of the past several months, the Governing Body was presented with an "Expansion Requests" worksheet, which identified some \$14,240,542 in additional expenses across four categories, to wit: (1) salaries and benefits (\$4,225,936), (2) Operating Expenses (\$2,277,361), (3) IT Equipment and Software (\$1,841,252), and (4) Equipment and Vehicles (\$5,895,993). **Attachment E** is a copy of the Expansion Requests. These amounts were sought by the various departments throughout the City during the budgeting process. But in order to balance the budget due to the lack of additional revenue, they were moved to the Expansion Requests. Many of these items were moved to the Expansion Requests despite being essential for internal operations at the City as well as for the provision of critical services to the citizens of Santa Fe.

B. Information Technology Needs – IT

The Expansion Requests detail a total of \$3,221,948 in IT requested expenditures. While the top identified request sought \$480,000 to upgrade one of the City's primary computing systems, i.e., the JD Edwards Release 9.1, many other critical needs were identified. These needs were almost uniformly identified in the Presidio: Network Assessment and IT Organizational Review dated August 21, 2013 (the "Presidio Report"). The Presidio Report detailed the many failings of the City's IT systems concluding, in pertinent part, "It is apparent that all of the major initiatives discussed and identified are very early in project lifecycle – **primarily due to lack of investment resulting from recent budget constraints.**" Presidio Report, page 113 (emphasis added.). Another key finding was, "Disaster recovery infrastructure to support "IT Disaster Recovery Plan" is not in place....The Internal audit findings suggest that there are **significant gaps** in current disaster recovery/business continuance strategies that **puts the City of Santa Fe at significant risk of data loss**". Presidio Report, page 59 (emphasis added.). Attachment F is a selection of pages from the Presidio Report identifying the many deficiencies of the City's IT systems and operations. These identified deficiencies underlie the items set forth on the Expansion Requests sheets and highlight the need for action sooner rather than later.

The recent power outage at City Hall for a period of approximately two to two and one-half hours (2 to 2 ½) due to problems experienced in the PNM system, further highlight the need for action on various items, including, in particular, the \$100,000 for the backup generator power. Similarly, in the Land Use Department there is identified a need in the amount of \$271,300 for a software maintenance agreement.

C. Increased Costs Associated with the Annexation and other Core Services

As the Governing Body is aware, we face various increases in staffing with associated equipment for both the Police and Fire Departments. The Fire Department

identified one Battalion Chief (\$137,746) and a new ladder truck (initially \$850,000, more recently estimated at \$1,500,000). The Police Department identified \$2,760,675, consisting of ten (10) new officers with equipment and cars, a financial analyst position and an increase in the costs of housing City prisoners. In connection with the annexation, ten (10) more fire officers are going to be required (\$743,026) and a new fire station will need to be constructed at a current estimated cost of \$2,525,000 (up from \$2,100,000 as expressed in the Pre-Budget Review Fiscal Year 2014/2015 Report (the "Pre-Budget Report"). The Pre-Budget Report sheets addressing the Annexation (Tab 24) and its impact on City finances in the next two fiscal years is **Attachment G** hereto, and shows expenditures above revenue of \$1,161,518 in FY 2014-2015, and \$3,405,027 in FY 2015-2016, i.e., the need for additional revenue of \$4,566,545, over and above the revenue generated by the annexed area in those two years.

It is of note too that expenditures on the Police Department and the Fire Department are perennially the two highest departmental expenditures across the City's budget, with Public Works being regularly third behind the Fire Department. Total expenditures for Police and Fire in FY 2013-2014 were \$34,995,806 of the total General Fund expenditures of \$73,721,234. See **Attachment H**, Tab 13, Pre-Budget Report. Tying additional core and essential service increases to property taxes, ties them to the most regular and secure form of municipal financing, a goal that should be part of a larger discussion on the City's budget moving forward.

IV. What Revenues Would be Raised by a Property Tax Increase

This question was considered in the Pre-Budget Report at Tab 5, **Attachment I** hereto. As therein noted, the City's current property tax rate is 2.817 mils. Under state law

(NMSA 7-37-1 et seq.), the City can charge up to 7.65 mils. Thus, the City has available to it an additional 4.833 mils. My proposal is to raise the property tax by an additional 2 mils, bringing the effective rate to 4.817 mils, resulting in additional revenue to the City annually of \$7,035,728, and bringing total available property tax revenues up to \$12,933,465. This discounts the property tax that goes to pay the 2008 GO bond, the 2010 GO Bond and the 2013 GO Bond (the dates when the bonds were sold as opposed to voted on) in the amount of \$1,277,044, \$601,075, and \$195,739, respectively and annually, for an annual total of \$2,073,858 in property tax GO Bond repayment funding annually.

My proposal would increase the property tax in this manner for a period of two years, raising an additional amount of \$14,071,456, from which the critical IT needs of the City can be addressed, the extraordinary costs of the annexation, including a new fire station, can be addressed,² and we, as a community, can make a thorough, thoughtful and intentional determination of what level of services we desire, and what levels of taxation we believe best provide for the City that we want to live in.

The level of impact, while not trivial, is not, I believe, overly burdensome. According to conversations with Finance Department Staff, a 1 mil increase in the property tax rate would increase property taxes on a \$300,000 home in Santa Fe a total of \$100.00 per year. Thus, a 2 mil increase would increase that same house's property tax by a total of \$200 per year. It is also important in this discussion to note that Santa Fe's property tax rate is one of the lowest in the State (I was told it was the second lowest), and its GRT rate is one of the highest in the State (I was told it was the second highest). A property tax increase affects property owners across the City in a uniform manner. A GRT increase is born not only by

² None of these expenses is found in the proposed 2014 CIP Bond for \$16,000,000 to \$18,000,000, two memoranda regarding which are attached as Attachment J.

Santa Feans, but also by anyone, including our visitors, who buy goods or services in Santa Fe. Given the nature of the expenditures proposed to be address with this measure, and given the disparity between our property tax rates and our GRT rates, I believe a targeted property tax is appropriate at this time.

CONCLUSION

If we are to accomplish this, quick action is called for. The proposed increase would need to be submitted as a part of the City's 2014-2015 budget no later than June 30, 2014. See the NMAC – Treasurer Affiliate Property Tax Presentation, Pages 5 and 6, Attachment K hereto. Otherwise, such a property tax would not take affect this taxable year, but rather next year.

Such a property tax measure is by state law a matter to be acted on by the Governing Body, i.e., such a measure cannot be put out for public referendum, per advice from the City Attorney's Office.

Finally, the cost of such a property tax, when compared with the cost of passage of a comparable General Obligation Bond, is significantly less expensive because it does not involve any payment terms, and therefore avoids interest charges and the like, and similarly avoids transaction fees and costs, including the cost of an election to consider passage of a GO Bond. Of course, a GO Bond put out to voters, as is the case with the 2008 GO Bond, the 2010 GO Bond, and the 2013 GO Bond, as noted above, is still paid off as an additional property tax.

Thank you for reviewing these materials as part of your consideration of the measure I have proposed.

Peter N. Ives
City Councilor

Mayor Pro Tem

ATTACHMENT A

1 CITY OF SANTA FE, NEW MEXICO

2 RESOLUTION NO. 2014 – ___

3 INTRODUCED BY:

4
5 Councilor Peter Ives

6
7
8
9
10 A RESOLUTION

11 RELATING TO THE CITY OF SANTA FE FISCAL YEAR 2014/2015 BUDGET;
12 AMENDING RESOLUTION NO. 2014-35 TO INCLUDE THE ENACTMENT OF A
13 PROPERTY TAX RATE INCREASE OF 2 MILL PER \$1000 OF NET TAXABLE VALUE
14 TO BE USED FOR ITT INFRASTRUCTURE, INFRASTRUCTURE AND PUBLIC SAFETY
15 SERVICES RELATED TO PHASE 2 ANNEXATION AND OPERATION AND
16 MAINTENANCE COSTS FOR INFRASTRUCTURE OF PARKS AND RECREATION
17 FACILITIES AND LIBRARIES.

18
19 WHEREAS, the Governing Body of the Municipality of Santa Fe, State of New Mexico has
20 developed a budget for fiscal year 2014/2015; and

21 WHEREAS, the budget was developed on the basis of need and through cooperation with all
22 user departments, elected officials and other department supervisors; and

23 WHEREAS, the official meetings for the review of the budget documents were duly
24 advertised in compliance with the New Mexico Open Meetings Act; and

25 WHEREAS, on May 14, 2014, the Governing Body adopted Resolution No. 2014-35 to

1 adopt the 2014/2015 budget for submittal and approval from the Local Government Division of the
2 Department of Finance and Administration; and

3 **WHEREAS**, the Governing Body desires to amend the 2014/2015 budget resolution to
4 include the enactment of a municipal property tax increase; and

5 **WHEREAS**, since FY 2008/2009, the city's gross receipts tax revenue has fallen from FY
6 2007/2008 level of \$88.5 million for general operations (excludes water related) to \$80 million in FY
7 2009/2010 to \$84.2 million in FY 2012/2013; and

8 **WHEREAS**, the city relies heavily on gross receipts tax to pay for essential city services;
9 and

10 **WHEREAS**, since FY 2008/2009, the city has not cut services but rather the city has cut
11 spending by \$6.3 million which includes eliminating management positions; reducing overall
12 employees form 1860 authorized, budgeted positions to 1524 filled positions through attrition,
13 doubling duties, and making efficiencies: reducing overtime costs through more efficient staffing and
14 making other budget reductions: and

15 **WHEREAS**, the City is in need of a stable and adequate budget in order to ensure essential
16 city services for the residents of Santa Fe; and

17 **WHEREAS**, there is a need to identify funding sources for ITT infrastructure; increased
18 infrastructure and public safety services for Phase 2 Annexation costs; and operation and maintenance
19 costs for infrastructure of parks and recreation facilities and library services; and

20 **WHEREAS**, during these tough economic times, the city with its employees and the public
21 must come together and all commit to doing their part to ensure essential city services and invest in a
22 strong city; and

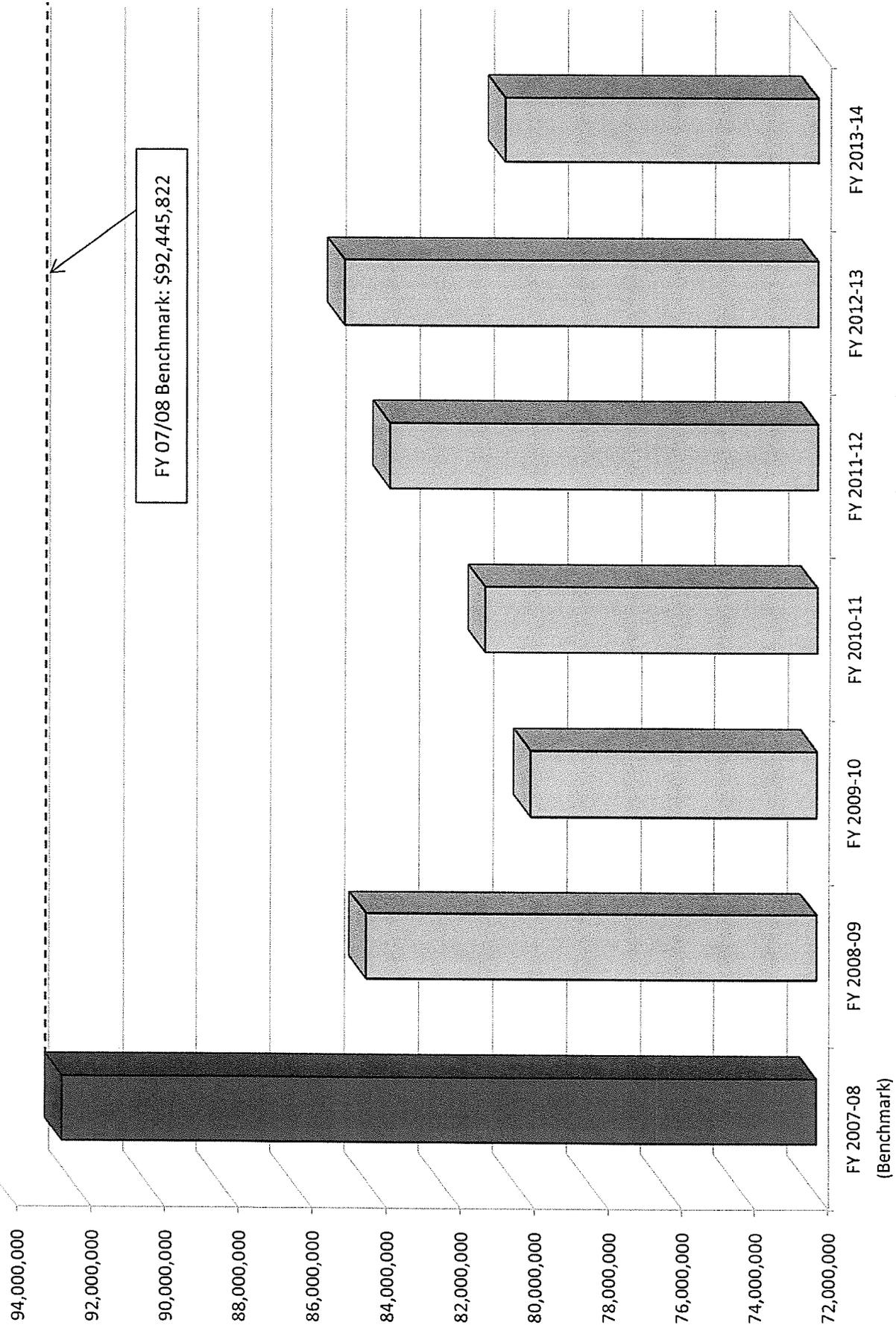
23 **WHEREAS**, Section 7-37-7 NMSA 1978 authorizes municipalities to impose a property tax
24 rate for general purposes of up to \$7.65 per \$1000 of net taxable value; and

25 **WHEREAS**, the city currently imposes a property tax of \$2.87 per \$1000 of net taxable

ATTACHMENT B

City of Santa Fe - GRT Revenue* FY 2007/08 Thru FY 2013/14

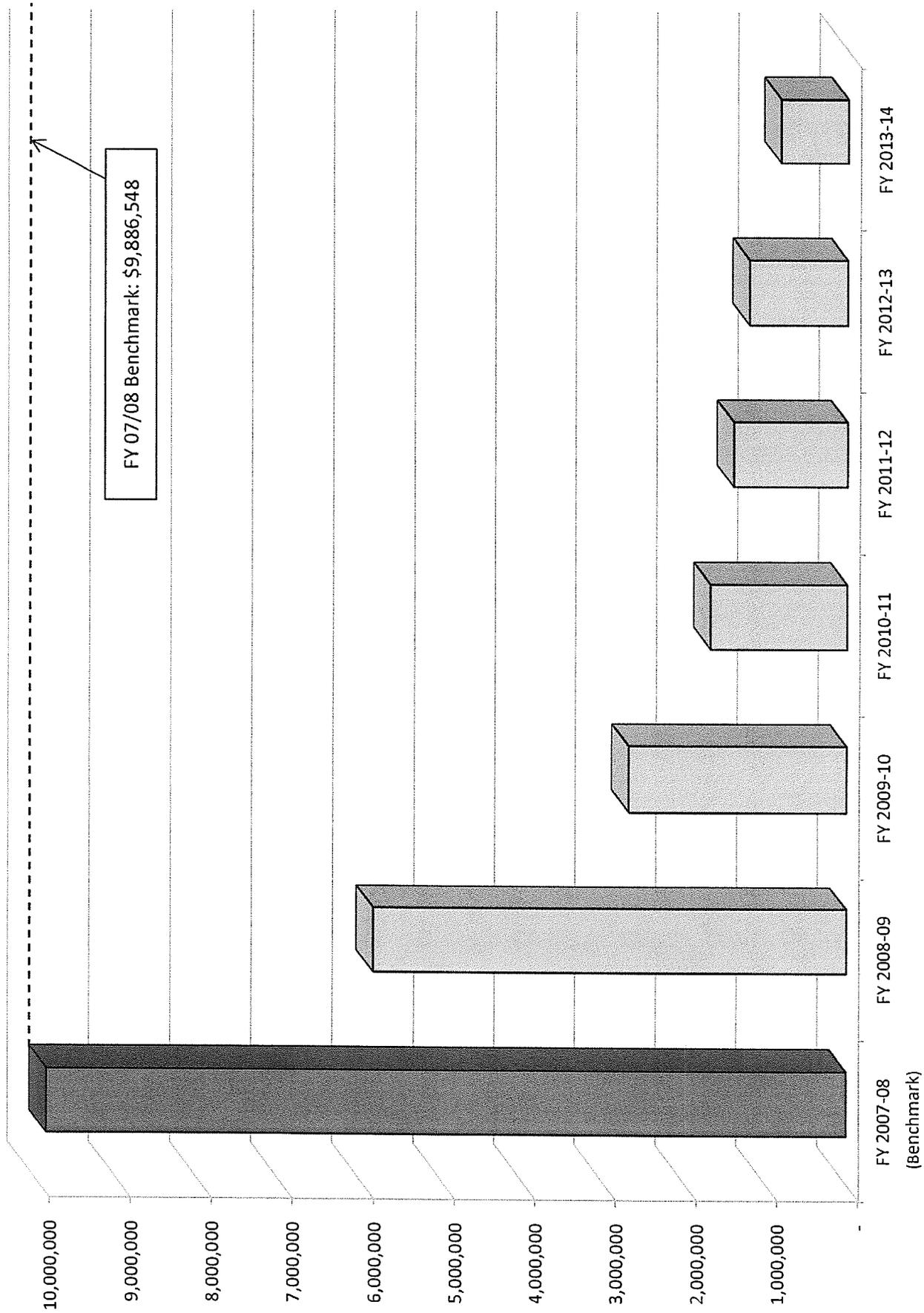
*excludes Water GRT



FY 07/08 -> FY 13/14 Cumulative GRT Reduction: \$59,135,129

ATTACHMENT C

City of Santa Fe - Interest Earned FY 2007/08 Thru FY 2013/14



FY 07/08 -> FY 13/14 Cumulative Interest Reduction: \$45,344,804

ATTACHMENT D

City of Santa Fe

Hold Harmless

SYNOPSIS:

The hold harmless distribution was introduced by the State as a way to offset money lost to municipalities due to certain deductions provided by the tax code (food and medical). The phase out begins in FY16 at approximately 6% per year over 15 years until it is eliminated in FY 30.

Section 11 enacts a new section of the Municipal Local Option Gross Receipts Tax Act. Section 11 provides that on the effective date of HB 641, July 1, 2013, a majority of the members of the governing body of any municipality may impose by ordinance an excise tax not to exceed a maximum of 3/8% of the gross receipts of any person engaging in business in the municipality. The municipality may enact this tax by enacting one ordinance or by enacting a series of several ordinances that impose a variety of tax increments. This municipal gross receipts tax is not subject to referendum. The governing body, at the time of enacting the ordinance may, but does not have to, dedicate the revenue for a specific purpose such as fire, police, public transportation, street repair and/or maintenance.

* The following two tables give a basic scenario of two options;

1. Enact the full 3/8% immediately and in addition to the State phase out collect an additional amount of approximately \$10.5 Million in replacement revenue immediately..
2. Enact a 1/8% immediately and every five years thereafter.

This 3/8% is also available to the County of Santa Fe, there were several variations to correct various issues this Legislative session but no bills passed and therefore no change in HB 641 occurred.

* These worksheets are basic and do not include annual adjustments or increases in GRT or percentage increases in the cost of goods or services.

Proposed Gross Receipts (Hold Harmless Revenue Replacement)

1/8 GRT Increments Using Revenue Based on GRT Revenue Beginning FY15

	Potential Rate Increase Schedule (HB 641)	Beginning Cash Balance	Annual Loss	GRT Net Revenue	Net Revenue + Hold Harmless	Cash Balance (Net Rev + PY Net Cash Balance)
2015	GRT Issue 1/8	\$0		\$3,500,000	\$3,500,000	\$3,500,000
2016		\$3,500,000	(\$630,000)	\$3,500,000	\$2,870,000	\$6,370,000
2017		\$6,370,000	(\$1,260,000)	\$3,500,000	\$2,240,000	\$9,870,000
2018		\$9,870,000	(\$1,890,000)	\$3,500,000	\$1,610,000	\$13,370,000
2019		\$13,370,000	(\$2,520,000)	\$3,500,000	\$980,000	\$16,870,000
2020	GRT Issue 1/8	\$16,870,000	(\$3,150,000)	\$7,000,000	\$3,850,000	\$23,870,000
2021		\$23,870,000	(\$3,885,000)	\$7,000,000	\$3,115,000	\$30,870,000
2022		\$30,870,000	(\$4,620,000)	\$7,000,000	\$2,380,000	\$37,870,000
2023		\$37,870,000	(\$5,355,000)	\$7,000,000	\$1,645,000	\$44,870,000
2024		\$44,870,000	(\$6,090,000)	\$7,000,000	\$910,000	\$51,870,000
2025	GRT Issue 1/8	\$51,870,000	(\$6,825,000)	\$10,500,000	\$3,675,000	\$62,370,000
2026		\$62,370,000	(\$7,560,000)	\$10,500,000	\$2,940,000	\$72,870,000
2027		\$72,870,000	(\$8,295,000)	\$10,500,000	\$2,205,000	\$83,370,000
2028		\$83,370,000	(\$9,030,000)	\$10,500,000	\$1,470,000	\$93,870,000
2029		\$93,870,000	(\$9,765,000)	\$10,500,000	\$735,000	\$104,370,000
2030		\$104,370,000	(\$10,500,000)	\$0	\$0	\$104,370,000
Totals		\$0	(\$81,375,000)	\$34,125,000	\$34,125,000	\$0

Proposed Gross Receipts (Hold Harmless Revenue Replacement)

3/8 GRT Increase Using Revenue Based on GRT Revenue Beginning FY15

	Potential Rate Increase Schedule (HB 641)	Beginning Cash Balance	Annual Loss	GRT Net Revenue	Net Revenue + Hold Harmless	Cash Balance (Net Rev + PY Net Cash Balance)
2015	GRT Issue 3/8	\$0		\$10,500,000	\$10,500,000	\$10,500,000
2016		\$10,500,000	(\$630,000)	\$10,500,000	\$9,870,000	\$20,370,000
2017		\$20,370,000	(\$1,260,000)	\$10,500,000	\$9,240,000	\$30,870,000
2018		\$30,870,000	(\$1,890,000)	\$10,500,000	\$8,610,000	\$41,370,000
2019		\$41,370,000	(\$2,520,000)	\$10,500,000	\$7,980,000	\$51,870,000
2020		\$51,870,000	(\$3,150,000)	\$10,500,000	\$7,350,000	\$62,370,000
2021		\$62,370,000	(\$3,885,000)	\$10,500,000	\$6,615,000	\$72,870,000
2022		\$72,870,000	(\$4,620,000)	\$10,500,000	\$5,880,000	\$83,370,000
2023		\$83,370,000	(\$5,355,000)	\$10,500,000	\$5,145,000	\$93,870,000
2024		\$93,870,000	(\$6,090,000)	\$10,500,000	\$4,410,000	\$104,370,000
2025		\$104,370,000	(\$6,825,000)	\$10,500,000	\$3,675,000	\$114,870,000
2026		\$114,870,000	(\$7,560,000)	\$10,500,000	\$2,940,000	\$125,370,000
2027		\$125,370,000	(\$8,295,000)	\$10,500,000	\$2,205,000	\$135,870,000
2028		\$135,870,000	(\$9,030,000)	\$10,500,000	\$1,470,000	\$146,370,000
2029		\$146,370,000	(\$9,765,000)	\$10,500,000	\$735,000	\$156,870,000
2030		\$156,870,000	(\$10,500,000)	\$10,500,000	\$0	\$167,370,000
Totals		\$0	(\$81,375,000)	\$86,625,000	\$86,625,000	\$0

ATTACHMENT E

Department	Division	Ranking	Expansion Description	Fund	BU	Salaries/ Benefits	Operating Expenses	IT Equip./ Software	Equipment/ Vehicles	TOTAL
Civic Center/Visitors' Bureau:										
	Visitors' Bureau	1	Sales Manager position - CVB (1 FTE)	2115-50% Marketing Lodgers' Tax	22108	73,620				73,620
	Civic Center	2	Dedicated internet service for Convention Center facility	5100-Convention Center Ops.	52102		23,000			23,000
	Civic Center	3	Base increase: water, repr. & mtc., supplies, rentals*	5100-Convention Center Ops.	52102		57,156			57,156
	Visitors' Bureau	4	Base increase: communication, postage, advertising*	2115-50% Marketing Lodgers' Tax	22108		352,498			352,498
	Arts & Culture	5	Base increase: advertising (covered by budgeted/avail. revenue)*	2115-1% Lodgers' Tax Advertising	22103		36,203			36,203
	Visitors' Bureau	6	Base increase: Lencis/Fiesta Council support (CC Res 2013-29)*	2115-50% Marketing Lodgers' Tax	22113/22719		100,000			100,000
	Visitors' Bureau	7	Base increase: Rodeo de Santa Fe support*	2115-50% Marketing Lodgers' Tax	22755		20,000			20,000
	Subtotal: Civic Center/Visitors' Bureau					73,620	588,857			662,477
Community Development:	{all Divisions}		{none requested}							
Community Services:	Library	1	Useful virtualization/maint. for public access net-zero clients	1001-General Fund	12100		34,273			34,273
	Senior Services	2	Transit Operator TRMGF pos. - Senior Assisted Transportn. [1 FTE]	2534-Senior Assisted Transportation	22779	53,933				53,933
	Senior Services	3	Meals-on-Wheels Driver TRMGF pos. - Home Meal Delivry. [5 FTE]	2528-Senior Nutrition Program	22707	32,547				32,547
	Library	4	Main Library video surveillance/card lock system	1001-General Fund	12102			35,000		35,000
	Library	5	Librarian position - LaFarge Library [1 FTE]	1001-General Fund	12103	71,153				71,153
	Library	6	Librarian position - Main Library [1 FTE]	1001-General Fund	12102	71,153				71,153
	Library	7	Library Supv. position - Circulation [1 FTE]	1001-General Fund	12102	78,102				78,102
	Library	8	Library Tech. position - Circulation [1 FTE]	1001-General Fund	12102	48,552				48,552
	Subtotal: Community Services Department					355,440	34,273	35,000		424,713
Finance Department:	Administration	1	Color printer and replacement shredder for Administration	1001-General Fund	12013		1,800	5,000		6,800
	Fleet Management	2	48,000-LB mobile column lift for heavy vehicle maintenance	1001-General Fund	12024			30,000		30,000
	Financial Management	3	Color printer for Accounting	1001-General Fund	12018		2,000			2,000
	Fleet Management	4	Vehicle replacement - 1994 X ton utility bed 4X4 pickup	1001-General Fund	12024			32,000		32,000
	Fleet Management		Flatbed tow truck & related transport equipment	1001-General Fund	12024			82,000		82,000
	Fleet Management		Equipment replacement - rim clamp tire changer	1001-General Fund	12024			14,000		14,000
	Fleet Management		Equipment replacement - diagnostic tire balancer	1001-General Fund	12024			10,000		10,000
	Purchasing		Replacement fuel station equipment/software - Siler Road	2118-Capital Equipment Reserve	22119		17,860	84,800		102,660
	Subtotal: Finance Department						17,860	84,800	257,000	359,660
Fire Department:	Fire Operations	1	Vacant/non-funded Battalion Chief position - Operations [1 FTE]	1001-General Fund	12089	137,746				137,746
	Fire Operations	2	Vehicle replacement - ladder truck	1001-General Fund	12089			850,000		850,000
	Subtotal: Fire Department					137,746		850,000		987,746
General Government:	City Attorney	1	Assistant City Attorney position - City Prosecutor's Office [1 FTE]	1001-General Fund	12005	111,693				111,693
	Municipal Court	1	TRMGF Temp Court Clerk I position - document imaging [1 FTE]	1001-General Fund	12002	49,753				49,753
	Municipal Court	2	3 Court Clerk I positions - annexation/traffic/DUI [3 FTE]	1001-General Fund	12002	149,259				149,259
	Subtotal: General Government					310,705				310,705
Human Resources:	Human Resources	1	HR Associate position - front desk/records management [1 FTE]	1001-General Fund	12025	71,947				71,947
	Human Resources	2	HR Associate position - upgrade from PT to FT/recruitment [1.5 FTE]	1001-General Fund	12025	27,741				27,741
	Subtotal: Human Resources					99,688				99,688

Department	Division	Ranking	Expansion Description	Fund	BU	Salaries/ Benefits	Operating Expenses	IT Equip./ Software	Equipment/ Vehicles	TOTAL
Subtotal: Human Resources										
	Human Resources	3	Training/tuition funding-staff/supv. professional development	1001-General Fund	12025	99,688	75,000	-	-	174,688
Information Tech. & Telecomm.:										
	Network Operations	1	Base increase: JD Edwards upgrade to release 9.1*	1001-General Fund	12029		480,000			480,000
	Network Operations	2	Base increase: replcmnt. of IBM System i (Series/AS400) system*	1001-General Fund	12029			600,000		600,000
	Network Operations	3	Base increase: replcmnt. of point-to-point microwave comm. system*	1001-General Fund	12029				55,000	55,000
	Network Operations	4	Base increase: data center audit remediation*	1001-General Fund	12029				106,500	106,500
	Network Operations	5	Base increase: replacement of end-of-life switches/routers*	1001-General Fund	12029			261,500		261,500
	Network Operations	6	Base increase: Microsoft Server 2012 w/ software assurance*	1001-General Fund	12029			12,660		12,660
	Network Operations	7	Base increase: 75 hand-held radios for SFPD-replcmnt. plan year 2*	1001-General Fund	12029				155,466	155,466
	Network Operations	8	Base increase: replacement of 350 PCs/various City departments*	1001-General Fund	12029			472,500		472,500
	Network Operations	9	Base increase: What's Up Gold network management system*	1001-General Fund	12029			14,385		14,385
	Systems & Programming	10	Base increase: 7 laptops for Citywide applications training*	1001-General Fund	12031			10,500		10,500
	Network Operations	11	Base increase: SFPD data center temperature/humidity sensor*	1001-General Fund	12029			500		500
	Administration	12	Fiscal Administrator position - contracts management [1 FTE]	1001-General Fund	12028	85,624				85,624
	Network Operations	13	2 Network Specialist positions - IT Help Desk support [2 FTE]	1001-General Fund	12029	123,322				123,322
	Network Operations	14	2 Network Administrator positions - data center relocation [2 FTE]	1001-General Fund	12029	142,306				142,306
	Systems & Programming	15	2 Application Software Specialist positions - system support [2 FTE]	1001-General Fund	12031	142,304				142,304
	Systems & Programming	16	2 Project Leader positions - Police/Court/Transit support [2 FTE]	1001-General Fund	12031	165,274				165,274
	Network Operations	17	Certification-level training for IT staff - phase 1 of 3-year plan	1001-General Fund	12029		129,500			129,500
	Network Operations	18	Backup generator for City Hall data center	1001-General Fund	12029			100,000		100,000
	Network Operations	19	Document management system pilot project - PD, Clerk, Attorney	1001-General Fund	12029			52,327		52,327
	Network Operations	20	Video surveillance forensic analysis & historical data preparation	1001-General Fund	12029		5,200			5,200
	Network Operations	21	ArcGIS web-based GIS cloud server implementation	1001-General Fund	12029		92,100			92,100
	Geographic Info. Systems (GIS)	22	Citywide mobile device management system pilot project	3102-5% GRT Income Fund	32110			13,000		13,000
	Network Operations	23	Tape backup systems for virtual servers (VMware/Symantec V-Ray)	1001-General Fund	12029			1,980		1,980
Subtotal: Information Technology & Telecommunications										
	Inspections & Enforcement	1	Ordinance Enforcement Specialist position - annexation [1 FTE]	1001-General Fund	12073	66,183				66,183
	Administration	2	Sunguard ONESolution Community Dev. Suite/maint. agreement	1001-General Fund	12072		16,900	254,400		271,300
	Building Permit Division	3	Navline software upgrade contract services - Building Permit Div.	1001-General Fund	12079		8,500			8,500
	Inspections & Enforcement	4	Vehicle purchase - Ford pickup truck - annexation (per BBER)	1001-General Fund	12073			20,000		20,000
	Administration	5	Vestibule/Permit Desk customer service improvements	1001-General Fund	12072		35,000			35,000
	Historic Preservation	6	Increase in printing/publishing - Historic Preservation	1001-General Fund	12107		4,000			4,000
	Administration	7	Flat file storage system - Land Use Administration	1001-General Fund	12072			4,800		4,800
	Administration	8	Copier/scanner/maintenance contract - Land Use Administration	1001-General Fund	12072		500		4,400	4,900
Subtotal: Land Use Department										
	Administration	1	10 Police Officer II positions/vehicles/equip. - annexation [10 FTE]	2252-Police Property Tax/Safety	22252	800,990	85,000		663,000	1,548,990
	Patrol Division	2	Base increase: 12 replacement Police vehicles/associated equip.*	2110-Municipal GRT - Police	22210				600,000	600,000
	Administration	3	Civilian Financial Analyst position - Alarm audit findings [1 FTE]	2224-Public Safety Special Revenue	22225	87,982				87,982
	Administration	4	Base increase: SF County Detention Center costs - City prisoners*	1001-General Fund	12057	523,703				523,703
Subtotal: Police Department										
	Administration	1	Police Dispatch System/Dispatchers/Instruction	1001-General Fund	12057	888,972	608,703		1,263,000	2,760,675

Department	Division	Ranking	Expansion Description	Fund	BU	Salaries/ Benefits	Operating Expenses	IT Equip./ Software	Equipment/ Vehicles	TOTAL
Public Utilities:										
	Water	1	Vehicle purchase - Ford F650 utility truck/Trans. & Distribution	5300-Water Operating Fund	52363				120,000	120,000
	Water	2	Base increase: replacement 1998 utility truck/Source of Supply*	5300-Water Operating Fund	52361				75,125	75,125
	Wastewater	3	Base increase: 1/2 ton extended cab 4X4 pickup/Treatment Plant*	5450-Wastewater Management	52452				22,500	22,500
	Water	4	Base increase: replacement 2004 pickup truck/Source of Supply*	5300-Water Operating Fund	52361				19,614	19,614
									237,239	237,239
Subtotal: Public Utilities										
Public Works:										
	Streets & Drainage Maintenance	1	Replacement dump trucks/spreader boxes/plows - snow removal	3326-Paved Street Rehab (Gas Tax)	32390				610,590	610,590
	Facilities Maintenance	2	4 Custodian positions/associated uniforms - GCCC (4 FTE)	1001-General Fund	12036	194,191	2,800			196,991
	Facilities Maintenance	3	Custodian position/supplies/uniforms - Market Station (1 FTE)	1001-General Fund	12036	55,833	4,700			60,533
	Facilities Maintenance	4	Custodian position/supplies/uniforms - Fort Marcy (1 FTE)	1001-General Fund	12036	48,552	2,764			51,316
	Facilities Maintenance	5	Custodian position/supplies/uniforms - Salvador Perez (1 FTE)	1001-General Fund	12036	48,552	2,764			51,316
	Recreation	6	Base increase: replacement Zamboni - GCCC (\$10K R&M offset)*	5700-Genoveva Chavez Comm. Ctr.	52705		(10,000)		150,000	140,000
	Recreation	7	Base increase: replacement vehicle/exercise equip. - Ft. Marcy*	1001-General Fund	12119				149,031	149,031
	Recreation	8	Base increase: replacement exercise equipment - Sal Perez*	1001-General Fund	12120				115,744	115,744
	Parks, Trails & Watershed	9	Base increase: operating supplies/Marty Sanchez Golf Course*	5600-Municipal Recreation Complex	52600		68,000			68,000
	Recreation	10	Base increase: replacement exercise equipment - GCCC*	5700-Genoveva Chavez Comm. Ctr.	52703				58,304	58,304
	Traffic Engineering	11	Signal Technician position - street/signal light maint. (1 FTE)	1001-General Fund	12053	66,302				66,302
	Traffic Engineering	12	Paint Technician position - annexation/maint. backup (1 FTE)	1001-General Fund	12051	53,908				53,908
	Recreation	13	Vacant/non-funded Account Technician position - Sal Perez (1 FTE)	1001-General Fund	12120	50,423				50,423
	Recreation	14	Recreation Technician position - Sal Perez (1 FTE)	1001-General Fund	12120	48,552				48,552
	Recreation	15	Temporary FT Account Technician position - Sal Perez (1 FTE)	1001-General Fund	12120	32,938				32,938
	Recreation	16	Registration Records Spec. position - upgrade from PT to FT (1.5 FTE)	5700-Genoveva Chavez Comm. Ctr.	52701	17,295				17,295
	Recreation	17	Vacant/non-funded temp. PT Rec. Tech. position - GCCC (1.5 FTE)	5700-Genoveva Chavez Comm. Ctr.	52703	15,682				15,682
	Parks, Trails & Watershed	18	Parks positions/supplies/vehicles/equipment - annexation (9 FTE)	1001-General Fund	12112	675,191	109,940		525,219	1,310,350
						1,307,419	180,968		1,608,888	3,097,275
Subtotal: Public Works										
Transportation Department:										
	Parking	1	Base increase: replacement parking lot revenue control systems*	5150-Parking Fund	52155				500,000	500,000
	Airport	2	Base increase: parking lot revenue equipment/tablet/software*	5800-Airport Fund	52800			27,700	180,000	207,700
	Transit	3	Heavy Equipment Mechanic position - Transit Fleet Maint. (1 FTE)	5400-Transit Fund	52403	66,733				66,733
	Transit	4	Base increase: vehicle replacements - 2 CNG buses (+500K mi.)*	5400-Transit Fund	52402				500,000	500,000
	Transit	5	Transit Operations Manager position - Fixed-Route Ops. (1 FTE)	5400-Transit Fund	52402	113,287				113,287
	Airport	6	Temporary FT Airport Management Intern position (1 FTE)	5800-Airport Fund	52800	48,615				48,615
	Parking	7	Base increase: replacement rider sweeper for lots/garages*	5150-Parking Fund	52156				53,700	53,700
	Transit	8	2 Paratransit Operator positions - Santa Fe Ride (2 FTE)	5400-Transit Fund	52421	98,698				98,698
						327,333		27,700	1,233,700	1,588,733
Subtotal: Transportation Department										
GRAND TOTAL						4,225,936	2,277,361	1,841,252	5,895,993	14,240,542

* Funding source undetermined; sufficient revenue does not currently exist in General Fund, Police Property Tax or other major Police funds

ATTACHMENT F

PRESIDIO

Network Assessment and IT Organizational Review

Recommendations

City of Santa Fe

August 21, 2013

Key findings and recommendations:

Finding

- The primary WAN router at City Hall (C7206VXR) is currently “end-of-support” (as of February 2013) and should be replaced.
- The Core 6513 switch at City Hall has several critical components that will be “end-of-support” in December 2014 (Table 3 in next section). A replacement should be budgeted.
- The majority of LAN access switches (Cisco Catalyst 3560s and 3750s) will reach “end-of-support” in July 2015.
- With the exception of an ASA 5505 firewall, all other Cisco equipment will need to be refreshed between 2016 and 2018.

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Module 12 ports are dedicated for the IBM Server rack.

Finding

The chassis and the supervisor modules of the core Catalyst 6513 switch are end-of-life. A replacement for the switch should be considered before December 2014 (last-day-of-support for the supervisor modules).

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A Cisco Router 7206 aggregates the connectivity to the remote sites. All IP routing is performed using configured static routes.

Finding

The Cisco 7206 VXR router is past its “end-of-support” date and needs to be replaced.³

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Finding

- The Cisco ASA 5510 firewalls are end-of-life, with support ending on September 30, 2018.⁴
- The Cisco 3845 Internet router is end-of-life, with support ending on October 31, 2016.⁵

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2.3.8. Findings and Recommendations

Finding

- The Catalyst 6500 Series Supervisor engine 720-3A (WS-Sup720) has been announced by Cisco as an End-of-Sale and End-of-Life device (Last-day-of-support from Cisco is 12/17/2014).
- Presidio recommends upgrade the core to a Cisco Nexus 7000 Series or a Cisco Catalyst 6800 Series Switch. In addition to meeting current requirements, these switches easily support 10 Gigabit Ethernet (recommended if data center functionality will remain at City Hall), and can expand to 40 and 100 GE support as needed.
- Will be ideal to implement a DMZ switch for the servers and remove VLAN 900 out of the Core 6513.
- Replace the WAN router (current model is end-of-support).
- Upgrade the uplink between the Basement-48 switch and the core WAN router with an EtherChannel Gigabit Fiber connection.

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Finding

UPS units need to be regularly maintained and tested to ensure that the battery units will function as expected during power outages

Generator Backup

There is currently no generator power backup for the City of Santa Fe data center. Battery backup units are suitable for providing short-term backup power to servers and other IT infrastructure, but a generator should be considered to ensure business continuity during longer power outages.

Finding

Facilities that provided generator backup for long-term outages should be considered to ensure business continuance.

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Finding

Current HVAC is undersized for the equipment load in the datacenter.

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Finding

Disaster recovery infrastructure to support "IT Disaster Recovery Plan" is not in place. The only current functional disaster recovery components are local backups to tape, and iSeries replication to a secondary system at the "Regional Emergency Communications Center".

Finding

The internal audit findings suggest that there are significant gaps in current disaster recovery/business continuance strategies that puts the City of Santa Fe at significant risk of data loss.

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Finding

The licenses for the IPS/IDS in the ASA firewalls have expired and therefore cannot download new signature updates.

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Metric	2012 State/Local Average	City of Santa Fe
IT FTEs as % of total employees (2011)	3.6%	3.0% ⁸
IT spending per employee (2011)	\$7,773	\$4,018 ⁹

Table 18. Common IT metrics compared to national average

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The "IT spending per employee" value for City of Santa Fe was calculated using the following FY13/14 Approved Budget values:¹⁰

Classification	Approved Budget FY13/14
ITT Administration	\$ 177,403
ITT Communications	\$ 2,287,869
ITT Systems and Programming	\$ 538,656
CIP GIS	\$ 323,480
ITT Equipment	\$ 691,163
Total ITT	\$ 4,018,571
IT spend per employee (1000 City IT users)	\$ 4,019

Table 19. IT Spend Per Employee

Cross-industry IT resource distribution

The Gartner report also includes metric for typical cross-industry capital vs. operational spending allocation. The City is much more heavily balanced towards operational costs than the average.

Classification	Cross Industry Average	City of Santa Fe
Capital	26%	17%
Operational	74%	82%

Table 20. Cap Ex vs. Op Ex

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The following vendor

agnostic training programs are relevant to City of Santa Fe ITT staff:

Focus	Who will benefit?
CompTIA A+ ¹¹ Maintenance of PCs, mobile devices, operating systems, printers	Desktop
CompTIA Network+ ¹² Installation and configuration of network technologies	Desktop, Network
CompTIA Security+ ¹³ Network security, compliance and operational security	Desktop, Network
CompTIA Project+ ¹⁴ Project life cycle - project management	All teams
BICSI Cabling Installation ¹⁵ Industry standard copper and fiber cabling infrastructures	Network
GISCI GISP ¹⁶ Certifying GIS professionals	GIS
PMI Project Management Professional ¹⁷ Advanced, dedicated project managers	PMO, All teams

Table 21. Vendor Agnostic Certification Programs

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It is apparent that all of the major initiatives discussed and identified are very early in project lifecycle – primarily due to lack of investment resulting from recent budget constraints.

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ATTACHMENT G

ANNEXATION

Annexation

GRT - Property Tax Revenues / Expenses
Public Safety (PD, FD & Public Works)

*Increased Revenues 2.5%

Revenues	Fiscal Year 2013/2014 Current	Fiscal Year 2014/2015	* Fiscal Year 2015/2016
General Fund Gross Receipts		\$ 769,219	\$ 788,449
General Fund Property Tax		115,263	118,145
General Fund Other		634,765	650,634
General Fund from Annexation:		1,519,247	1,557,228
Revenue Funds			
Police GRT & Property Tax	897,013	76,476	78,388
Fire Property Tax		49,890	51,137
Gasoline Tax		116,410	119,320
Total Police, Fire, Roads	897,013	242,776	248,845
Capital Outlay			
Gross Receipts CIP		212,688	216,005
Impact Fees		119,860	122,857
Property Tax Debt Svc. Levy		92,141	94,445
Total		424,689	435,306
Other Funds			
Solid Waste GRT		26,586	27,251
Other Gross Receipts		256,999	263,424
Total Other		283,585	290,675
Additional Annual City Revenues	897,013	2,470,297	2,532,054
Available for Non-Enterprise Operating & Other	\$ 897,013	\$ 1,762,023	\$ 1,797,263
Useable for Capital Outlay	\$	\$ 332,548	\$ 339,199
Available for (PD, FD & PW	\$ 897,013	\$ 2,094,571	\$ 2,136,462
Expenses			
PD			
Personnel / Fringe	\$ 185,288	\$ 1,778,768	\$ 2,223,463
Capital Outlay	260,000	260,000	130,000
Professional Services	25,000	25,000	12,000
Other Operating Costs	426,725	486,725	273,000
Total PD	897,013	2,550,493	2,638,463
FD			
Personnel / Fringe	\$	\$	\$ 743,026
Capital Outlay		416,596	2,100,000
Professional Services			
Other Operating Costs			
Total FD	0	416,596	2,843,026
PW			
Personnel / Fringe	\$	\$ 60,000	\$ 60,000
Capital Outlay		229,000	
Professional Services			
Other Operating Costs			
Total PW	0	289,000	60,000
Total Expenses:	897,013	3,256,089	5,541,489
Revenue Required:	\$0	(\$1,161,518)	(\$3,405,027)

10 New Officers in FY 14, 15 and 5 in FY 16
Vehicles, equipment etc.

10 New Fire Officers in FY 16
New Fire Station
Station Design

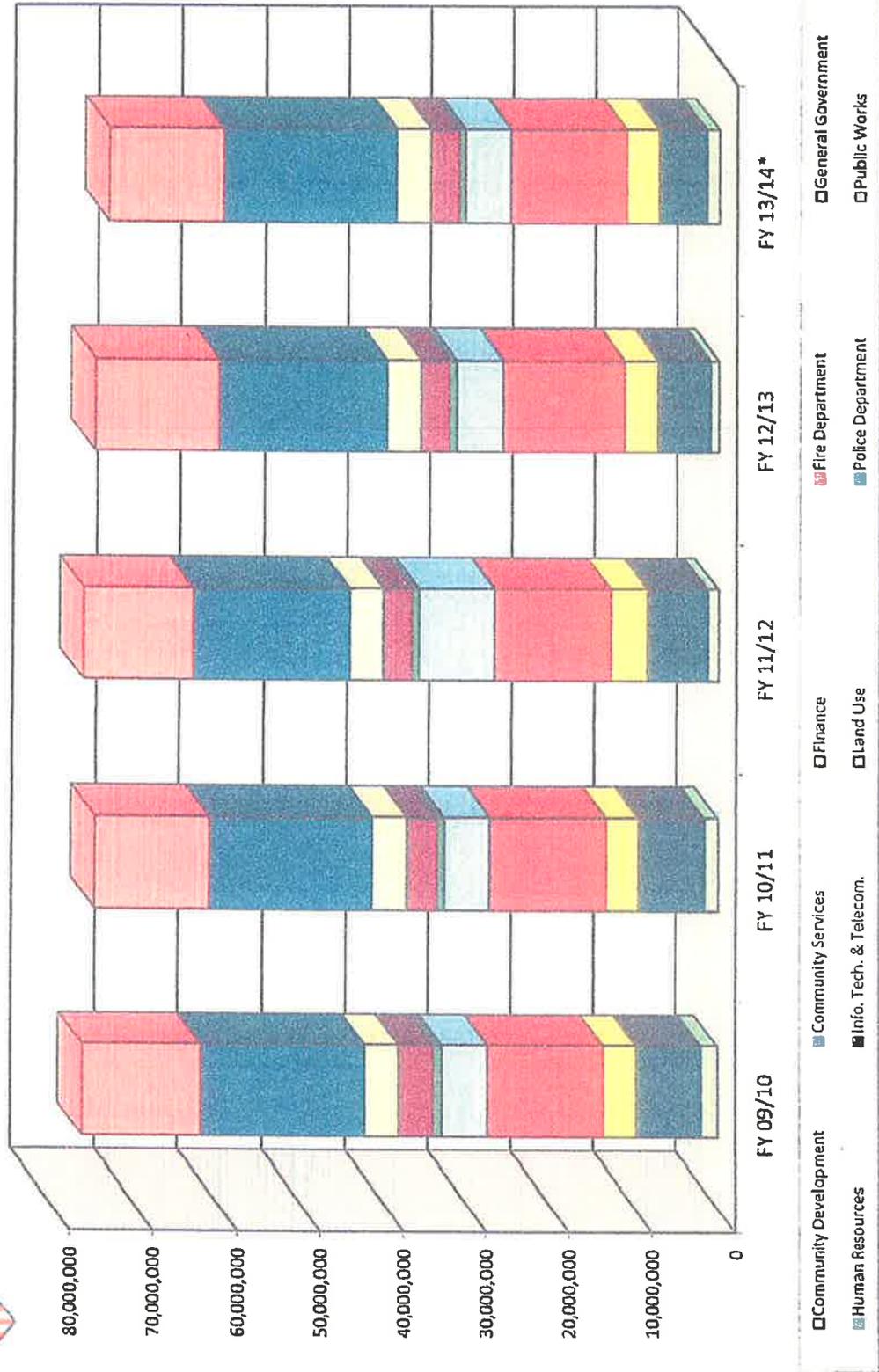
1 New FTE
3 New Dump Trucks / Snow Plows

ATTACHMENT H

**CITY OF SANTA FE
GENERAL FUND EXPENDITURES BY DEPARTMENT
FY 2009/10 THROUGH FY 2013/14**

DEPARTMENT	ACTUAL EXPENSES FY 2009/10	ACTUAL EXPENSES FY 2010/11	ACTUAL EXPENSES FY 2011/12	ACTUAL EXPENSES FY 2012/13	MIDYEAR BUDGET FY 2013/14	CUMULATIVE CHANGE 09/10-13/14	AVERAGE ANNUAL GROWTH %
Community Development	1,942,648	1,630,052	1,294,089	1,012,021	1,502,742	(439,906)	-2.5%
Community Services	7,910,720	8,054,584	7,321,892	6,386,970	5,819,512	(2,091,208)	-7.2%
Finance	3,924,357	3,818,308	4,399,858	4,006,512	3,873,880	(50,477)	0.1%
Fire Department	14,013,241	14,116,064	14,099,940	14,749,585	14,094,331	81,090	0.2%
General Government	5,507,616	5,485,330	9,168,801	5,605,813	5,540,000	32,384	6.7%
Human Resources	1,116,768	921,601	922,890	980,800	770,686	(346,082)	-8.1%
Information Tech. & Telecom.	4,156,369	3,646,185	3,415,206	3,414,735	3,442,114	(714,255)	-4.5%
Land Use	4,059,682	4,174,026	4,026,410	4,119,475	4,137,237	77,555	0.5%
Police Department	19,649,652	19,568,263	18,774,882	20,188,064	20,901,475	1,251,823	1.6%
Public Works	14,177,844	13,664,308	13,093,600	14,810,995	13,639,257	(538,587)	-0.6%
TOTAL GENERAL FUND	76,458,897	75,078,720	76,517,568	75,274,971	73,721,234	(2,737,663)	-1.4%

GENERAL FUND EXPENDITURES BY DEPARTMENT FY 2009/10 - FY 2013/14



* Mid-Year Budget

ATTACHMENT I

2013 - 2014 Property Tax (2.817)

Mayor and Councilors –

The Property Tax for the current fiscal year is expected to yield approximately \$7,971,595 in revenue; this revenue funds Public Safety (Police and Fire), and debt service for General Obligation Bonds.

The City under statute can impose an operational rate of 7.650, the current rate is 2.817 the Council could impose an additional 4.833 rate.

1. If the Council imposed the whole amount it would result in an estimated additional operational amount of \$17,001,838 in revenue.
2. If the Council did an increment of 1 Mil that would result in an additional amount of \$3,517,864 in revenue. There is no minimal requirement for an increment of property tax.

*These estimates are based on the DFA Property Tax Revenue Estimate Form, DFA – Local Government Division

PROPERTY TAX

RESIDENTIAL PROPERTY: FOR EVERY \$1,000 IN NET TAXABLE VALUE, \$20.736 IS COLLECTED IN PROPERTY TAX.

COMMERCIAL PROPERTY: FOR EVERY \$1,000 IN NET TAXABLE VALUE, \$29.889 IS COLLECTED IN PROPERTY TAX.

January 1, 2014

DISTRIBUTED TO:	RESIDENTIAL DOLLARS ⁽¹⁾	COMMERCIAL DOLLARS ⁽¹⁾	ALLOCATION TO CITY 2013/14 BUDGET ⁽²⁾
<u>The State:</u> Debt Service	1.3600	1.3600	N/A (State)
<u>Santa Fe County:</u> Operations Debt Service	5.2190 1.6400	11.8500 1.6400	N/A (SF County) N/A (SF County)
<u>Santa Fe School District:</u> Operations Capital Improvement Debt Service HB33 School Bldg.	0.1330 2.0000 3.4160 1.5000	0.5000 2.0000 3.4160 1.5000	N/A (School District) N/A (School District) N/A (School District)
<u>Other:</u> Santa Fe Community College	3.3860	3.9300	N/A (Other)
<u>City:</u> Operations Public Safety - Police Public Safety - Fire Debt Service 2008 GO Bond Debt Service 2010 GO Bond Debt Service 2013 GO Bond	0.6464 0.2798 0.2798 0.5394 0.2539 0.0827	1.5099 0.6535 0.6535 0.5394 0.2539 0.0827	\$3,161,187 \$1,368,275 \$1,368,275 \$1,277,044 \$601,075 \$195,739
TOTAL	20.7360	29.8889	\$7,971,595

Source (1): Certificate of Property Tax Rates in Mills, State of New Mexico
http://www.nmdfa.state.nm.us/Certificate_of_Property_Tax.aspx

Source (2): City of Santa Fe Annual Budget

ATTACHMENT J

City of Santa Fe, New Mexico

memo

May 5, 2014

TO: Public Works Committee

FROM: 
Isaac J. Piño, PE

RE: 2014 CIP Bond

At their meeting of April 28, 2014, the Public Works Committee did a preliminary review of a proposal to issue \$16 million - \$18 million in bonds to finance regular infrastructure improvement costs, provide matching funds for state and federal programs and fund specific projects selected city wide.

At the request of the committee, the attached list of costs and projects has been amended to include:

- A small amount of traffic calming
- Phase 2 design of SWAN park
- Construction of Alcaldesa Street in the Railyard
- Salary for Trails Coordinator position
- Funding for additional infrastructure at Tierra Contenta

These projects and costs are incorporated into the list already provided for preliminary consideration.

ACTION

The committee has directed that a public hearing be conducted to receive input on the proposed bond issue.

Description	Business Unit	Amount	Comments
CATEGORY 1			
INFRASTRUCTURE IMPROVEMENTS			
Intersection Safety	32375	350,000	Design/Construction and temp salary for various citywide intersection improvements; St. Francis timing improvement plan; Zia/St. Francis, Agua Fria/St. Francis
Traffic Miscellaneous Safety	32341	300,000	Design/Construction and temp salary for various citywide roadway safety projects such as guardrail installation and maintenance; various pedestrian crossing upgrades; Rail trail roadway x-ing improvements
Municipal Facilities	32125	600,000	HVAC/boiler and mechanical improvements and/or repairs; electrical wiring, lights, panels; plumbing/toilets/faucets/ water lines; floors, walls; ceiling repair/maintenance
City Roofs	32125	200,000	Leaks and repairs to over 40 buildings as needed
Paved Street Rehabilitation	32392	4,000,000	Pavement overlays roads citywide (list attached)
Unpaved Rehabilitation	32325	100,000	Gravel & base course roads citywide
Small Sidewalks	32338	500,000	Citywide sidewalk infill as needed; sidewalk improvements
Small Drainage	32343	1,000,000	Santa Fe River & Arroyo Chamiso - repair/stabilize/replace grade control & retaining structures; bank repair, protection, & stabilization
Bridge Rehabilitation	32768	500,000	Guadalupe St. and Delour St. Bridge Improvements
Pool Facilities City Wide	32719	250,000	pumps, showers, boilers, hvac repairs and replacements
Signals	32351	280,000	Replacement and repair of 116 traffic signals and 50 warning beacons; LED replacement
Signing and Striping	32351	340,000	Replace and repair of all roadway signing and striping for 700 lane miles of roadway
Parks and Medians	32754	2,000,000	\$400K for park improvements; \$96K for MRC improvements; \$1.5M for labor for park improvements
GCCC	52722	500,000	Continued work on mechanical systems; repair rubber flooring in ice arena
Road Shaarrows		250,000	Replace and maintain road shaarrows citywide
Trail Coordinator		100,000	Coordinator for trail events, monitoring, maintenance, etc.
2% for Arts	32708	320,000	Citywide art installation
		11,570,000	
SUBTOTAL			
CATEGORY 2			
MATCHING FUNDS			
Airport Matching Funds	32214	500,000	5% Match to leverage \$4,000,000 in Federal Funds for Airport Improvements
Transit Matching Funds		100,000	80/20 match for Transit; leverages \$1M in federal funds
		600,000	
SUBTOTAL			
CATEGORY 3			
IMPROVEMENT PROJECTS			
W. Alameda St. Drainage & Widening Feasibility		500,000	Siler Rd. to La Joya St. - Drainage & right of Way study
ADA Improvements		200,000	FHWA Mandated Transition Plan Update - City Wide Street Inventory
Callie P'o Ae PI Extension		850,000	Alport Rd. to Rufina St. - New road extension
Zia Road Median Landscaping		200,000	Camino Carlos Ray to Yucca St. - Irrigation system & landscaping for medians
Old Santa Fe Trail Widening		1,000,000	City Limits to Sun Mountain Dr. - County to design, approved by BBC 10/29/13
Acequia Trail Underpass		3,500,000	St. Francis Dr./Cerrillos Rd. - Design & ROW Funded; \$400K 2008 Parks Bond
SF River Trail Underpass		2,000,000	St. Francis Dr./W. Alameda St. - Partially funded; \$2M 2013 GO Bond (\$400K Design/\$1.6M Const.)
Fitness Equipment for GCCC		25,000	To replace aged, worn fitness equipment
LED Street Lights @ Traffic Signals		120,000	Update existing street lights from High Pressure Sodium to LED at various locations throughout the City
Siler Building B	32125	2,000	Install exhaust system in paint storage area
Siler Building C	32125	15,000	Reverse drainage issues around building causing water to travel into the building
Siler Environmental Services Mechanic Area	32125	50,000	Welding Bay separation, explosive proof lighting and elect drops
Fort Marcy	32719	175,000	Replace heating & cooling system
Carlos Ortega Teen Center		165,000	Kitchen Remodel & Code Issues; Fire Sprinkler System
Salvador Perez Pool	32719	296,524	New stalls, bead blast floor to remove paint, replace tile, security system with cameras, repair pool deck drain, roof leak, hole in concrete floor, install new showers with liners, new lighting, implement ADA barrier assessment, replace carpet in multipurpose
City Hall	32125	447,100	Replace wood doors, server room upgrades to electric panels, server room fire suppression system, paint whole exterior, replace single pain windows
Professional Standards	32125	85,000	New roof top units, new roof, new file system for storage
GCCC	52722	2,400,000	Replace Flat Roof for fitness & pool area (\$89,000) replace 2 Decora Units that services the pool area (\$2,400,000)
MRC		27,000	New nets for concession area, drywall repairs, canalize repairs, stucco parapets
Citywide Facilities Master Plan	32125	350,000	Prioritize deferred maintenance on all City Facilities
Ladder Fire Truck		1,500,000	Replacement of older ladder truck
Expand Broadband		400,000	Expand broadband to the SFUAD
Traffic Calming		50,000	For city wide traffic calming
Swan Park Phase 2		700,000	For programming, planning and design of Phase 2 Swan Park
Alcaldesa St. @ Railyard		725,000	For construction of extension of Alcaldesa St. including plaza area
Tierra Contenta Infrastructure		3,100,000	For extensions of Paseo del Sol, sewer lines (segment 1 - \$584,561) (segment 2 - \$1,593,702) (segment 3 - \$741,784) (off road sewers - \$334,810)
		18,882,624	
SUBTOTAL			
GRAND TOTAL			
		31,052,624	

ATTACHMENT K



NEW MEXICO DEPARTMENT OF
FINANCE & ADMINISTRATION
LOCAL GOVERNMENT DIVISION

NMAC – Treasurers Affiliate

Property Tax Presentation

January 18, 2012

Isaac J. Montoya

NEW MEXICO DEPARTMENT OF
FINANCE & ADMINISTRATION
LOCAL GOVERNMENT DIVISION



Property Tax Certification Process

Laws

- ❑ New Mexico “Property Tax Code” is found in 7-35 thru 7-38, NMSA 1978. The Code is administered by the Dept. of Taxation and Revenue and Dept. of Finance & Administration
- ❑ Section 7-36, NMSA 1978 provides for valuation methods for property taxation purposes.
- ❑ Section 7-37, NMSA 1978 applies to and governs the imposition of the property tax rates authorized.

Yield Control (7-37-7.1 NMSA 1978)

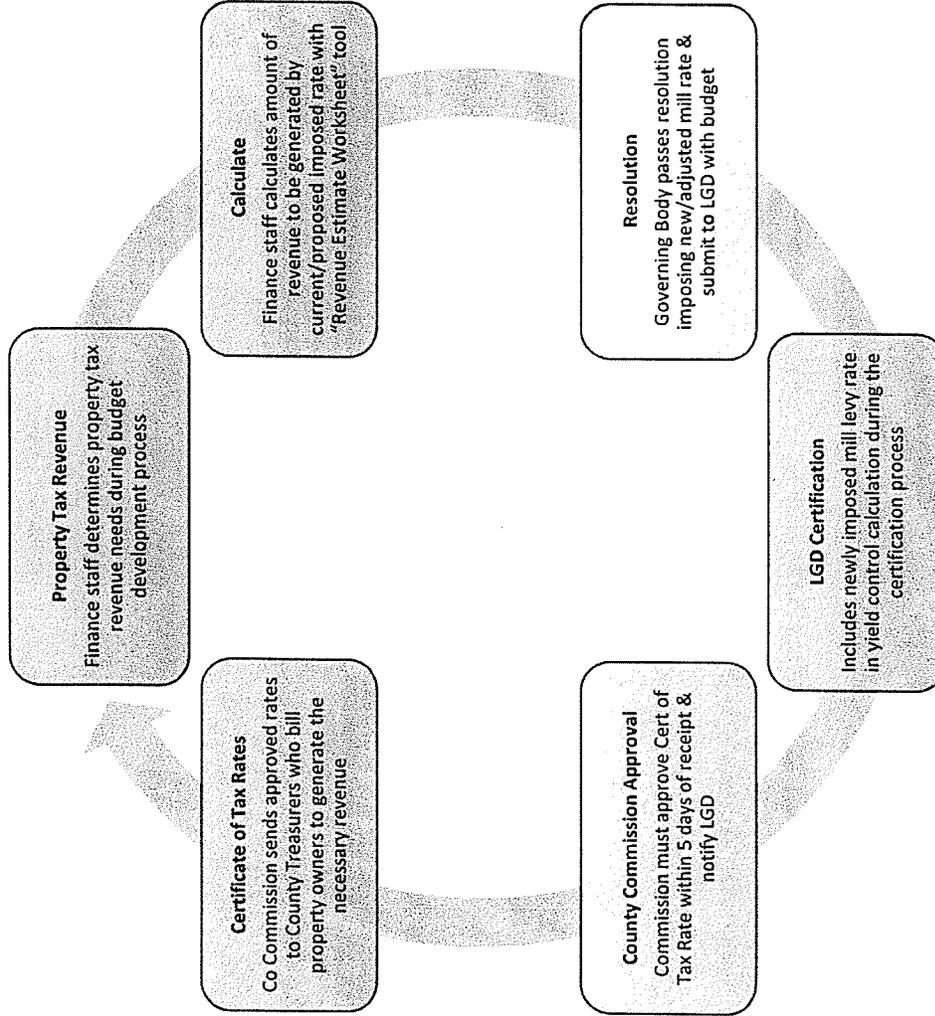
Administered by DFA

The Yield Control (Y/C) formula was developed by statute to prevent extraordinary tax increases in response to reassessment and to encourage reassessment. As valuations increase, rates adjust to limit tax increases to approximately the rate of inflation (price index) and new construction.

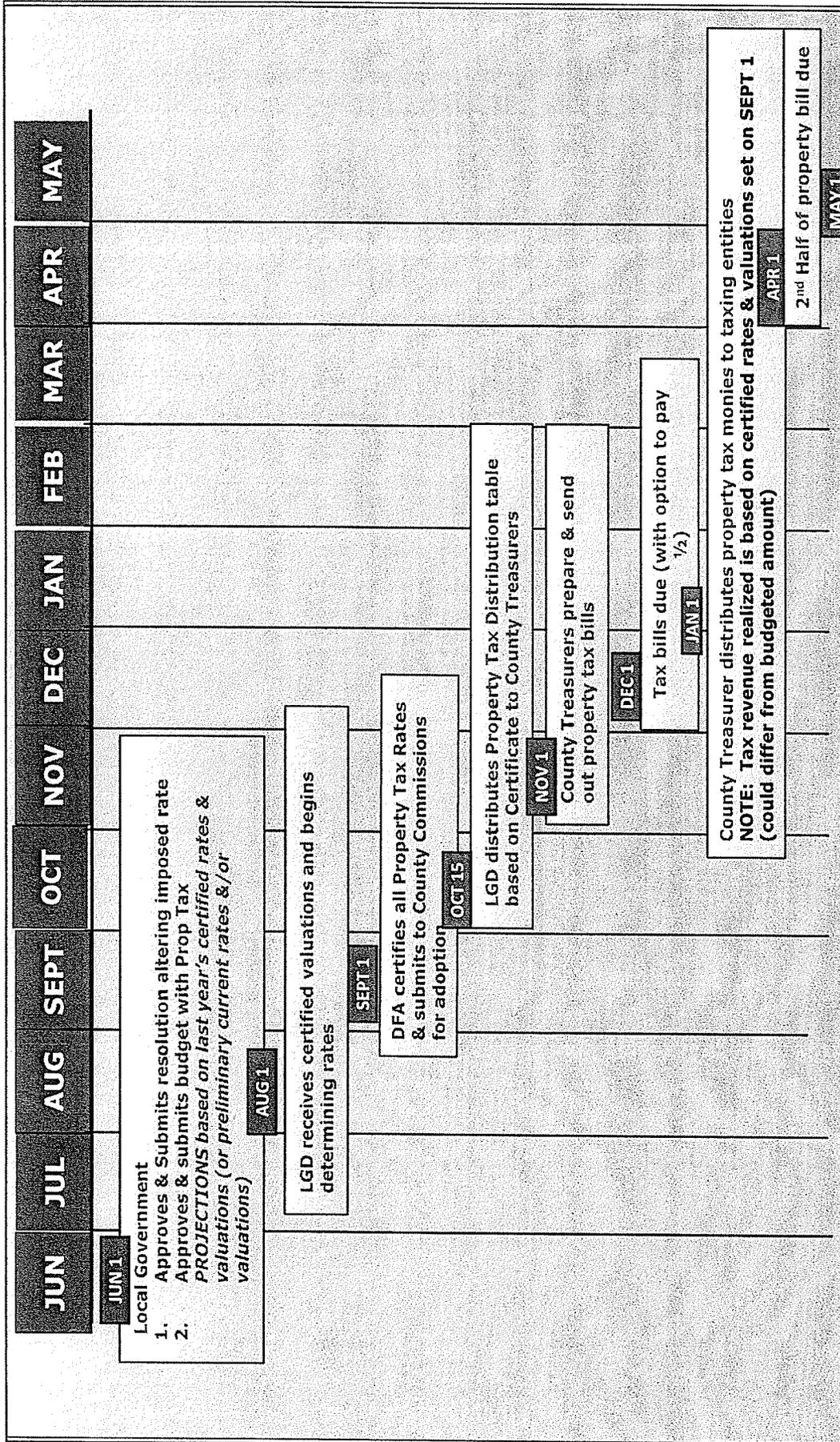
The Formula applies separately to residential & non-residential properties.



Property Tax Related to Budget Process



Property Tax Timeline



Co Treasurer distributes 2nd Half of prop tax Dist
NOTE: Remaining tax revenue realized in entities coffer.