



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
DECEMBER 1, 2014 – 5:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES:

CITY CLERK'S OFFICE

11/25/14 TIME 9:56

Yolanda Green
Alicia Martinez

Regular Finance Committee Meeting – November 3, 2014

INFORMATIONAL AGENDA

6. Update of the City's Cash and Investment Portfolio as of September 30, 2014. (Helene Hausman)
7. Update on Parks Bond Audit and Time Extension of March 31, 2015. (Liza Kerr and Brian Snyder)

CONSENT AGENDA

8. Request for Approval of Electric Line Extension Agreement – Southwest Activity Node (SWAN) Park Phase I; Public Service Company of New Mexico (PNM). (Mary MacDonald)
9. Request for Approval of Amendment No. 3 to Professional Services Agreement – On Call Engineering Design Services for Underpass Project; Louis Berger Group, Inc. (Leroy Pacheco)
 - A. Request for Approval of Budget Increase – Project Fund
10. Request for Approval of Amendment No. 1 to Professional Services Agreement – Additional RTU to Hydro Generator Station and Adding McClure Reservoir Project Onto City SCADA System; Automation Electric. (Alex Puglisi and Alex Gamino)
11. Request for Approval of Memorandum of Understanding – City Sewer Service for Santa Fe Brewing Company Property under the Terms of the 2008 Settlement and SFCC 22-6.2; Santa Fe County. (Nick Schiavo and Claudia Borchert)



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
DECEMBER 1, 2014 – 5:00 P.M.

12. Request for Approval of Budget Adjustment for FY 2014/15 Wildland Fire Hazard Adjust to Revenues to Match Budgeted Expenditures. (Jan Snyder)
13. Request for Approval of Budget Increase for Procurement of Ten (10) EMS Gurneys for Fire Department for Stryker EMS Equipment; Procurement Approved at Finance Committee Meeting of October 20, 2014 and City Council Meeting of October 29, 2014. (Jan Snyder)
14. Request for Approval of a Resolution Relating to a Request for Approval of First Quarter Budget Adjustments for Fiscal Year 2014/2015. (Cal Probasco and Andy Hopkins)
15. Request for Approval of a Resolution Adopting the 2014 Santa Fe City and County Advisory Council on Food Policy Food Plan Entitled *Planning for Santa Fe's Food Future: Querencia, a Story of Food, Farming And Friends*. (Councilors Dominguez and Bushee) (Sue Perry)

Committee Review:

City Council (scheduled)

12/10/14

Fiscal Impact – No

16. Request for Approval of a Resolution Establishing City of Santa Fe Legislative Priorities, by Council District, for Consideration by the New Mexico State Legislature During the 52nd Legislature - State of New Mexico - First Session, 2015. (Councilor Dominguez) (Brian Snyder)

Committee Review:

Public Utilities Committee (scheduled)

12/03/14

Public Works Committee (scheduled)

12/08/14

City Council (scheduled)

12/10/14

Fiscal Impact – No

17. Request for Approval of a Resolution Endorsing the Efforts of New Mexico Mission of Mercy ("MOM") to Provide No Cost Dental Care to the Indigent Residents of Santa Fe and Authorizing the Waiver of Certain Fees for Use of The Santa Fe Community Convention Center for the MOM Event in April of 2016. (Councilors Ives and Trujillo) (Randy Randall)

Committee Review:

City Council (scheduled)

12/10/14

Fiscal Impact – Yes



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
DECEMBER 1, 2014 – 5:00 P.M.

Fiscal Impact – Yes

END OF CONSENT AGENDA

DISCUSSION

18. Request for Approval of a Resolution Authorizing and Approving Submission of a Completed Application for Financial Assistance and Project Approval to the New Mexico Finance Authority to Refund the New Mexico Finance Authority Convention Center Loan. (Helene Hausman)

Committee Review:

City Council (scheduled)

12/10/14

Fiscal Impact – Yes

19. General Budget Discussion (Please bring Annual Operating Budget Books).
- A. Healthcare
 - B. Fiscal Impact Report
 - C. Human Resources – Personnel
 - D. Reserves
 - E. Annexation
 - F. Miscellaneous
20. OTHER FINANCIAL INFORMATION
21. MATTERS FROM THE COMMITTEE
22. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, December 1, 2014

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
INTRODUCTION OF NEW FINANCE DIRECTOR		1-2
APPROVAL OF AGENDA	Approved	2
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
APPROVAL OF MINUTES – REGULAR FINANCE COMMITTEE MEETING NOVEMBER 3, 2014	Approved	3
<u>INFORMATIONAL AGENDA</u>		
UPDATE ON THE CITY'S CASH AND INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2014	Information/discussion	3
UPDATE ON PARKS BOND AUDIT AND TIME EXTENSION OF MARCH 31, 2015	Information/discussion	3-4
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF ELECTRIC LINE EXTENSION AGREEMENT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; PUBLIC SERVICE COMPANY OF NEW MEXICO (PNM)	Information/discussion	4-7
REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – ON CALL ENGINEERING DESIGN SERVICES FOR UNDERPASS PROJECT; LOUIS BERGER GROUP, INC.	Approved	7-14
REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND	Approved	7-14
REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – ADDITIONAL RTU TO HYDRO GENERATOR STATION AND ADDING McCLURE RESERVOIR PROJECT ONTO CITY SCADA SYSTEM; AUTOMATION ELECTRIC	Approved	14

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – CITY SEWER SERVICE FOR SANTA FE BREWING COMPANY PROPERTY UNDER THE TERMS OF THE 2008 SETTLEMENT AND SFCC 22-6.2; SANTA FE COUNTY	Approved	14-16
REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FIRST QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2014/2015	Approved	16-21
REQUEST FOR APPROVAL OF A RESOLUTION ENDORSING THE EFFORTS OF NEW MEXICO MISSION OF MERCY (“MOM”) TO PROVIDE NO COST DENTAL CARE TO THE INDIGENT RESIDENTS OF SANTA FE AND AUTHORIZING THE WAIVER OF CERTAIN FEES FOR USE OF THE SANTA FE COMMUNITY CONVENTION CENTER FOR THE MOM EVENT IN APRIL OF 2016	Approved	21-22
***** END OF CONSENT CALENDAR DISCUSSION *****		
<u>DISCUSSION</u>		
REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY TO REFUND THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN	Approved	22-25
<u>GENERAL BUDGET DISCUSSION</u>		
HEALTHCARE	No discussion	25
FISCAL IMPACT REPORT	No discussion	25
HUMAN RESOURCES – PERSONNEL	No discussion	25
RESERVES	No discussion	25
ANNEXATION	No discussion	25
MISCELLANEOUS	Information/discussion	25-29

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
OTHER FINANCIAL INFORMATION	None	29
MATTERS FROM THE COMMITTEE	Information/discussion	29-30
ADJOURN		31

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, December 1, 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, December 1, 2014, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

MEMBERS EXCUSED:

Councilor Joseph M. Maestas

OTHERS ATTENDING:

Oscar S. Rodriguez, Director, Finance Department
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Melessia Helberg, Stenographer.

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

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

Introduction of New Finance Director

Chair Dominguez Introduced Oscar S. Rodriguez, the new Finance Director.

Mr. Rodriguez said it is a great pleasure being here and he looks forward to working with the Committee. He said finance should be easy, transparent and should not be complicated, which will be his objectives, so that it informs you in every way you would like for it to do.

Chair Dominguez said he looks forward to working with Mr. Rodriguez.

3. APPROVAL OF AGENDA

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

8. *[Removed for discussion by Councilor Lindell]*
9. *[Removed for discussion by Councilor Lindell]*
10. *[Removed for discussion by Councilor Lindell]*
11. *[Removed for discussion by Councilor Lindell]*
12. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR FY 2014/15 WILDLAND FIRE HAZARD ADJUST TO REVENUES TO MATCH BUDGETED EXPENDITURES. (JAN SNYDER)
13. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR PROCUREMENT OF TEN (10) EMS GURNEYS FOR FIRE DEPARTMENT FOR STRYKER EMS EQUIPMENT; PROCUREMENT APPROVED AT FINANCE COMMITTEE MEETING OF OCTOBER 20, 2014, AND CITY COUNCIL MEETING OF OCTOBER 29, 2014. (JAN SNYDER)
14. *[Removed for discussion by Councilor Lindell]*
15. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE 2014 SANTA FE CITY AND COUNTY ADVISORY COUNCIL ON FOOD POLICY FOOD PLAN ENTITLED *PLANNING FOR SANTA FE'S FOOD FUTURE: QUERENCIA, A STORY OF FOOD, FARMING AND FRIENDS* (COUNCILORS DOMINGUEZ AND BUSHEE). (SUE PERRY) Committee Review: City Council (scheduled) 12/10/14. Fiscal Impact – No.

16. **REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING CITY OF SANTA FE LEGISLATIVE PRIORITIES, BY COUNCIL DISTRICT, FOR CONSIDERATION BY THE NEW MEXICO STATE LEGISLATURE DURING THE 52ND LEGISLATURE – STATE OF NEW MEXICO – FIRST SESSION, 2015. (COUNCILOR DOMINGUEZ). (BRIAN SNYDER) Committee Review: Public Utilities Committee (scheduled) 12/03/14; Public Works Committee (scheduled) 12/08/14; and City Council (scheduled) 12/10/14. Fiscal Impact – No.**

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

END OF CONSENT AGENDA

5. **APPROVAL OF MINUTES – REGULAR FINANCE COMMITTEE MEETING NOVEMBER 3, 2014.**

MOTION: Councilor Trujillo moved, seconded by Councilor Rivera, to approve the minutes of the regular Finance Committee meeting of November 3, 2014, as presented.

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

INFORMATIONAL AGENDA

6. **UPDATE ON THE CITY'S CASH AND INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2014. (HELENE HAUSMAN)**

Ms. Hausman presented information from her Memorandum of December 1, 2014, with attachments, to the Finance Committee. Please see this document for specifics of this presentation.

Chair Dominguez thanked Ms. Hausman for the report, noting he will continue to keep her on the beginning of the agenda.

7. **UPDATE ON PARKS BOND AUDIT AND TIME EXTENSION OF MARCH 31, 2015. (LIZA KERR AND BRIAN SNYDER)**

Lisa Kerr said, "With regard to the Park Bond audit, we originally intended it to be completed by December 31, 2014, by resolution. When we went out for RFP, that was the proposal that was put forward and the auditors that accepted the proposal were able to finish it within that time frame, except that we ran into some snags with the Finance Department, in that the top priority was getting the CAFR out on time. So the Park Bond audit, if it had started in November, would have impacted the ability for the Finance Department to complete the CAFR on time, and it was determined that was a higher priority."

Ms. Kerr continued, "So that was the key issue, and not having a Finance Director also impacted the ability of the Finance Department to take on that additional task. What we're looking at right now, is a December 3rd.... I believe we're having a planning meeting on December 3rd with the external auditors so they can do all their planning during the month of December, and actually come in and start field work the first week of January with an expected completion date of March 31, 2015."

Chair Dominguez asked Ms. Kerr if she will be bringing forward a formal amendment to the Resolution to extend it to March 31st.

Ms. Kerr said she will do so if that is what the Committee would like her to do. She said she met legal and was unsure if she would need to do that, or just bring it before you.

Chair Dominguez said then the approved Resolution provided that the deadline would be December 31, 2014.

Ms. Kerr said yes.

Chair Dominguez said she will need to get together with the City Manager and staff to see if the Resolution needs to be amended formally.

Chair Dominguez said it has been two years since he asked who was being paid from the Parks Bond and asked if we will get some of that information through this audit.

Ms. Kerr said it is one of her objectives, and she is hoping we will have all of that information shortly, noting it has been a point of frustration for her as well.

CONSENT CALENDAR DISCUSSION

8. REQUEST FOR APPROVAL OF ELECTRIC LINE EXTENSION AGREEMENT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; PUBLIC SERVICE COMPANY OF NEW MEXICO (PNM). (MARY MacDONALD)

Councilor Lindell asked if this is as originally planned.

David Pfeiffer said it wasn't originally planned to bring electricity down Jaguar Drive, so it's a change to what was originally planned.

Councilor Lindell asked, "How is that we didn't know that we needed electricity there."

Mr. Pfeiffer said we knew we needed electricity there. And at the time, the developer had intentions of bringing it down with the road extension on Jaguar Drive. However, the #599 delays delays have caused major delays to the developer, and they haven't gotten down Jaguar Drive at this time. He said this is to bring power to SWAN Park.

Councilor Lindell said this Agreement is for almost \$135,000, and Mr. Pfeiffer said that is correct.

Councilor Lindell said these are additional costs.

Mr. Pfeiffer said, "It's not necessarily additional costs. Power needed to be brought down. We looked at two different options to get power down there. Option #1 was an open loop, which is the one you're looking at right now. Option #2 was brought off one of the fingers there coming off on the top up there. It was a single, one-sided loop, and it actually cost more for that single one-sided loop, because of the distance it had to come down. So we chose this line which is a loop systems which will satisfy everybody's interest in the long run and it's less expensive than the other one. So power needed to be brought down to SWAN park, no matter how we do this. It wasn't in our original plan, but it has to be brought down"

Councilor Lindell asked the reason it wasn't in the original plan.

Mr. Pfeiffer said, "The developer was going to bring down the Jaguar extension as part of the #599 extension. So, the #599 extension has been delayed significantly, so power needs to be brought down to SWAN Park down Jaguar drive."

Councilor Lindell said, so the developer had in its bid... she said this isn't clear and perhaps Mr. Pino can clarify.

Mr. Pino said, "There is a developer building the commercial development there at #599 and Jaguar. And part of their project expectation 1½ years ago was to have an electrical switch gear in place way ahead of SWAN park. And had that happened, then we would have had that electrical switch gear to access to bring our power down the rest of the way, and we wouldn't have this in front of you today. However, because markets dried up and other reasons, they were unable to get the electrical switch gear put in and the cost of that was astronomical, so we didn't even talk about that with PNM. Instead, we came up with this particular solution. But power was always anticipated for SWAN Park. It's just the source was supposed to have been from that switch gear that never got installed. And that was the developer's contractor, not our contractor."

Councilor asked, "The developer of..."

Mr. Pino said the developer of the Pavilion it's called, at #599 and Jaguar.

Councilor Lindell asked if they are still on hold and not moving forward.

Mr. Pino said they are still on hold and not moving forward that we are aware of.

Councilor Lindell said this is an additional cost to us.

Mr. Pino said, "Partially. We would have had to go from the electrical equipment they would have placed down into the park, but at least we wouldn't have to put all of the extension in, like we're having to do now."

Councilor Lindell asked if there is funding for this.

Mr. Pino said yes.

Councilor Lindell asked how we happened to have extra funding to cover this.

Mr. Pino said, "The bids on the construction for the Park came in lower than the estimates, so we had a bit of a cushion to work with."

Chair Dominguez said then SWAN Park is a public park.

Mr. Pino said yes.

Chair Dominguez said, "We're anticipating that a private, for-profit developer will be providing service to a public park."

Mr. Pino said, "They were going to be bringing switch gear along the right of way of Jaguar, and we were going to be able to access that."

Chair Dominguez said, "When we originally planned the Park, we planned for there to be power, right. It was always anticipated that power was going to feed the Park. I think that's something that's pretty obvious. We just didn't know exactly how it was going to get there pending this private developer providing service for a public amenity."

Mr. Pino said, "That's correct. Had the plan gone according to the original schedule, that switch gear would have been there and we wouldn't be here tonight."

Chair Dominguez asked, "What causes these sorts of things. It's not an oversight by staff, or anyone."

Mr. Pino said, "No. It was just a decision by the developer not to proceed with that part of the development at the time."

Chair Dominguez said, "So, even if the developer had decided to proceed at that time, there is still sometimes costs associated with projects like this, that aren't necessarily foreseen or anticipated."

Mr. Pino said that happens sometimes, Mr. Chair, yes.

Chair Dominguez asked, "If there is any way to tell how much those costs are going to be."

Mr. Pino said, "Not necessarily, no."

Chair Dominguez said, "That's usually why we have a contingency program in any kinds of bid documents or RFP process, or any other kind of process we go through for these."

Mr. Pino said, "That's exactly why we do contingencies. And in this case, fortunately, we had a bit of a cushion because of the lower bid price."

Chair Dominguez said, "If a developer was not developing any of that commercial property, the City would be responsible for the entire cost of providing that switch box to the facility."

Mr. Pino said yes.

Councilor Trujillo said, "All we're technically doing is just connecting to that switch here, right. We weren't going to be paying the developer a franchise fee to tap in. That's a part of the right of way, and we're allowed to tap into that. Right."

Mr. Pino said that's pretty much the way it was going to go.

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

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

9. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – ON CALL ENGINEERING DESIGN SERVICES FOR UNDERPASS PROJECT; LOUIS BERGER GROUP, INC. (LEROY PACHECO)
A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND.

Councilor Lindell said, "We had an original contract in 2008 for \$500,000."

Mr. Pacheco said this is correct.

Councilor Lindell said, "And we had an amendment to that contract, Amendment No. 2 in the amount of an increase of \$350,000."

Mr. Pacheco said this is correct.

Councilor Lindell said and now we're looking at an increase of \$175,000.

Mr. Pacheco said yes.

Councilor Lindell asked, "How is it that the original contract for professional services on this only covered less than half of where we've ended up."

Mr. Pacheco said, "The original contract is an on-call for professional services, and was not specific to one project. But the main project is has been used for has been the St. Francis Drive/Acequia Trail open underpass project, which is a very expensive project to connect the Acequia Trail to the City's Railyard. So it's been used primarily on that, but in addition to that, there's been about \$120,000 worth of engineering services on other projects. And based on its use through time, we just needed to amend as we go. This is the last amendment possible, because it's an RFP that went out.... It's reached its term of ability to amend, but this will get us completely through the final design of the Acequia Trail open underpass."

Councilor Lindell said, "So the original contract was not at all specific to this project."

Mr. Pacheco said, "It was not. It was an open on-call for professional services contract."

Councilor Lindell said, "For whatever we wanted them to do. Did we have an idea of what this project was going to cost."

Mr. Pacheco said, "The project has taken an interesting evolution. It began as a bridge project when it was originally scoped. And we did not realize we were going to have to follow the DOT's federal NEPA process which added a lot of cost to the project. We began the project with a very specific scope, but based on public involvement.... and it has a long history, it is where it is. And we've been recently granted a federal grant for construction of \$3.5 million to actually complete the project."

Councilor Lindell said, "I appreciate that. It concerns me that we start out with a contract for \$500,000, and by the time we're done with it, we're at \$1,025,000, even though you said \$125,000 went to some other project. Over the course of time, we can't live our lives this way, where projects end up costing.... whether it's because of public input or changes, it doesn't seem like over the course of time that kind of financing works. I don't know what we could have done to hit closer to the mark. I don't know if our initial planning was deficient. I guess in some ways it was, because we didn't realize we were going to have to follow the New Mexico DOT."

Mr. Pacheco said, "The project, in conception, goes all the way back to the Railyard Master Plan in the early 1990's, this connection of the Railyard. So, through time, here we are in 2015 almost, and we're ready to final design and build it. The history can tell the story better than I can."

Chair Dominguez said, "You said NEPA added costs to the project. Do we know how much that was."

Mr. Pacheco said, "The preliminary design, which took us to 30%.... I believe the original contract, from memory, was about \$376,000, and when we scoped that project it did not include specifically the NEPA process. Another twist in the history, is we added an interim at-grade trail which we designed within that scope. So there were some scope changes. So we now have the interim at-grade trail that connects to the intersection that didn't exist, and the NEPA project."

Chair Dominguez asked what caused the change in scope, noting NEPA would cause a rescope.

Mr. Pacheco said, "The NEPA was significant. It crosses a federal highway and because of the publicity, there was an active public process the City began, and the Federal Highway Administration deemed it necessary to go through the NEPA clearance. So the project has been granted clearance by the Federal Highway Administration, an environmental assessment approval. We went through a large, heavy process, with respect to federal, state and City guidelines. I think public involvement and the amount of the investment the City gave the public the opportunity to interact and be a part of the outcome, which is the open underpass."

Chair Dominguez asked if he is saying that more public involvement increases cost.

Mr. Pacheco said, "No. I'm not saying that. I'm saying because of the amount of public involvement the Federal Highway Administration asked the City go through a NEPA process that we did not plan for in the very beginning."

Chair Dominguez asked the funding source for this.

Mr. Pacheco said, "It's all City Park Bond. 2008 Park Bond."

Chair Dominguez asked how much was allocated in the Park Bond for this project.

Mr. Pacheco said more than \$1 million.

Chair Dominguez asked how much more or less that what we're requesting now. He said, "The reason I'm asking, is I want the Committee to know that sometimes these changes occur, not necessarily because there was gross oversight by staff or anyone else. It's just the process, as we go through the process, things kind of pop up and we have to make these change orders. I think what's lacking.. Well let me ask you this, because this may clear the air a little bit. What is the process the Governing Body goes through when it anticipates or considers amounts to identify in a bond. In this case, it was we need this overpass or underpass or whatever we want to call it. We go through this long, drawn-out discussion, and then when someone asks how much it is going to cost, how does staff determine that. When we ask how much do we put in the bond, how much do we ask the voters for, how does staff come up with that amount."

Eric Martinez, Director, Roadway & Trails Division, said, "Normally how it works, is that staff will provide cost estimates up front to program funds through any source. In this case of the 2008 bond, this particular project was programmed or reallocated from an allocation.... it was reallocated from another project called the Community College Trail. And so it was whatever number that was associated with that project which was reallocated for this project. So it wasn't necessarily based on a specific project estimate for this particular project."

Mr. Martinez continued, "To elaborate a little about what Leroy said, over the course of time....this project started as a study process to evaluate an overpass, and then because of public involvement and BTAC involvement and the wishes of the Governing Body, we moved forward with more public input and collaboration to come up with the design that had more buy-in, I suppose. And so yes, that does take

more time and money. As part of that collaboration, the engineer also brought on board artists, landscape architects, because staff was being asked, 'Well we want to see something.' And we really didn't have, other than some conceptual things, and things we sought from other cities, we had nothing specific for this area. So yes, that provided an additional cost on the front end when we were doing the initial stud."

Mr. Martinez continued, "The NEPA, process also came into play. We had some mediation as part of this, because there was kind of a big divide between overpass versus underpass. So there was a lot of extensive work done up front. Like Leroy mentioned, we also afforded a design for an interim at-grade crossing that you see there today by the caboose that connects to the at-grade intersection that was fully designed and built. We cleared that separately. We did prairie dog removal. So there's a cumulative cost that we're incurring as part of this project. Now we're on the tail end of things. We're moving through final design. This will probably be it for this contract because it's basically sunseting."

Chair Dominguez asked if that is for the project or the on-call, and Mr. Martinez said it is for the on-call project.

Mr. Martinez continued, "So this request is to basically get us through the final design."

Chair Dominguez said, "In my experience in all these 8-9 years I've been on Council, many, many, many of our public works projects have all come in under budget and been well managed. Everything from the Convention Center to a trail, and would include things like the SWAN Park where things are coming under budget and we're getting the projects done. And we're getting them done in a pretty timely manner. I think this is a testament to staff and the work they do, recognizing and realizing there are things like NEPA or power boxes, or whatever the case may be, that complicate the issue a little bit more. But, nonetheless, I think staff has a pretty good track record about completing many of these projects on time, under budget, and so forth. I guess the request I would have, especially since this one has evolved into many different things over... I think one of my very first meetings as a City Councilor was regarding that overpass. Do we have a summary of all the change orders that have been implemented with regard to this project."

Mr. Martinez said, "We can provide that."

Chair Dominguez asked him to do so, commenting he is sure it is quite a bit.

Councilor Trujillo said, "I wouldn't necessarily say staff is the reason the project has gone up. I don't know how much prairie dog removals cost, that could cost a million for all I know. If you recall, when we did the Parks Bond in 2008, it was going to be strictly a parks bond. We up here on the Council, ended up making it a trails bond as well, so a lot of the money we thought was going directly to parks ended up going to Trails. The question I have Eric. What would have been cheaper to build. An underpass or an overpass, in your opinion as an engineer."

Mr. Martinez said, "Given what we know, as far as what our engineers have provided with regard to cost estimates, they were looking pretty close."

Councilor Trujillo said, "You can say it. Overpass."

Mr. Martinez said, "I would say that it is possible that the overpass might have come in a little cheaper, because now, we're looking an open underpass. What that means, is that it is a larger and wider structure."

Councilor Trujillo said, "My whole concern when we had the discussion dealing with an overpass is now long it's going to take to build. The traffic implications to me is going to be one of the biggest things, and that's where we're going to see a lot of cost on this as well. Diverting traffic around little sections here and all that, had we done an overpass. That's what I wanted. But it's been so long in the building, and at the same time the costs – how much has concrete, rebar gone up. This is the reason I understand this project costs more right now. If we have more of these discussions and keep prolonging it, we're looking to add another \$1 million by next year as well. I have no other questions. I think you guys have done a good job managing this project. I just want to see it move forward. Let's get the thing done."

Councilor Rivera said on page 5 it appears there is still a balance in this fund for the contract for Louis Berger of approximately \$173,000 and asked if this is correct.

Mr. Martinez said, ""Yes. We would basically be using that to complete this next part of the final design. So, I think we're actually pretty close. We're requesting to amend this contract to \$1,025,000, and I think everything considered, will bring this to \$1,023,000."

Councilor Rivera said, "Then all the projects listed here are ones that have already been paid for."

Mr. Martinez said, "Everything up to the second to the last have been contracted for. So the pending is the very last one shaded in gray."

Councilor Rivera said, "There are various projects on this, from Zia Road Drainage to Siler Road Construction, a very open contract. These are just for services that come up as needed. You are now asking for about \$125,000 specifically for the underpass project."

Mr. Martinez said, "That is correct."

Councilor Rivera said, "If it goes over or under that, or if you need that money somewhere else it is specifically for this project, and you can't use it for anything else."

Mr. Martinez said, "Right. Like I mentioned earlier, we'll be getting close to that cap anyway, so there would be some \$2,000 remaining, but yes, it will be used for the majority of that project."

Councilor Rivera said, "Robert, we've spoken about this before, and I think I've seen it in many of the other contracts, but usually in the original contract it says the contract can be amended [renewed?] for up to four years, I believe it is, with a written agreement between both parties. I don't see that here. I see that amendments can be made, but not specifically that it can be extended to any number of terms. Can you explain the change in that."

Mr. Rodarte said, "In this particular case, I think the original contract should have had that language in it, for an additional 3 years or 4 years, whatever it might be. But going back to when this was started, like in 2008-2009, that type of language was in place for all contracts. Now, we're specifically making sure we identify whether it's going to be 2 years, 3 years or 4 years at the direction of the Governing Body, in making sure that language is in everywhere we go."

Councilor Rivera said, "Even on the first amendment it again gave a specific deadline without including that language to renew the contract for a certain number of years. Even in Amendment No. 2 to the Contract, it never specifically said can be renewed for a certain number of years after this. It just says terminates on a specific date."

Mr. Rodarte asked if the contract gives the date as being 2014 or something.

Councilor Rivera said one gives 2014, but Amendment No. 2, says January 31, 2016, which seems pretty far out of range from the 2008 time frame.

Mr. Rodarte said, "If we start in 2008, we're looking at, in this particular case, it was an 8 year contract. I do not see the language written in the original contract back in 2008 identifying it with additional years on it. Again, that is now standard language that must be identified in all contracts moving forward."

Councilor Rivera asked wouldn't that have been addressed in the amendments following, or shouldn't it have been addressed.

Mr. Rodarte said yes.

Councilor Rivera asked if we are okay, from a procurement perspective, to continue to add amendments if the language doesn't specifically allow use to do that.

Mr. Rodarte said, "From a legal perspective, if the language is not written in the original contract, extending the terms, it should not exceed the one year or the specific date of termination existing in Contract No. 1, the initial starting contract. Realistically, if this particular contract, specify for the additional years, they were in violation."

Councilor Rivera asked if Leroy or Eric found that language anywhere else. He asked Mr. Rodarte if he has all the amendments.

Mr. Rodarte said he doesn't think so, noting this bid was very competitive, commenting there were at least 8 submittals, and 3 that were awarded. He said, "We have multiple awards, and in this particular case, the Louis Berger Group was one that was highly recommended, they are a local firm here that has about 32 employees. They met all the criteria along with the other 3 companies."

Councilor Rivera said, "Then in your opinion, the 2016 extends beyond the date we've been allowed to amend this contract, and would you recommend we rebid this contract, since the original contract didn't specify the extension date."

Councilor Rivera said, "So Amendment No. 2, on page 12 of the packet, that agreement says it will terminate on January 31, 2016. And we don't typically do contracts for 8 years. Is that correct."

Mr. Rodarte said, "That is correct. This type of contract should only have gone 4 years, unless there is an existing contract for the construction. Remember we have 8 years on some contracts like BDD. If you have other areas of the design that might come after you do specific items, you might have to extend the design contract along with the actual construction contract with the specialized terms."

Councilor Rivera asked if that would be identified in the contract, and Mr. Rodarte said yes.

Mr. Rodarte said, "In this particular case, we're talking about an on-call contract that was competitively put out there, so it was not for a specific project."

Councilor Rivera said, "Again, in your opinion, the 2016 extends beyond the date we've been allowed to amend this contract, and would you recommend that we rebid this."

Mr. Rodarte said it is not in our best interest to rebid. He said from a procurement managers perspective, if it was done incorrectly back then, we're identifying what the error may have been. But it is in our best interest because of the history with Louis Berger as far as this particular project. I recommend moving this forward. And as mentioned earlier, this particular contract is coming to an end and we can competitively send it out again pretty quick here."

Councilor Rivera asked the difference between what can be amended for up to 8 years, and what is amended only up to 4 years.

Mr. Rodarte said, "The first is for agreements which are basically service-based and can go up to 4 years, the Professional Service Agreements with a design of this nature. If we are going to have a project that is going to exceed that amount of time, like I mentioned earlier, the BDD, we have the right to go in there and tie it in together showing that we must have it in place for the duration of the contract. Those are the types of professional services of this nature that can be beyond 4 years scope. If it's just a normal item, no."

Councilor Rivera asked if that would apply to the underpass project.

Mr. Rodarte said "That, I'm not too sure about it."

Councilor Rivera asked if the underpass project was something we were spending money on in 2008.

Mr. Pacheco said, "In 2008, we did not know whether it was an underpass, or a bridge or an overpass, so that was not clear."

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

DISCUSSION: Chair Dominguez said he understands the need for engineering services, and absent of a full blown engineering shop here at the City, we're going to be relying on these kinds of services. But I think it really means that internally we are going to have to make sure there is diligence done by staff to continue to keep projects under budget and to make sure we get the best bang for our buck. Again, absent an in-house engineering shop, these kinds of engineering firms love us, and other organizations as well."

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

10. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – ADDITIONAL RTU TO HYDRO GENERATOR STATION AND ADDING McCLURE RESERVOIR PROJECT ONTO CITY SCADA SYSTEM; AUTOMATION ELECTRIC. (ALEX PUGLISI AND ALEX GAMINO)

Councilor Lindell said, "I would like to request that in the future, we could have included in our packets, the original PSA, much like the last item, and the labor rates the same as in the last item. And so the reason I pulled this was to make a request that in the future that we see that."

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

DISCUSSION: Mr. Puglisi apologized saying, "I believe we did submit the original PSA, and I do have it here with me if you would like to see it."

Chair Dominguez said that isn't necessary, just make sure it is in the packet before it goes to the Council.

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

11. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – CITY SEWER SERVICE FOR SANTA FE BREWING COMPANY PROPERTY UNDER THE TERMS OF THE 2008 SETTLEMENT AND SFCC 22-6.2; SANTA FE COUNTY. (NICK SCHIAVO AND CLAUDIA BORCHERT)

Councilor Lindell said she would like an explanation, a history and how this will work.

Stan Holland said in 2008 the City entered into the Settlement Agreement, which provided that the County shall provide water and sewer service outside the limits, and the City would provide those in the City limits. He said the agreement provides, if, for some reason the County or the City wanted to provide water or sewer service outside their jurisdiction it would require a written agreement between the two entities to allow for that. As a result of the Settlement Agreement, the City had to change their Codes and the Water and Sewer Ordinance to deal with this, in particular with the wastewater. We set up what is

called a water/wastewater review team [WWRT], to look at applications for service, in this case, outside the City limits. He said the WWRT is comprised of both City and County staff from legal, planning, land use, utility directors and such. Our job is basically to review the application for completeness with minimum standards. If we look at it and find it to be complete and feasible, then we typically go forward to prepare an MOU to consider an agreement there."

Mr. Holland continued, "So, a little bit of the history. The only MOU that's been executed since 2008 was one for Harry's Roadhouse on Old Las Vegas Highway. That was the first one that came in, and that was passed. Since then, we've had other ones that have come in, but for various reasons, just never went through the whole process. One was the Santa Fe County Fairgrounds, which is still considered outside the City limits. Another one was for a property called Stacy's property in the Agua Fria Village, and it went through the whole process and stopped short of coming to the City Council. So there have been some other ones."

Mr. Holland continued, "So right now, the Santa Fe Brewing Company put in a request to Santa Fe County for sewer service and the Brewing Company is located outside the City limits, and is also located next to an area called the Thornburg Development. Which if you're familiar with it, out there on Highway #14 between where it goes underneath I-25 up to #599, they're on the left hand side as you're heading out. They're also known as Longford Homes. The Thornburg Development years ago entered into an agreement with the City for water and sewer service. The Thornburg Development, also referred to as the Turquoise Trail Maintenance Association, also has their own private sewer collection system and a sewer lift station that pumps from there to our public sewer line off Mutt Nelson Road and in turn gets treated here. So all that development out there right now, even though it's in the County is still being served by us, or the wastewater service is being provided by us."

Mr. Holland continued, "The property for Santa Fe Brewing is located adjacent to the Thornburg property. And they have plans for expansion, and my understand is the current on-site facility cannot accommodate their plans for expansion. So they have different alternatives they're looking at, but the preferred alternative is to remain at their site. They are requesting to be allowed to connect to the Thornburg Development site which will allow for their waste to be pumped and treated here by us at the City."

Councilor Lindell said, "And we have plenty of capacity to do that."

Mr. Holland said, "As of today, we do. Yes. The waste they would generate for us, yes."

Councilor Lindell said, "So that's nothing that we have to be concerned about."

Mr. Holland said, "Not currently, no."

Councilor Lindell said, "When you say currently, how long is currently."

Mr. Holland said, "I wish my Division Director was here, but I believe there was a preliminary summation overview. We are right now in the process of starting a master plan study for the Wastewater Treatment Plant and our collection system. And we have an engineering firm on board. We're going through the scope of services, so we'll be preparing an outlook for the next 20-25 years out. Basically, the study was done kind of looking at our limiting factors, and a lot came down to our biosolids. I think if I remember correctly from the Memo that was put out on that says we had the ability to handle at least a million, a million and a half gallons more before we might start infringing on our capacity to handle our solids. And what Santa Fe Brewing is requesting to discharge to us is not in that category right now."

Councilor Lindell asked what category it is in.

Mr. Holland asked the owner to address that

Brian Locke, Owner, Santa Fe Brewing, said, "To answer your question, it's kind of two-fold here. First off, all of the waste currently already goes to the City and treated by the sewer. It's just delivered in a different method via pump truck. So it would be hard to quantify the exact additional amount beyond that. But to answer your question, 6,000 gallons a day is roughly what we discharge currently. With the expansion, I would imagine that number may go up to about 30,000 gallons per day, and that would be at full capacity, at full expansion, 5 years out. And part of this request is that in our expansion plans, we're putting in a very sophisticated wastewater treatment system ourselves, which will treat probably 60% of our effluent for reuse in just landscaping the property itself which will reduce the amount of effluent that goes into the City sewer."

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

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

14. REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FIRST QUARTER BUDGET ADJUSTMENTS FOR FISCAL YEAR 2014/2015. (CAL PROBASCO AND ANDY HOPKINS.)

Chair Dominguez said he is hopeful with the new Finance Director, that in the future this report may not look the same as it always has.

Councilor Lindell said she really is unsure what her question is. She said, "I would just like to have an explanation of it and a little bit of guidance on the first quarter budget adjustments. I don't have the historical perspective on this. So I don't know if these look extremely sizable, or if these look small. I would just like to have some perspective of this item."

Chair Dominguez said, "Why don't you just explain to us why we have quarterly budget adjustments, not necessarily budget adjustments for specific projects, but on a quarterly basis and we can kind of go from there."

Cal Probasco, Budget Officer, said, "We are required to obtain approval from the Department of Finance & Administration for adjustments we make during the fiscal year from the original budget. And DFA requires us to submit..... I think they would actually like to have them submitted more often, but quarterly is a manageable period of time to do that. We submit it at the same time that we do quarterly cash reports which keeps DFA abreast of our financial status."

Mr. Probasco continued, "And the first quarter is a more complicated resolution, because we're tying up loose ends from the prior year budget, and we're reflecting adjustments that have been made during the first quarter that are approved by the Governing Body. And, then we have housekeeping type adjustments that we make to correct possible omissions, minor errors, administrative corrections to the original budget. We do that within our office. One of the things I did in the first quarter adjustment was we had the report, certificate of property taxes as released by DFA.. Of course that resulted in some adjustments to our revenue outlook for property tax. And then there is also a fourth component and that is for adjustments which had been approved by the City Manager, and that requires Council action as well."

Mr. Probasco continued, "Now, working with the Assistant Director, we divided up those adjustments to make them, I think, somewhat more digestible than they've been in the past. We've had the schedules combining various types of actions. But it is in response to a DFA requirement."

The Committee commented and asked questions as follows:

- Chair Dominguez asked Mr. Probasco to give an example of a budget adjustment required by DFA that is part of this.

Mr. Probasco said, "All of these adjustments are not DFA mandated adjustments."

- Chair Dominguez said he understands, but DFA requires the reporting, and asked for an example of a budget adjustment that is a part of the report.

Mr. Probasco said, "We will submit schedules that include all of these adjustments. And we would be reporting to them on a fund basis."

- Chair Dominguez said, "If you look at Fund 5811, on page 8. There is an expenditure of \$11,000, and a revenue increase of \$11,000."

Mr. Probasco said, "In the report that we send to DFA, this is provided in extended detail to allow Council oversight. But many of these funds will roll together. And so what we report to them in the original budget is our spending within each one of these categories. And as we make adjustments, that results in a new figure for that particular item."

- Chair Dominguez said, "If I'm reading this correctly, if you look under Budgeted Net Fund Increase/decrease, there are CIP adjustments, in other words, all the adjustments that we've made under our CIP Program. We've decreased spending our spending by \$169,000."

Mr. Probasco said, "Actually, this shows the delta between expenditures and revenues, so that would indicate that we've actually used some cash."

- Chair Dominguez said so that would be \$100,000 more than what we programmed in our CIP, and Mr. Probasco said yes.
- Councilor Lindell said, "Like I said, I don't have specific questions, I was just looking for some explanation of this. For example, on page 12, we have item upon item of carry-forward budget for open prior year purchase orders."

Mr. Probasco said, "The first line. What that's telling us is that we had purchase orders that were in effect at the end of the fiscal year. I would say they primarily are related to professional services, capital outlay purchases and those items that were not received, and we were able to pay them prior to the end of July. Prior to the end of July, those expenditures would be charged back to the prior fiscal year. But since those are remaining open, the cash is being carried forward in specific line items throughout the General Fund. In effect that \$271,000 is a dip into the cash that was remaining at the first of July."

Ms. Garcia said, "I think if you go to page 9, it is a summary of all funds that are reported. So, this is a summary that goes to DFA telling us, within each fund, whether we've increased expenditures or increased or decreased revenues to get a net change of our original budget. Then what happens is that all this detail shows the detail of what types of transactions they are. So if you go to page 8, these are adjustments to the original budget that have already been through City Council. So you've already seen them before. Then we go to page 9, which is an adjustment that has not gone to Council. This means they are adjustments that were made by the City Manager, in which they were less than \$50,000. So these have the authority that the City Manager can sign without having to go to Finance and Council."

- Councilor Lindell asked if those are the ones on page 10, and Ms. Garcia said yes.
- Councilor Lindell said that looks like more than \$50,000

Ms. Garcia said each BAR is separate, it is just the total of each fund. So if there are 5 different budget adjustments of less than \$50,000, during the quarter that comes out to more than that. So it is just a summary of the fund, not the detail.

- Councilor Lindell asked, "Is this number, the budgeted net fund increase for Council approved in addition to not previously approved, I'm coming up with around \$7 million."
- Chair Dominguez asked her to repeat her question.
- Councilor Lindell said, "From the previously approved by Council, it's \$5.5 million increase, correct."

Ms. Garcia said correct.

- Councilor Lindell said, "From not previously approved is almost \$1.5 million."

Ms. Garcia said, "The difference between the two, if you notice on page 8, these are huge amounts which the Transportation operation alone is \$3 million. So you've already seen these transactions before and you approved them. Whether it's a loan, bond issue, whatever the source of that adjustment. Like today, you approved on Section 9, the pink copy, you saw the detail, you approved them. So this schedule is a summary of all the pink copies."

- Councilor Lindell said, "On page 22, we have the quarterly total all funds, expenditures of \$45.8 million, revenues of \$29.5 million, with a net decrease of \$16.25 million. Correct."

Ms. Garcia said this is correct.

- Councilor Lindell asked, "What should I made of that number of \$16.25 million."

Ms. Garcia said it means that we have approved expenditures greater than our revenue by \$16 million."

- Councilor Lindell said, "That's what I thought."

Ms. Garcia said, "But, it could be, for example, that the money was already available, but not budgeted in the previous year. So, for example....."

Mr. Probasco said there are a whole group of projects and allocation of the bond issues for example, and the cash is in the fund.

- Chair Dominguez said it didn't get expended, and the expenditure didn't come up until the following year.

Ms. Garcia said, "For example, our CIP projects. We go out for a bond issue. We budgeted our bond issue last year, and we have allocated the revenue, but we didn't spend all the money. So, therefore, our budget is from one year to another. So what we have to do is to rebudget anything that is left over to complete the project. So that increases our expenditures, but it does not increase our revenue, because the cash is already available. So what we're looking at is kind of the first quarter in which we're rebudgeting commitments from the prior year into the current year so we could have a budget to actual comparison."

Ms. Garcia continued, "And then second quarter it becomes more clean because you don't have the previous year's budgeting. For example, maybe the SWAN Park that just went through a discussion, we might have budgeted \$8 million from the previous year, but we've only spent \$3 million. The budget ends at that point. It's a done deal, but we still have \$5 million of expenditures to move forward so we can complete the project. We don't have any revenue, so we increase that

budget by \$5 million. So that's where your differences start coming in. So the first quarter is, like you said, it's very complicated, because not only are we budgeting the current budget that you approved, but we're also budgeting commitments from the prior year so we can get a purchase order and move forward."

- Councilor Lindell asked if the second quarter will be a much clearer picture.

Ms. Garcia said, "The second quarter would only reflect changes within the budget for the second quarter. It will not reflect any changes from the prior year. Okay. So if you notice, I had them break down the difference in the carry-forward, which is on page 12. So if you notice, on page 15, we have an increase of expenditures of \$43 million and a total rebudgeted amount of \$13 million. So this tells me that more of the projects are being rebudgeted because that's where your big difference is coming from."

- Chair Dominguez said, "This is a good conversation, Councilor Lindell, now that we have a new Finance Director, because it's not only about presentation, but theoretically it leads up to mid-year budgeting and so on and so forth. And go on to the third quarter and then to the fourth quarter. Really, what's lacking is policy on how we spend our end of the year cash. Right. Policy on even that City Manager expenditure of \$50,000, and whether it reaches a certain threshold, and then certain things have to kick in place. What I think, in the near future anyway, is you're going to see a difference in the reporting, at least that's my hope. And so I'll be working with the Finance Director on that. Oscar, anything."

Mr. Rodriguez said, "Councilor Lindell, I think what you have here is a report that aggregates everything, and it has some value I guess that you can see it all. But it just doesn't present it to you in a way that really makes any sense. In essence, what you have here are apples, oranges, ears of corn, all of them thrown together. And I guess what the reasonable person wants to do is sort of look at the bottom line, and say, well this is much bigger than the other and so it's not okay. But that's really.... in a way that summary there is kind of pointless. Because if you notice some of the line items, the expenditures went up and had nothing to do at all with the revenues. In some cases, revenues went up, in some cases revenues went down. And it's kind of all thrown in together. I guess over time, people assume that would make a lot of sense to you, and we're failing to do that."

Mr. Rodriguez continued, "The input I've gotten so far from just one day of being on the job, I think we should just do a better job of presenting these to you in a way that you see clearly what it is you're doing as opposed to kind of holding off putting them all together and saying, please approve it all together, etc."

- Councilor Lindell said, "I appreciate that. I think that, hopefully, we have the infrastructure to be able to do that. I think that we're probably deficient at this time in the infrastructure, the software and what we need to do that in a reasonable manner. I'm certainly not being critical about this. I'm just trying to understand it better. I hope the second quarter will be more understandable to me."

Mr. Rodriguez said, "I would like to explore, as a possibility, of actually going to more of a monthly reporting, so it is a little more in real time – put them all together and roll them out to you. To answer that question you seem to be getting at, you haven't asked directly, well are we in trouble here. One says \$45 million and the other says \$16 million, does that mean we're behind."

- Councilor Lindell said that's the real question.

Mr. Rodriguez said we should be able to tell you every month, when you make every decision that this is the impact of that decision. And given that decision you made, the way it looks toward the end of the project, toward the end of the fiscal year, toward the end of our Capital Improvement Program, that's what it means and that we can make an informed decision.

Mr. Rodriguez continued, "Aside from what it would require us to do in terms of software, etc., I still have to look at that. I think we would be in a worse condition if the policymakers aren't comfortable and aren't informed as the maker of decisions."

- Councilor Lindell said, "That's exactly where I'm headed with it. Thank you very much."
- Chair Dominguez said, "So again, it's about policy and some of the policy that we create will drive some of the ways these reports will look eventually. Because, typically speaking, that's usually the way it happens. The first quarter is a bunch of stuff because you've got previous year expenditures and such that haven't been closed out. And as the year goes, it kind of is a little bit clearer, it's not as lengthy. And then I think toward the end of the year, I think there's another increase in adjustments. So with that are there are any other questions. Do we need action on this one so they can send it to DFA."

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

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

- 17. REQUEST FOR APPROVAL OF A RESOLUTION ENDORSING THE EFFORTS OF NEW MEXICO MISSION OF MERCY ("MOM") TO PROVIDE NO COST DENTAL CARE TO THE INDIGENT RESIDENTS OF SANTA FE AND AUTHORIZING THE WAIVER OF CERTAIN FEES FOR USE OF THE SANTA FE COMMUNITY CONVENTION CENTER FOR THE MOM EVENT IN APRIL OF 2016 (COUNCILORS IVES AND TRUJILLO). (RANDY RANDALL) Committee Review: City Council (scheduled) 12/10/14. Fiscal Impact – Yes.**

Councilor Lindell said the FIR says \$29,600, and in parenthesis underneath, it says revenue loss. She said, "We don't have a date certain on this. Is that correct?"

David Carr said, "We have actually identified dates that will work, which is pending the moving of another group. And so at this time, we should hopefully have those solidified, I'm anticipating, this week."

Councilor Lindell said, "My question is, for the date selected, do we have another group that is paying \$29,600 and we're going to actually lose that revenue."

Mr. Carr said, "No, that is not correct."

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

DISCUSSION: Chair Dominguez said Councilor Trujillo is a cosponsor, and asked if this is in lieu of the legislation we adopted previously.

Councilor Trujillo said, "Yes, this is in lieu of."

Chair Dominguez said, "Then it is not in addition to what has already been approved."

Councilor Trujillo said this is so there is a policy in place that articulates the policy and he believes it is clear.

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

18. **REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO FINANCE AUTHORITY TO REFUND THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN. (HELENE HAUSMAN) City Council (scheduled) 12/10/14. Fiscal Impact – Yes.**

Chair Dominguez asked if this is the one he is sponsored, and Ms. Hausman said yes.

Chair Dominguez said this was brought forward at the request of staff.

Ms. Hausman said we have a procedural issue to deal with first. She said they had a snafu with this. She said, "When we discussing the Convention Center loan during the last budget season the question came up, when can we refund it. So I had a note to contact NMFA in December when we could refund this loan. I, in fact contacted them at the end of October, or the beginning November, and they and George Wiliford, our Financial Advisor, had several discussions about the numbers, what they looked like, was it a reasonable thing to do. I found out on the 18th of November that they wanted an application on the 21st of November for their December 18, 2014, NMFA Board member. That means this has to go to Council on December 10, Finance Committee on December 1, and should have been introduced at the prior Finance Committee. But because I did not know that, it has not been introduced. And I'm asking you

to allow it to be introduced tonight at the same time you will be considering the Resolution. So that's the procedure issue I have tonight. Otherwise we won't be on the agenda for their Board meeting of the 18th, and that has to do with the refunding bonds they have to issue in order to fund our loan. There other issues I'll get into, but I think we need to address that procedural issue."

Chair Dominguez said, "If we can make it clear for the record, Ms. Helberg, that it is being formally introduced tonight, and we're also having a discussion on it. And hopefully, with the consent of the Finance Committee, it will be at Council on Wednesday. It doesn't need to go to Public Works, it's really just a financial piece. So, let's just go ahead and make that notation, that we've accepted it formally as an introduction and we'll accept it, if the Committee agrees, then we'll send it on with a favorable recommendation."

Ms. Hausman reviewed the background and summary in her Memorandum of December 1, 2014, with attachments, to the Finance Committee, regarding this matter. Please see this Memorandum and attachments for specifics of this presentation.

Chair Dominguez said, "The reason that they want the reserve is to ensure that the local government will pay it back."

Ms. Hausman said, "Yes. They evidently used to require them before, but when we got this loan, Kathryn Raveling talked them out of it, so we did not have a reserve on the original loan. And we've not had reserves on any loans with them. I would have thought we could have gotten clarity on that in advance of the Board meeting, but we've not been able to. So it doesn't stop us from doing our own bond issue if we go ahead and take it to the Board."

Chair Dominguez said, "We've never defaulted with them. I wonder if there is something else that has happened in the State."

Ms. Hausman said there may be others, but I get the sense they're tightening up on the reserve funds. She said, "Unfortunately, I can't give you clarity on that, so it amounts to going through their process and then coming back to you with what the answer is, which isn't the normal way we do business with the NMFA, but that seems to be the position we're in at the moment."

Chair Dominguez said, "So, let me just ask, in terms of the legislation itself, does it clarify the need for the Governing Body to give that final approval, assuming there could be a reserve required."

Ms. Hausman said, "No."

Chair Dominguez said, "In other words, I want to be able to reserve the right to be able to not go down that direction if staff doesn't feel it's beneficial."

Ms. Hausman said, "The Resolution, as worded, only authorizes the Finance Department to submit the application that it has, in fact, already submitted to meet the deadline, it's just not signed. She said we are on the Agenda, and once this is approved by Council with approval to sign the application, all the

Resolution does is say that Finance is authorized to submit it. We will then come back to Finance and Council with what the direction actually will wind up being, and then we'll be able to make an intelligent decision."

Chair Dominguez said, "So the savings isn't cash, it's just a lesser amount we have to pay back. It's not cash on hand."

Ms. Hausman said, "No, it means that the debt payment will be smaller. And since this evidently has been split between the Convention Center and Parking, the savings will be split, so it will affect pieces of both of them. Every time I pay debt service, less will be taken out of both."

Chair Dominguez said, "So we made that decision during the budget to sever the two."

Ms. Hausman said, "To charge Parking for the Parking Garage. Yes."

Chair Dominguez said, "But it's the same debt."

Ms. Hausman said, "It's the same debt. It's the same thing we're doing. It's exactly the same thing we're doing on the 2008 GRT Bond, because a piece of that 2008 GRT Bond, \$8.7 million of that, went to the Convention Center. So when I pay debt, I charge part of it here, I charge part of it there. This will be set up the same way. I'll just have two sources of payment."

Responding to the Chair, Ms. Hausman said, "Well it's complicating things a little, but we'll get there."

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve the Resolution as requested, acknowledging that the Resolution is being introduced tonight.

DISCUSSION: Councilor Rivera said then we budget a certain amount to pay debt service in both the Parking and the Convention Center. He asked if that amount is decreased if this is approved.

Ms. Hausman said, "Yes. With this schedule, this estimate, it will go down about \$200,000 or more each year.

Councilor Rivera said, "So the budgeted amount for each of those two departments will then become available funding for potentially other projects within those two divisions, or can that money be moved, or barred, or..."

Ms. Hausman said, "If I don't spend it, it's then available for whatever the Department budgets it for and whatever you approve. Convention Center, it's Lodgers' Tax. This decision to split was made in the last budget. I, unfortunately, was not informed that decision had been made, so I have not split it in the General Ledger yet. Teresita and I have just started working on that. She's going to create a fund more

than likely, for debt service in Parking so we can tract this easier. And then I have to figure out a mechanism to make this work. We will make that happen this fiscal year, so by the end of the year, this is all split out the way you all approved it, but it isn't done quite yet."

Councilor Rivera said, "So my question was, it does turn into real money for those two Departments."

Ms. Hausman said, "It does. It lowers their budget requirements."

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

19. GENERAL BUDGET DISCUSSION (PLEASE BRING ANNUAL OPERATING BUDGET BOOKS).

- A. HEALTHCARE**
- B. FISCAL IMPACT REPORT**
- C. HUMAN RESOURCES – PERSONNEL**
- D. RESERVES**
- E. ANNEXATION**

There was no discussion on Items 19(A) through (F) above.

F. MISCELLANEOUS

Chair Dominguez said we're not going to touch on Items 18(A) through (F), although we do have a draft of a cash reserve policy. He asked staff to "summarize what all of this says. I'm not anticipating giving, well, maybe we'll give some direction on this tonight. I really want to reserve any significant direction until we get the new Finance Director's feet a little more wet, and then maybe we can bundle some of this together." He noted the proposed policy is coming from Councilor Maestas.

Ms. Garcia said, "Based on the discussion, Councilor Maestas had asked that we have a draft of a cash reserve policy. He told us to choose whatever fund we wanted, and just to have something to start the discussion. So I'm most familiar with the utilities. And I looked at the website so as not to recreate the wheel, but I found this policy that addresses a couple of things. One is to introduce what we're trying to achieve with the utilities only. The second part is the Policy Statement, where we are spending, where you want the utilities to be. I will point that there also some definitions. I've been noticing that staff has been confusing the issue of cash availability versus cash reserves. So, it's to clarify those issues that when they come for budget adjustments or projects, are they using cash availability. Or are they using cash reserves."

Ms. Garcia continued, "Then it has the different reserves, like restricted cash, like for bond issues, where we have to keep that and not spend it. It also has capital reserves, so if you want to buy, like let's say the meters, a project, so we have enough, or can we plan to buy that. The other portion is operating reserves. How much do you want to set aside for emergencies. These are the basic questions we're constantly struggling with, giving direction to the Governing Body, what are we using. Are we using

operating, are we using capital reserves. What are we using to help maintain the solvency of the fund.”

Ms. Garcia continued, “And then, it addresses other things. It gives you like, what is restricted cash. Is a bond issue actually restricted. Those are the kinds of definitions. So if you can go through some of this and see if it makes sense to you on the questions in the back of your mind when an item comes in. These are policy-making decisions as to what are we talking about. Then you have targeted levels. I think this is something, these are goals of the fund when you’re doing budget. Like do you want 10% of cash balance to be reserve, or do you want one month expenditures like we have in the General Fund. What do you want from each of the utilities to be able to say, okay we’re not touching this unless these things happen. And you can see on pages 21-22, where we try to define what they are. And you know, we do have what we call a financial plan that is based on consultants and they put in these numbers as they see it in the industry. Do we want to go by that. Do we want to restrict that, do we want an increase. What do we want to do. So basically, it’s combining the financial plan that the consultant has given us as a guideline that relate to rates, or do we want to put our own guidelines so we can have a more controlled method of using cash.”

Ms. Garcia continued, “One of the things that is very critical for the utility is your cash reserve, because it affects the rates. It affects do you want to reserve the GRT for certain things. Well if you can only use it for capital projects, then that means you would have to find other financing sources for operating, which means a rate increase. So it kind of gives a building block on what kind of cash you want to reserve, what kind of cash do you want available for changes, and whether you want a rate stability. Do you want to put money aside so if water does a good job on conservation and wastewater is hurting for revenue, you want to use that reserve to stabilize that until something happens.”

Chair Dominguez said, “You mean like what we’ve done to balance our budget a number of years out of water.”

Ms. Garcia said, “Correct. What it is that we want to tell the departments – this is your goal, this what you have to maintain so work within your budget, whether it’s operating, reserves or capitalization.”

Chair Dominguez said I think this is a great start. He said, “This is outside of the overall State mandate.”

Ms. Garcia said, “The State mandate is only for the General Fund. The State mandate basically looks at, does the General Fund have ½ of their expenditures available to pay bills. So this does not include any State mandated requirements, because it is only for the General Fund.”

Chair Dominguez said, “Oscar, or staff. I’m almost wondering if we need to go to a micro-level and actually establish a reserve for each department, or do we want to keep it based on these general funds, for lack of a better word. Because we have our enterprises which are utilities, which have a reserve built into the rate already, but we also have other enterprises that operate in the red that are having to be subsidized by the General Fund. And so, I don’t have the answer now, but I think it’s something for you to think about as we start talking about how we’re going to reorganize our finances a little bit. Do we want to get to that level, because we really don’t have any policies in place other than what I think is done, and you

can answer this Teresita, other than what is done at the department level during the course of the budget cycle, each department, I imagine, builds into their budget a reserve. I'm not even sure if it fluctuates by department or if there is just the City Manager says 10% each department. I have no idea how that is done."

Chair Dominguez continued, "So, what I'm looking for really is a policy that will, it doesn't have to be at the department level or the micro level, but a policy in place to give the City Manager direction on how the City will do this. So Oscar, go ahead."

Mr. Rodriguez said, "This question of reserves is something I've been dealing with for more than 20 years. I've taught this. I have consulted in this. I've certainly been on all sides of the table in regards to this. And so I can explain to you the logic, the best practices out there and sort of what the industry is imposing. What you have here is a pretty standard, boilerplate, cash reserve policy that you could apply even to the General Fund."

Mr. Rodriguez continued, "In fact, if you want to quickly get to the exciting part of this policy, go to Section C on page 24. For example, it establishes a target level. And you can imagine what that would do to the General Fund budget if we tried to do 3/12 or things like that. But still, what this policy does, pretty clearly, it defines, painstakingly so, what a reserve really, truly is. In fact in this case it says, and you need to also subtract from those reserves the amount you need to pay for maintenance for example, and things like that. And so nothing can be considered a reserve until you've paid for maintenance, until you've paid for all your debt service and paid for your obligations. What's left after that, only that, are reserves. And then you should keep sort of a target."

Mr. Rodriguez continued, "The basic logic of a reserve is it attempts to address, in some fashion, and you're the ones that determine if it's adequate or not, a recent or a realistic sudden variance in revenue flow. And so for example, if the most recent one was, I don't know, an interruption of revenue for a month, or two or something like that, then you would want to have a reserve that would pay for that, so you could make payroll, so you could just kind of keep the operations going. Obviously, you can go overboard on that, and that would be much more than you have."

Mr. Rodriguez continued, "So, instead of just talking about it in terms of 10% or 12%, or 13.5%, or whatever you want to put out there, you would want to say, in the recent history of significant fluctuation in revenue that we have experienced that made us run around, rushing to see how we were going to be able to make payroll or meet all our obligations was this amount, and so, therefore, maybe we should be trying to keep up a reserve that addresses that amount. Obviously it depends on the revenue stream. Some fluctuate a lot more. Generally, gross receipts taxes fluctuate a lot more than property taxes, so for an organization like us, where 80% of our revenue is GRT, and this revenue fluctuation can happen really fast. September 11, 2001, for example, caused a big fluctuation to a lot of people and to a lot of operations and so they had addressed those. A fire, if there should be a fire in the area, or a sudden depression, things like that."

Chair Dominguez asked the difference between how staff defines reserve, versus an emergency.

Mr. Rodriguez said, "Well, one is a subset of the other. We would say you would want to put in your reserve enough that plausibly addresses an emergency, and then perhaps some other so you can show your creditors that your operations are sound and that you are using a sound and conservative policy which is sufficient to address that. So, it could very well be, that you say, for X fund, that depends primarily on real estate taxes or property taxes, that those are so stable that you would want a much lower percent of reserve for those sorts of things. For other funds that fluctuate a lot more, you would say we want a higher amount. The point I'm trying to make here is that it should be tied to those kinds of considerations, as opposed to some sort of arbitrary percent. And so, we owe you the information. We owe you the picture of what those fluctuations have been in the past, and perhaps some recommendations about how to address those."

Mr. Rodriguez continued, "What you have here is the boilerplate of what you would pick up from any city."

Chair Dominguez said, "I will say, that I think we need to thank some of our predecessors, because when times were good, they were very good at making sure they set aside reserves above and beyond what the State required, plus whatever practices they had at that time, to make sure they padded it, for lack of a better word."

Mr. Rodriguez said, "There are lot of things you can do that has the same effect of providing for some reserves. For example, scheduling certain procurements such that that they don't spike up at the time that income is lowest. Typically, property taxes come in so there are two spikes in the middle of the year. So there are things you can do. You can anticipate those trends. Perhaps, also diversifying your revenue streams. There are a lot of other things you can do, when you actually have to put aside some money in the event that something happens, you know that's really all you need and it's not one strange guess about a percent."

Councilor Rivera said there was discussion previously about the budget, noting for two months the GRTs came in significantly lower than anticipated. We talked about the exercise of having every department show us what a 1%, 2% reduction in their budget would look like. He said, "Maybe instead of doing something like that, because I'm still not comfortable that the GRTs will remain on a positive level for the rest of the fiscal year, but maybe we ask every department to do a 1.5% reserve, rather than an actual cut. At the end of the fiscal year, if it looks like we are 2-3% above anticipated, then we release those reserve funds. Maybe a different way of tackling that problem."

Councilor Rivera said, "There are still areas in this where it says Governing Body of Directors, and..."

Ms. Garcia said this was done quickly to get it into the packet. She said they did submit the CAFR on time today. So this was more for discussion and there is still cleanup to do, reiterating she is more familiar with the utilities. She said items such as the Convention Center are a struggle because how can you establish the reserves. Are you going to increase rates. What reserves do you have on the Convention Center which are the more difficult areas to do a plan. She said this is "a quick and standard boilerplate for a cash reserve that can be adapted to any other enterprise fund or General Fund, or CIP. It

give you an idea of what you're talking about. What I think is critical is your language, because we have a tendency of using cash reserves. A fund doesn't have cash reserves. We have cash availability. And to get this to make the departments aware of what they are spending and what are they coming in to ask you. Are we dipping into reserves or our cash availability. And those are the two areas that are interchanged in language. This is a good start in understanding the difference between the two."

Mr. Rodriguez said, "To keep the discussion going, how about we come back with another draft. For example, here the General Fund is not.... you can just see how it would work. Right. It starts talking about all the different funds. What's missing here is the General Fund. How about we give you another iteration of this at the next meeting."

20. OTHER FINANCIAL INFORMATION

Chair Dominguez said, "This is something that will be provided in a monthly budget update."

Mr. Rodriguez said, "Yes sir. If I may, maybe the next time you see it, will be our first attempt to give you a monthly report. I will, beforehand, apologize that it's just the first draft. You will give us input, we'll keep changing it until it finally looks the way it is very helpful to you."

Mr. Rodriguez continued, "Along those lines, I'm going to reach out to each one of you and have a one-to-one, if you allow that conversation, about your ideas for how we can do a better job, both in our reporting as well as just the service in general that we provide in the Department."

Chair Dominguez said, "Right. You've done a great job, so we'll get there. It's going to look different for the Committee. It's certainly going to look different for me. I've been on the Committee now for nine years, and so I'm anticipating and really hoping to have things look a lot differently."

21. MATTERS FROM THE COMMITTEE

Chair Dominguez said, "So what I'm going to ask is this. I am going to ask that.... so I'll just jump to Matters from the Committee, Item 21, since there's a lot to talk about. The first thing I'd like to do is just give you some direction to provide us with an attempt at providing us with a monthly report. You talked about it a little bit. We want to start changing the way we provide this Committee some of that information. So, at the next Finance Committee meeting which is January 5, 2015, let's see if we can have that."

Chair Dominguez continued, "Just so the Committee knows, I'll be working with Oscar to kind of change the agenda a little bit. We're going to start changing the way the agenda looks. I'm not exactly sure what that looks like right now or what that means. But it may be having all Change Orders as discussion items, I don't know yet."

Chair Dominguez continued, "My anticipation is that we establish a work flow from here to budget hearings that will get us to a better place, so we all have a pretty decent understanding of how our budget works, what things mean, and so on. What I'm thinking about is, maybe at the end of January, having a cash reserve policy that we can consider at that time or the first of February. So what I need for the Committee to do, is to really take a look at this piece right here, think about what they would like to see in a policy, and provide Oscar with some of that information as we go through the month of January, so maybe we can have something in place in January."

Councilor Dominguez continued, "I'll have some deeper discussions with you about what this is like, and even if this request from the Committee is going to work. Typically, what happens, is you have a Councilor or a few Councilors who will propose a policy, and then there's debate. I would like for the policy to actually come from the Committee itself, so there is some consensus and clear direction, at least to the rest of the.... not direction, but there is a clear message to the rest of the Governing Body about the work that we've done to get to this point. So I'm not quite sure how to get the Committee to engage in this, but I think they can start by just contemplating any potential, what they want to see in reserves. And they can have that discussion with you Oscar."

Councilor Lindell said she would like to see a discussion about bringing forward a little more refinement and maybe talking about the General Fund with it. I think that would be helpful to me in this discussion.

Chair Dominguez thanked Teresita for all the work she has done over the last few months, "actually for all of these years at the City. You are a wealth of knowledge and a steward for this community. So thank you so very much for all of that work."

Councilor Rivera thanked Teresita as well, noting several months ago she was nervous about speaking before this body. He said, "From what I've seen tonight, in your explanations of what was in here, you've come a long way. So I really appreciate that. And thanks Bernie, as well, for many nights waiting for us to finish up. So thank your family as well. I know it takes its toll sometimes. And Yolanda, thank you as well. And welcome aboard, Mr. Rodriguez. You have a great staff to work with and great people, so I'm sure they'll give you all the support and help you need. And Happy Holidays."

Councilor Trujillo thanked Teresita and Yolanda for keeping the ship afloat these past few months, commenting "you guys have always done a bang up job." He said, "You have a great staff. I think everybody that works at the City are good people, dedicated employees. I look forward to working with you. Let's see what changes can be made for the betterment of this community. You want to meet with us one-on-one, I have an open door policy, give me call. I'm willing to meet with you any time. So best of luck."

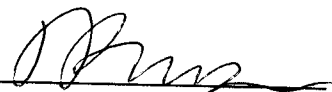
Chair Dominguez wished Happy Holidays to everyone.


22. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 7:00 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Oscar S. Rodriguez, Finance Director
Department of Finance


Melessia Helberg, Stenographer