



# Agenda

FINANCE COMMITTEE MEETING  
CITY COUNCIL CHAMBERS  
JANUARY 20, 2015 – 5:00 P.M.

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

OFFICE  
1/16/15 TIME 4:34pm  
Yolande Green  
Alicia Hartung

## CONSENT AGENDA

5. Bid No. 15/10/B – Professional Services Agreement – Instrumentation Equipment Programming and Calibration Services for Water Treatment Plant Facility and Wastewater Treatment Plant Facility; Yukon & Associates, Ltd. (Alex Puglisi and Luis Orozco)
6. Request for Approval of Amendment No. 4 to Agreement between Owner and Architect – Southwest Activity Node (SWAN) Park Phase I; Surroundings Studio, LLC. (Mary MacDonald)
  - A. Request for Approval of Budget Adjustment – Project Fund
7. Request for Approval of Procurement Under Cooperative Price Agreement – Develop Signal Timing Plan for Rodeo Road/Zia Road from Cerrillos Road to Yucca for Traffic Engineering Division; Civil Transformations, Inc. (John Romero)
8. Request for Approval of Amendment No. 1 to Agreement – Compressed Natural Gas (CNG) Facility Upgrade and Expansion for Transit Division; Huitt-Zollars, Inc. (Jon Bulthuis)
9. Request for Approval of Exempt Procurement and Agreement – Software Subscription and Hardware Upgrade for Parking Division; T2 Systems, Inc. (JP Griego)
10. Request for Approval of Lease Agreement – Aerial Rights Containing Approximately 81 Square Feet for Proposed Use of Upper Deck for Outdoor Seating and Food and Drink Services Area Over a Portion of the Public Sidewalk Adjoining the Southerly Boundary of 60 E. San Francisco Street Ltd. Co. d/b/a Santa Fe Arcade. (Edward Vigil)



# Agenda

FINANCE COMMITTEE MEETING  
CITY COUNCIL CHAMBERS  
JANUARY 20, 2015 – 5:00 P.M.

11. Request for Approval of Grant Award and Agreement – 2014 State Homeland Security Grant Program for Santa Fe Fire and Police Departments; New Mexico Department of Homeland Security & Emergency Management. (Andrew Phelps)
  - A. Request for Approval of Budget Adjustment – Grant Fund
12. Request for Approval of Grant Award and Agreement – 2014 State Homeland Security Grant Program – Competitive Allocation for Office of Emergency Management Communications/Utility Support Project; New Mexico Department of Homeland Security & Emergency Management. (Andrew Phelps)
  - A. Request for Approval of Budget Adjustment – Grant Fund
13. Request for Approval of Budget Adjustment for In-House Local Crew Salaries to Work on CIP Projects for Facilities Division. (David Pfeifer)
14. Request for Approval of Budget Increase for Annexation to Create Independent Citizens Redistricting Commission, Hire Independent Consultant and Stenographer and Provide GIS Precinct/District Maps. (Zachary Shandler)
15. Request for Approval of Professional Services Agreement – Services to Investigate Business, Financial and Economic Feasibility of a Public Bank Initiative for City of Santa Fe; Building Solutions, LLC. (Kate Noble)
16. Request for Approval of Procurement Under Cooperative Agreement – 2014 Medix Type III Ford E350 Ambulance for Fire Department; Southwest Ambulance Sales, LLC. (Jan Snyder)
  - A. Request for Approval of Budget Adjustment – State Fire Protection Fund
17. Request for Approval of an Ordinance Relating to the National Electrical Code and the National Electrical Safety Code; Amending Subsection 7-1.1 SFCC 1987 to Adopt the 2014 National Electric Code and the 2012 National Electrical Safety Code. (Councilors Rivera and Bushee) (Tomas Montano)

**Committee Review:**

Public Works Committee (approved)	01/12/15
City Council (request to publish)	01/28/15
City Council (public hearing)	02/25/15



# Agenda

FINANCE COMMITTEE MEETING  
CITY COUNCIL CHAMBERS  
JANUARY 20, 2015 – 5:00 P.M.

Fiscal Impact – No

18. Request for Approval of a Resolution Directing Staff to Collaborate with Stakeholders to Achieve Gold Level Status With the International Mountain Biking Association (IMBA) and to Pursue New Trail Development Opportunities. (Councilor Bushee) (Bob Siqueiros)

**Committee Review:**

Bicycle & Trails Advisory Committee (cancelled)	12/17/14
Public Works Committee (approved)	01/12/15
Bicycle & Trails Advisory Committee (scheduled)	01/21/15
City Council (scheduled)	01/28/15

Fiscal Impact – No

19. Request for Approval of a Resolution Declaring the Eligibility and Intent of the City of Santa Fe to Submit an Application to the New Mexico Department of Transportation for Federal Fiscal Year 2016/2017 Transportation Alternatives Program Funds to Complete Improvements at the Downtown Transit Center. (Councilors Maestas and Bushee) (Ken Smithson)

**Committee Review:**

Public Works Committee (approved)	01/12/15
City Council (scheduled)	01/28/15

Fiscal Impact – Yes

20. Request for Approval of a Resolution Declaring the Eligibility and Intent of the City of Santa Fe to Submit an Application to the New Mexico Department of Transportation for Federal Fiscal Year 2016 Section 5310 Program Funds For Enhanced Mobility of Seniors and Individuals With Disabilities Program. (Councilors Lindell and Bushee) (Ken Smithson)

**Committee Review:**

Public Works Committee (approved)	01/12/15
City Council (scheduled)	01/28/15

Fiscal Impact – Yes

21. Request for Approval of a Resolution Supporting an Appropriation of 1.44 Million Dollars by the New Mexico State Legislature, During the 2015 Legislative Session, for the NM Grown Fresh Fruits and Vegetables for School Meals Initiative. (Councilor Ives) (Sue Perry)



# Agenda

FINANCE COMMITTEE MEETING  
CITY COUNCIL CHAMBERS  
JANUARY 20, 2015 – 5:00 P.M.

## **Committee Review:**

City Council (scheduled)

01/28/15

Fiscal Impact – No

- 21.1. Request for Approval of an Ordinance Authorizing the Execution and Delivery of a Loan Agreement by and Between the City of Santa Fe (The "City") and The New Mexico Finance Authority, Evidencing a Special, Limited Obligation of the City to Pay a Principal Amount Not to Exceed \$37,375,000, Together with Interest and Fees Thereon, for the Purpose of Defraying the Cost of Advance Refunding The New Mexico Finance Authority Convention Center Loan Dated March 28, 2006; Providing for the Payment of the Principal of, Interest and Administrative Fees Due Under The Loan Agreement Solely from the Revenues of The City's Lodgers' Tax and Convention Center Fees; Approving the Form and Other Details Concerning the Loan Agreement; Ratifying Actions Heretofore Taken; Repealing all Action Inconsistent with this Ordinance; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement.

## **Committee Review:**

City Council (request to publish)

01/28/15

City Council (public hearing)

02/25/15

Fiscal Impact – Yes

## **END OF CONSENT AGENDA**

## **DISCUSSION**

22. Presentation and Approval of City of Santa Fe Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2014 by Accounting & Consulting Group, LLP Pursuant to State Audit Rule 2014, 2.2.2.10(J)(3)(d) NMAC. (Teresita Garcia) (Bring CAFR Books)
23. Request for Approval of a Resolution Directing the City Manager to Coordinate a Joint City Council/County Commission Meeting to Discuss and Determine if and How the City and County May Pursue a Jointly Owned Electric Utility; Directing Staff to Review the Legal and Technical Options Related to the



# Agenda

FINANCE COMMITTEE MEETING  
CITY COUNCIL CHAMBERS  
JANUARY 20, 2015 – 5:00 P.M.

December 2012 *Final Report of A Preliminary Economic Feasibility Assessment of a Publicly-Owned Electric Utility for the City of Santa Fe and Santa Fe County* and Report Back to the Governing Body on Staff's Findings Related to the Preliminary Assessment and Other Resources, Reports, Studies and Documents, as Deemed Necessary. (Councilors Maestas, Rivera and Ives) (John Alejandro)

**Committee Review:**

Public Utilities Committee (approved)	12/03/14
Finance Committee (postponed)	01/05/15
City Council (remanded to Finance Committee)	01/14/15
City Council (scheduled)	01/28/15

Fiscal Impact – Yes

24. Request for Approval of 311 Pilot Project for City of Santa Fe. (Sebastian Gurule)
25. Discussion on Fraud, Waste and Abuse Hotline Timeline Implementation. (Liza Kerr)
26. Budget Discussion.
  - A. ITT
27. OTHER FINANCIAL INFORMATION:
  - A. Budget Kick-off Presentation. (Oscar Rodriguez)
  - B. Budget Development Calendar – FY 2015/16. (Oscar Rodriguez)
  - C. Update on Gross Receipts Tax Report Received in December 2014 (for October 2014 activity) and Lodgers' Tax Report Received in December 2014 (for November 2014 activity). (Oscar Rodriguez)
28. MATTERS FROM THE COMMITTEE
29. 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  
Tuesday, January 20, 2015

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-4
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO AGREEMENT BETWEEN OWNER AND ARCHITECT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; SURROUNDINGS STUDIO, LLC	Approved	5
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – PROJECT FUND	Approved	5
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR IN-HOUSE LOCAL CREW SALARIES TO WORK ON CIP PROJECTS FOR FACILITIES DIVISION	Approved	5-8
REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SERVICES TO INVESTIGATE BUSINESS, FINANCIAL AND ECONOMIC FEASIBILITY OF A PUBLIC BANK INITIATIVE FOR CITY OF SANTA FE; BUILDING SOLUTIONS, LLC	Approved [amended]	8-14
*****		
END OF CONSENT CALENDAR DISCUSSION		
*****		
<u>DISCUSSION</u>		
PRESENTATION AND APPROVAL OF CITY OF SANTA FE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014 BY ACCOUNTING & CONSULTING GROUP, LLP PURSUANT TO STATE AUDIT RULE 2014, 2.2.2.10(J)(3)(d) NMAC	Approved	14-18

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO COORDINATE A JOINT CITY COUNCIL/COUNTY COMMISSION MEETING TO DISCUSS AND DETERMINE IF AND HOW THE CITY AND COUNTY MAY PURSUE A JOINTLY OWNED ELECTRIC UTILITY; DIRECTING STAFF TO REVIEW THE LEGAL AND TECHNICAL OPTIONS RELATED TO THE <i>DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY FOR THE CITY OF SANTA FE AND SANTA FE COUNTY</i> AND REPORT BACK TO THE GOVERNING BODY ON STAFF'S FINDINGS RELATED TO THE PRELIMINARY ASSESSMENT AND OTHER RESOURCES, REPORTS, STUDIES AND DOCUMENTS AS DEEMED NECESSARY	Approved [amended]	18-24
REQUEST FOR APPROVAL OF 311 PILOT PROJECT FOR CITY OF SANTA FE	Approved	24-28
DISCUSSION ON FRAUD, WASTE AND ABUSE HOTLINE TIMELINE IMPLEMENTATION	Approved	28-30
<b><u>BUDGET DISCUSSION</u></b>		
ITT	Information	30-34
<b><u>OTHER FINANCIAL INFORMATION</u></b>		
BUDGET KICK-OFF PRESENTATION	Information/discussion	34-43
BUDGET DEVELOPMENT CALENDAR – FY 2015/16	Information/discussion	43
UPDATE ON GROSS RECEIPTS TAX REPORT RECEIVED IN DECEMBER 2014 (FOR OCTOBER 2014 ACTIVITY) AND LODGERS' TAX REPORT RECEIVED IN DECEMBER 2014 (FOR NOVEMBER 2014 ACTIVITY)	Information/discussion	43
MATTERS FROM THE COMMITTEE	Information/discussion	43-44
ADJOURN		44

**ITEM**

**ACTION**

**PAGE**



**MINUTES OF THE  
CITY OF SANTA FE  
FINANCE COMMITTEE**  
Tuesday, January 20, 2015

**1. CALL TO ORDER**

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Tuesday, January 20, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT:**

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

**MEMBERS EXCUSED:**

Councilor Ronald S. Trujillo

**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.

**3. APPROVAL OF AGENDA**

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

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

#### **4. APPROVAL OF CONSENT AGENDA**

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

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

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**CONSENT AGENDA**  
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A copy of a proposed Ordinance, with attachments, regarding Item No. 21.1, is incorporated herewith to these minutes as Exhibit "1."

5. **BID NO. 15/10/B – PROFESSIONAL SERVICES AGREEMENT – INSTRUMENTATION EQUIPMENT PROGRAMMING AND CALIBRATION SERVICES FOR WATER TREATMENT PLANT FACILITY AND WASTEWATER TREATMENT PLANT FACILITY; YUKON & ASSOCIATES, LTD. (ALEX PUGLISI AND LUIS OROZCO)**
6. *[Removed for discussion by Councilor Lindell]*
7. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – DEVELOP SIGNAL TIMING PLAN FOR RODEO ROAD/ZIA ROAD FROM CERRILLOS ROAD TO YUCCA FOR TRAFFIC ENGINEERING DIVISION; CIVIL TRANSFORMATIONS, INC. (JOHN ROMERO)**
8. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT – COMPRESSED NATURAL GAS (CNG) FACILITY UPGRADE AND EXPANSION FOR TRANSIT DIVISION; HUITT-ZOLLARS, INC. (JON BULTHUIS)**
9. **REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT AND AGREEMENT – SOFTWARE SUBSCRIPTION AND HARDWARE UPGRADE FOR PARKING DIVISION; T2 SYSTEMS, INC. (JP GRIEGO)**
10. **REQUEST FOR APPROVAL OF LEASE AGREEMENT – AERIAL RIGHTS CONTAINING APPROXIMATELY 81 SQUARE FEET FOR PROPOSED USE OF UPPER DECK FOR OUTDOOR SEATING AND FOOD AND DRINK SERVICES AREA OVER A PORTION OF THE PUBLIC SIDEWALK ADJOINING THE SOUTHERLY BOUNDARY OF 60 E. SAN FRANCISCO STREET LTD. CO. D/B/A SANTA FE ARCADE. (EDWARD VIGIL)**

11. REQUEST FOR APPROVAL OF REQUEST FOR APPROVAL OF GRANT AWARD AND AGREEMENT – 2014 STATE HOMELAND SECURITY GRANT PROGRAM FOR SANTA FE FIRE AND POLICE DEPARTMENTS; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (ANDREW PHELPS)
  - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND.
12. REQUEST FOR APPROVAL OF GRANT AWARD AND AGREEMENT – 2014 STATE HOMELAND SECURITY GRANT PROGRAM – COMPETITIVE ALLOCATION FOR OFFICE OF EMERGENCY MANAGEMENT COMMUNICATIONS/UTILITY SUPPORT PROJECT; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT. (ANDREW PHELPS)
  - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND
13. *[Removed for discussion by Councilor Maestas]*
14. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR ANNEXATION TO CREATE INDEPENDENT CITIZENS REDISTRICTING COMMISSION, HIRE INDEPENDENT CONSULTANT AND STENOGRAPHER AND PROVIDE GIS PRECINCT/DISTRICT MAPS. (ZACHARY SHANDLER)
15. *[Removed for discussion by Councilor Maestas]*
16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – 2014 MEDIX TYPE III FORD E350 AMBULANCE FOR FIRE DEPARTMENT; SOUTHWEST AMBULANCE SALES, LLC. (JAN SNYDER)
  - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – STATE FIRE PROTECTION FUND.
17. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE NATIONAL ELECTRICAL CODE AND THE NATIONAL ELECTRICAL SAFETY CODE; AMENDING SUBSECTION 7-1.1 SFCC 1987, TO ADOPT THE 2014 NATIONAL ELECTRIC CODE AND THE 2012 NATIONAL SAFETY CODE (COUNCILORS RIVERA AND BUSHEE). (TOMAS MONTANO) Committee Review: Public Works Committee (approved) 01/12/15; City Council (request to publish) 01/28/15; and City Council (public hearing) 02/25/15. Fiscal Impact – No.
18. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO COLLABORATE WITH STAKEHOLDERS TO ACHIEVE GOLD LEVEL STATUS WITH THE INTERNATIONAL MOUNTAIN BIKING ASSOCIATION (IMBA) AND TO PURSUE NEW TRAIL DEVELOPMENT OPPORTUNITIES (COUNCILOR BUSHEE). (BOB SIQUEIROS) Committee Review: Bicycle & Trails Advisory Committee (canceled) 12/17/14; Public Works Committee (approved) 01/12/15; Bicycle & Trails Advisory Committee (scheduled) 01/21/15; City Council (scheduled) 01/28/15. Fiscal Impact – No.

19. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE ELIGIBILITY AND INTENT OF THE CITY OF SANTA FE TO SUBMIT AN APPLICATION TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR FEDERAL FISCAL YEAR 2016/2017 TRANSPORTATION ALTERNATIVES PROGRAM FUNDS TO COMPLETE IMPROVEMENTS AT THE DOWNTOWN TRANSIT CENTER (COUNCILORS MAESTAS AND BUSHEE). (KEN SMITHSON) Committee Review: Public Works Committee (approved) 01/12/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.
20. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE ELIGIBILITY AND INTENT OF THE CITY OF SANTA FE TO SUBMIT AN APPLICATION TO THE NEW MEXICO DEPARTMENT OF TRANSPORTATION FOR FEDERAL FISCAL YEAR 2016 SECTION 5310 PROGRAM FUNDS FOR ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM (COUNCILORS LINDELL, ~~AND~~ BUSHEE, IVES AND MAESTAS). (KEN SMITHSON) ) Committee Review: Public Works Committee (approved) 01/12/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.
21. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING AN APPROPRIATION OF 1.44 MILLION DOLLARS BY THE NEW MEXICO STATE LEGISLATURE, DURING THE 2015 LEGISLATIVE SESSION, FOR THE NM GROWN FRESH FRUITS AND VEGETABLES FOR SCHOOL MEALS INITIATIVE (COUNCILOR IVES). (SUE PERRY) Committee Review: City Council (scheduled) 01/28/15. Fiscal Impact – No.
- 21.1 REQUEST FOR APPROVAL OF AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF SANTA FE (THE "CITY") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$37,375,000, TOGETHER WITH INTEREST AND FEES THEREON, FOR THE PURPOSE OF DEFRAYING THE COST OF ADVANCE REFUNDING THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN DATED MARCH 28, 2006; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST AND ADMINISTRATIVE FEES DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE CITY'S LODGERS' TAX AND CONVENTION CENTER FEES; APPROVING THE FORM AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. Committee Review: City Council (request to publish) 01/28/15; and City Council (public hearing) 02/25/15. Fiscal Impact – Yes.

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END OF CONSENT AGENDA

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## **CONSENT CALENDAR DISCUSSION**

- 6. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO AGREEMENT BETWEEN OWNER AND ARCHITECT – SOUTHWEST ACTIVITY NODE (SWAN) PARK PHASE I; SURROUNDINGS STUDIO, LLC. (MARY MacDONALD)**  
**A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – PROJECT FUND.**

Councilor Lindell said she wanted to check on this, commenting she is sure this is more of our costs of not having the infrastructure put in the way that we had thought it was going to be, or the timing of it, and asked staff to expound on it a little bit.

Ms. MacDonald said that is correct. She said they also are asking for additional design services related to not only the delays caused by lack of utility infrastructure, but also for lack of the NMED permit for effluent discharge in time for all the plantings needed at the park, including the sod.

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

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

- 13. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT FOR IN-HOUSE LOCAL CREW SALARIES TO WORK ON CIP PROJECTS FOR FACILITIES DIVISION. (DAVID PFEIFER)**

Councilor Maestas said in the Memo which is in the packet, paragraph 3 says, "No funding was placed in Salaries in the 2014 CIP Bond for any of the work to be completed by in-house staff." He asked why that wasn't done, since we did it in the previous CIP Bond in 2012.

Mr. Pfeifer said it was a mistake. He said, "We have done it in the past. Tony usually had called me and asked if we would some put in salaries. We put it in at that time. This year no call was made and it was placed in WIP Design and WIP Construction."

Councilor Maestas asked if we already have incurred the labor expenses associated with in-house work on this 2014 CIP Bond.

Mr. Pfeifer said most of it was taken care of with the last CIP, and there was a little funding left. He said, "I think we're real closed to being balanced at the moment. We might be a little in the red, but we might be a little in the black. I would have to actually go look at the numbers today."

Councilor Maestas said last year in the budget hearings we had some conversations about the practice of using CIP Bonds to fund in-house labor for projects that are in the Bond. He asked what has been the prevalence of that, prior to the 2012 Bond. Is it something we've established a practice of doing, or is it something we just started where we pay for in-house labor using Bond funds.

Mr. Pfeifer said, "It's been established in the past. I think, although I'm not positive, but I think your major discussions were around the General Obligation Bond, and not so much the CIP Bonds. The CIP Bonds in the past, they go both ways. The majority of it is contracted to do big projects like replacing the Dectron units at GCCC and reroofing projects, and major plumbing changes, and things like that are all done through contractors. But when we can do them with in-house staff, painting the outside of Salvador Perez, doing some of the major painting inside when we remodeled the whole inside of the locker rooms, and any work we can do with in-house staff saves a great deal of money, and we're able to do more with less."

Councilor Maestas said he is still debating whether or not this is a sound practice for the City to be engaged in, with regard to CIP bonds. He said what he is accustomed to seeing is that the CIP Bond projects are contracted out, bricks and mortar type projects, so he isn't used to seeing so much in-house labor used for these projects. He asked Mr. Rodriguez to comment on this practice. He said we all know that our tax revenues could be doing better, noting the trend is improving, but there's no doubt we've permanently lost a part of our tax base. Ideally, he would like to see CIP Bonds to be used solely for bricks and mortar, primarily as a means to stimulate our economy. The City doesn't have too many ways to do that, and he thinks the CIP planning funds and other bonds, G.O. Bonds are a primary means of doing that. He said he would hate to be a part of encouraging this practice to continue paying for in-house labor as a means of subsidizing personnel on the City side in lieu of real bricks and mortar, economic stimulus projects that should be in CIP Bonds.

Councilor Maestas continued, "We have time to address this in upcoming hearings, but you're new here, you come in, you've got a fresh perspective, Mr. Rodriguez, how do you see funding labor for in-house services using CIP Bond money."

Oscar Rodriguez, Finance Director said, "With just that short statement you must made, you just put your finger on a very big challenge that the City faces. I'll be addressing that very specifically in my presentation and remarks as we go into the budget. But yes, a basic rule of good finance is that you use 30 year money to build 30 year assets. And I would tell you, the problem is not so much that you use employees to build 30 year assets. Millions of dollars of CIP projects were constructed by inside staff. The problem is that we have, over the years, expanded that definition of what is a capital item. So for example, in the future I would not deem that to be a proper use of a 30-year asset. So I'll be addressing that directly, but yes sir, that is a big challenge. And I would urge you, as someone who has fresh eyes, to change that practice."

Councilor Maestas said, "And I'm not in any way disputing that services were used for these projects, and I know those projects were in that Bond fund, but I raise this issue only so that we can begin coming up with practices to minimize this. Maybe it's not totally unavoidable, but I would like to see more of these CIP Bond funds used for bricks and mortar projects to help stimulate our economy. So I'm hopeful we can continue the conversation about this issue. I wanted this pulled to make that very point and hope we stay focused, at least on this issue in addition to others."

Chair Dominguez said, "Some history on that. In order to not lay people off and keep the economy stimulated, at one point that was why we were moving some of those functions into CIP to keep them employed. Having said that, I think you are definitely on the right track. And we need to do what we can to move those positions out of CIP and into the General Fund, or wherever they land, so we can continue to keep CIP. And part of the discussion we're going to have later on in setting priorities, I think that's one of the priorities is to ask staff or direct staff to start thinking about how we can not only move those positions out of CIP and into the General Fund or wherever, but also some the other functions like the GCCC, the Southside Library, and I think the MRC is another one that is out of CIP. No, I don't think we can make that far of a leap right now, because it will be a lot of money. But I think we can start to move in that direction, and maybe have a plan that weans us off CIP so we can use CIP for what it is intended to be used for, and that's bricks and mortar. I think we can give that direction as it relates to this, later in the agenda when we have some of our budget discussions, but I think you're definitely on the right track and we need to move there and get those people out of CIP and into the regular operation."

Councilor Rivera said he agrees, and he isn't sure where this is going. He said in 2012, we had \$250,000, and we've only requested \$200,000 this year. He asked the reason for the change, and if there were less projects.

Mr. Pfeiffer said, "Yes. The plan is to do less projects with the locals group and hopefully we do it more effectively and not charge as much money to do that."

Councilor Rivera said in the past we utilized these crews from within to do work, and then found out they weren't able to do the work, and had to come back and make changes. He said there have been times where the scope of work they've been asked to do is out of their realm of expertise. And we've had to either pay more or have somebody come in and take care of it. He said, "So, all the work they are going to do is within what they are capable of handling."

Mr. Pfeifer said, "That is the plan, yes."

Councilor Rivera asked Mr. Pfeifer if he is their direct supervisor and watches what they do, or if there is somebody else who supervises them.

Mr. Pfeifer said, "There are some ladders in there, and there are a couple of people in between. But I have a very good pulse of what's going on and then basically feed all the projects to them. The projects all start with me, and then they're fed down to those crews."

Councilor Rivera asked how many are already full-time City employees.

Mr. Pfeifer said, "There are a total of 5 full time classified employees. 3 of those are project funded, and 2 are General fund. And 5 temporary employees."

Councilor Rivera said so the temporaries would be in danger of losing work if this were not approved.

Mr. Pfeifer said, "Both the temporary and the 3 classified that are not on General Fund would be... that could possibly happen. Yes sir."

Chair Dominguez said then this will fund those positions, and Mr. Pfeifer said yes.

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

**DISCUSSION:** Chair Dominguez said, "I think just take what we've said so far, Oscar, and the City Manager probably will have to help with that of course, and we'll expand that discussion later in the agenda."

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

**15. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – SERVICES TO INVESTIGATE BUSINESS, FINANCIAL AND ECONOMIC FEASIBILITY OF A PUBLIC BANK INITIATIVE FOR CITY OF SANTA FE; BUILDING SOLUTIONS, LLC. (KATE NOBLE)**

*The Committee commented and asked questions as follows:*

- Councilor Maestas said on page 5 of the packet, under Phase 5, it says, "Engage Arrowhead Center in the review of the economic impact anticipated from the chosen strategy," and asked who is Arrowhead Center.

Ms. Noble said Arrowhead Center is part of New Mexico State University and was the economic impact team which was put together as part of this proposal that was selected through the RFQ.

- Councilor Maestas asked if Arrowhead is going to be paid, and what is its role – an objective third party to evaluate the strategy selected and then, gratis, give us recommendations on how to tweak it, or what.

Ms. Noble said Kate Updike, Principal, Building Solutions is here, noting our contract is with her. She said she doesn't know if there is a plan to pay Arrowhead which was a part of the proposal process in doing the economic impact study, and are very interested in this for their own reasons. She said she can let Ms. Updike answer as to whether they will be compensated.

**Kathryn Updike, Managing Partner, Building Solutions**, said the Arrowhead Center has done work for the City and the State, noting all of the State's economic analysis which serves New Mexico. She said, "We are compensating them. The reason we looked to them is specifically because they had done a study on the effect of the State's depository relationships with community banks, and we felt they had the expertise to address the Santa Fe question of a public bank. We will consult with them throughout the project, but they have been specifically retained by us to do the final economic analysis based on what the City and we develop as one or more strawmen during the process of the study."



- Chair Dominguez asked who is "we."

Ms. Updike said, "We, the City and we, Building Solutions."

Chair Dominguez asked for her name for the record, and Ms. Updike provided that information.

- Councilor Maestas said so this is part of the overall proposal. He said he didn't see any measurable factors in Phase 1, or some metrics for the strategy. He realizes this contract has already been negotiated, and asked Ms. Updike to comment, noting he has some suggestions. He said Councilor Lindell has similar suggestions on incorporating some measurement factors in this. He asked if they have thought about this, and if they plan to apply some kind of criteria to evaluate and come up with a chosen strategy for this..

Ms. Updike said, "One of the key questions on feasibility, especially economic feasibility is to choose how and where the City would use the funds, and particularly in light of how the City chooses to manage its funds. The reason we developed the idea of one or more strawmen is so that a real economic analysis could be done. Because doing an economic analysis out of thin air really doesn't get you the kind of metric or measurability. It makes a big difference as to whether you put the funding that a bank or a financial entity might have into affordable housing or a pre-school – education. Those two have two very very different economic models attached to them. And so we felt that it was really important for the City to begin to tailor how it could use the funds, with our help, and also in looking at whoever the other collaborators might be in the City or the State in developing that. In order that, by the time an economic analysis is done, there really could be good, measurable projections of what kind of economic impact could be. Does that address what you're asking."

- Councilor Maestas said that does answer his question. He said, "I'm trying to imagine what folks out there are thinking about public banking and the City's effort to give it a go, but be very cautious but yet moving forward. I want to make sure that they know that one of the reasons for us to evaluate this is that it's going to save the City money, whether it's debt financing cost, and could possibly even bring in revenue. And that's what I would maybe see some prominent measurement factors, very simplified, because I know the world of financial management can be very complicated and difficult to understand."

Ms. Updike said, "They definitely will be developed, but what those metrics are and whether they're coming from the private sector participating with the City, I don't want to pre-judge that yet. But I'm hoping we can meet, and I would love any suggestions. Certainly there are community suggestions that have come about. The one thing I mentioned to the Committee that did the review is that this is an opportunity for the City to look at its overall financial ecosystem. And look at ways, is it helping the bank sector be as good as it can be. Is it helping the CDFI, the Community Development Financial Institutions, do everything they can do to give Santa Fe a healthy economy. So it really is looking at the City as potentially a facilitator, whether it does itself or helps somebody else do it.

- Councilor Maestas said his last question is basically a point he made when we were asked to support a resolution to initiate this effort. One of the issues I had is it seems the pattern of success of public banking in other parts of the country, is that they had to pick a very certain, specific area and that seemed to be a common denominator for success. He said North Dakota's initial focus area was agriculture. And here in Santa Fe, we thought perhaps affordable housing could be one of the potential logical, initial policy areas to pursue. He asked, "Have we selected those policy areas. If we go through this process to evaluate which policy area, what is going to be the basis for selection. If it's not affordable housing, then what will it be."

Ms. Noble said, "I think that is precisely the point of identifying the strawmen projects, is in looking through the City's financial assets as well as the will in the community and the whole financial ecosystem. It will be a three-dimensional puzzle to come up with the projects, the strawmen, that we can then look at. So the contract is..... a large part of the scope of work is to identify that and drill down and build some will to focus on projects that could be successful, could match appropriate financial resources with community need, and build upon that success. Rather than trying to pick one thing according to one or the other – the financial assets or the community need. We really saw that these things need to be matched up. And already the comments we've received about different advocates wanting to weigh in on what the public banking investigation, the scope of work would be. We have felt better about this scope that does that work to identify the financial assets and the community needs. And ideally we will find some good, manageable projects we can start with, because we have a long way to go in building the understanding and the will in the community to work on public banking functions"

- Councilor Maestas said he is excited about this, commenting he has a lot more questions, but knows we will have time at another point to ask those questions. He said, "I will support this action item and look forward to the chosen strategy."

**MOTION:** Councilor Maestas moved, seconded by Councilor Rivera for purposes of discussion and questions, to approve this request.

**DISCUSSION:** Councilor Lindell said she wants to be assured as it says on the Legislative Summary Sheet, "At a minimum, analysis of the process, feasibility and relevant factors for establishing a public bank, including associated costs, flow management, requirements, long term risks and potential community impacts." She asked when and where in this long process does she get that information."

Ms. Noble asked if that was including all of the community impacts, and Councilor Lindell said she is just looking at the Legislative Summary Sheet from the Resolution.

Ms. Noble said, "The work in this contract is scheduled, and we put the contract date throughout this fiscal year. I think that as you may have gotten a sense, the Contractor, Katie Updike, is very eager to get going. So we would expect to have some initial understanding, some of it depending on the availability of Finance staff to work with the Contractor to help answer her questions about assets and all of that. But I think that we will move a long way in six months to really developing a full understanding, or a more full understanding of what initial steps this community can take to move forward public banking functions."

Councilor Lindell said she would ask that we continue to hold onto this Legislative Summary as this moves forward, noting it is a nice "Reader's Digest" condensation of what we're looking for.

Chair Dominguez asked about the general liability insurance coverage, what it is about and what is it for.

Ms. Noble said, "In our boilerplate contracts we have requirements for three types of insurance – general liability is usually placed where there is a premises. For YouthWorks, for instance, general liability is very important. In this case, because we have a contractor who is going to be going to different premises to do the work, general liability is not a concern for her."

Chair Dominguez said then this is not liability on performance.

Ms. Noble said, "No. We actually have asked that she have what is known as errors & omissions professional insurance."

Chair Dominguez asked when we're given that information and we start to make decisions based on information provided via this contract, is the City covered.

Ms. Noble said, "Yes, that's precisely what it's designed for."

Chair Dominguez said in the contract there is compensation at the completion of certain phases, and perhaps it's not needed, but there are no timing requirements on each phase. He asked if there is an expectation that Phase II is done in 20 days or 30 days.

Ms. Noble said, "Because.....we didn't put we didn't put timing on this, partly because there is a lot of will and eagerness to move forward, but because Phase I and Phase II in particular, are very dependent on external factors. So I think we would expect this work would be done in more like 3-6 months, than by the end of the calendar year, but we wanted to leave ourselves flexibility and the phases will overlap."

Chair Dominguez said, in terms of transparency, he believes some education needs to happen. He asked if there is a need to make the results of each phase public. He is looking for some sort of public process, not only as the result of what comes out of the contract, but through the life of the contract and as it pertains to each phase..

Ms. Noble said, "We had not talked about any particular outreach at the completion of each phase. There are documents and what is submitted will be public, and you may want to consider that. The contract was specifically designed for quite a lot of community engagement and input, particularly as you have may have noticed in Phase II and in Phase IV. It is clearly, and as you know, there was a public banking forum. There has been a lot of public discussion in this community around public banking and we can certainly consider an outreach and information sharing strategy throughout the work of this contract, and the accompanying work in the Resolution."

Chair Dominguez said he appreciates what is says in Phase IV, when you talk about “work with a broad array of technical experts and community members to minimize risks.” He said, really the public, and not organizations such as the Community Foundation, the public are the collaborators that are going to be the bank. He said, “I almost feel like some of that public input needs to happen on the front end, and not so much on the back end. I know it could increase the cost of contract, because there’s going to be another component to it. But I just think, in terms of transparency and in the spirit of collaborating with the public, that there might need to be more of that, or maybe it needs to be a little more identified in the contract.”

Ms. Updike said, “I was just going to add.... I can’t agree with you more about the need for kind of an open door policy and openness. But until there is something that people can actually see and understand, the concept of public banking is a little bit amorphous and is a little hard to understand, even for the group that gathered around the Public Bank Symposium, all of whom were there because they had a specific interest in it. And so, I think we’ll garner a great deal more specific and actionable community input once we’ve got something more tangible that can be brought to the public. In point of fact, I think the Public Bank Symposium, that we had people here and the banking on New Mexico groups, have elicited a tremendous amount of public engagement around the topic. And at least my engagement with that group is that they’re looking now for, okay, what are we going to do. So I’d like to see that engagement occur when we can begin to answer what we are thinking about doing.”

Chair Dominguez asked how many “people in poverty” attended the symposium.

Ms. Updike said, “I would say about 200, and I would tell you....”

Chair Dominguez asked Ms. Updike, for clarification, if 200 people who were in poverty attended.

Ms. Updike said no. She said she doesn’t know how many people in poverty attended, commenting she doesn’t know what the demographic build out of it was.

Chair Dominguez asked if people in poverty have anything to gain or benefit from this.

Ms. Updike said, “I hope so. Whether they have... if they don’t, then we’re not doing the right job as a City.”

Chair Dominguez asked Ms. Noble what the City done to reach out to explain to those folks, to people who could really benefit from this concept of public banking.

Ms. Noble said, “We have not specifically reached out to any particular income band and demographics. We have only been working on this and the Resolution, but we certainly can work on outreach in lower income demographics.”

Councilor Dominguez said, “I don’t necessarily want to negotiate the contract here. But if you look at these two it says, ‘Prepare a presentation to the City which outlines the initiatives, their history, so on and so forth.’ It almost seems like that is something the public should be invited to. So the presentation shouldn’t necessarily come to the City or the Governing Body. And there should be a significant or aggressive effort

to make sure that we reach all people of the community, not just those who understand it, have the time to learn about it, or necessarily interested in it. We need to what we can to engage folks to participate. So I don't necessarily want to negotiate it right now, but I think you've captured the concerns."

Councilor Rivera said in the initial Resolution, it directed staff to analyze public banking, and it said one of the bullet points was, "Include measurable factors of City banking, like debt servicing cost, profits returned to the City, municipal and other tax revenue and other key areas of economic concern." He asked if this has been included in the proposal before us today, or in the contract.

Ms. Noble said, "We would expect, particularly once we have the strawman approaches, that those measurable factors would be included. Yes."

Ms. Updike said, "This is really a joint City project, so that will be an incredibly important element of participation and cooperation with the City's Finance Department."

Councilor Rivera asked if that language needs to be included in the contract or is it pretty clear.

Ms. Noble said, "I think it's clear, and we can take what's being discussed tonight as direction to staff to do a significant effort to engage constituencies as well as to ensure that those measurable factors, that is the work that we were directed to do for the Resolution, so we have that responsibility to bring that back to you."

Councilor Rivera said it says, "At a minimum that there should be an analysis of the process, feasibility and relevant factors for establishing a public bank, including associated costs, cash flow management requirements, long term risks and potential community impacts." He asked if this language "is in here as well, or is that implied."

Ms. Noble said, "It's not included explicitly in the contract. We have, as we have dug into this, looked more at public banking functions as a way to understand and pin down this concept, establishing a public bank. We have some decent numbers from other places as to creating an institution, but again, we would expect that those specific factors would be included in the final analysis that wraps up both the work by staff and the work explicit in this contract."

**FRIENDLY AMENDMENT:** Councilor Rivera said on page 2 of the contract it says, "... unrestricted cash, and dept capacity..." He asked to amend the contract to insert after "capacity," the words "and other resources." **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THEIR WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

Councilor Maestas said, "I just want to state for the record, that we did provide clear direction regarding the scope of this contract. And it's very difficult for us to propose amendments to a potential legal instrument that's already been negotiated. No, it hasn't been signed yet, but it is much more difficult because there is cost associated with the scope as well. In the future, we want to makes sure that our direction is fully considered when negotiating scopes of future contracts."

**VOTE:** The motion, as amended, was approved unanimously on a voice vote.

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**END OF CONSENT CALENDAR DISCUSSION**

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**DISCUSSION**

**22. PRESENTATION AND APPROVAL OF CITY OF SANTA FE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014 BY ACCOUNTING & CONSULTING GROUP, LLP PURSUANT TO STATE AUDIT RULE 2014, 2.2.2.10(J)(3)(d) NMAC. (TERESITA GARCIA). (BRING CAFR BOOKS)**

A copy of a power point presentation *City of Santa Fe*, prepared by Accounting & Consulting Group, LLC, is incorporated herewith to these minutes as Exhibit "2."

A copy of the *Comprehensive Annual Final Report [CAFR] for the year ending June 30, 2014*, is incorporated herewith to these minutes by reference, and copies are on file in and can be obtained from the City Finance Department.

Ms. Garcia said the auditors were Accounting & Consulting Group, LLP, and they will be presenting the CAFR to the Committee.

Mr. Rodriguez said, "The reason it is being presented to you is a matter of transparency, but there is a State law requiring that we present it to you and that you fully accept it, and you as a subcommittee have the power to do that."

Ms. Garcia introduced Bobby Cordova, partner, and Morgan Browning, Manager, Accounting & Consulting Group, LLC.

Mr. Cordova thanked the Committee for the opportunity to work with the City. He said, "The CAFR is the "cream of the crop," in terms of financial reporting. And so I personally just want to give some kudos to Teresita, Erica and Helene for their hard work during this process. It is a very big project and they collaborated this really well to be able to accomplish these goals."

Mr. Cordova presented information from Exhibit "2." Please see Exhibit "2," for specifics of this presentation.

Mr. Cordova noted they also will be making this presentation to the presenting to the Audit Committee.

Chair Dominguez asked Mr. Rodriguez if he has comments.

Mr. Rodriguez said he has nothing to add and would ask for a formal vote of approval of the CAFR if that is the desire of the Committee.

Chair Dominguez thanked Mr. Rodriguez and staff for their work. He said audits are good, and in his opinions, findings are good as well. Because there is always room for improvement and findings help you to do that. He said the level and significance of the findings are what we always have to look out.

Chair Dominguez noted there are repeated findings, one of them dealing with the entry level general computer controls which has repeated and has been modified. He asked what is meant by computer controls – is it process or infrastructure and our ability to report data.

Mr. Cordova said, "You talked about the repeated part. So if you look at the number at the front there, for example FS06. That first number is the fiscal year that the finding first appeared, so that was Fiscal Year 2006. So the second question you said, in 2013 it showed up, we said the term modified because it was more turned around, but it was actually the recovery plan. And so in the finding we spell out there are some policies out there, it's just fully implementing those and actually testing the backups. Because if this place burns down, or maybe there's an earthquake in Santa Fe, highly unlikely, but something happens and the systems are all destroyed, are you going to be able to get back up and running. So it is fully implementing that, and making sure those are tested and assure that, in terms of information technology, do you have a contingency plan."

Chair Dominguez said a discussion is on the agenda later on, and imagines that this will be part of that discussion.

Mr. Rodriguez said, "Not totally technology. As much as possible I'm going to try and stay out of the weeds."

Chair Dominguez said not in Mr. Rodriguez's discussion, but IT is on the agenda and he would imagine that some of this relates, hopefully, to the discussion we're going to have in IT."

Mr. Rodriguez said, "Yes sir."

Councilor Maestas said this good news, in terms of the submittal of the statements and getting it cleared through the State Auditor's Office. He said he thinks the long term debt portfolio of the City is substantial, but he isn't an accountant. He said, "In your opinion, given our long term debt, how would you characterize it in terms of the overall health of the City." He noted that some of the issues of the long term debt were not insured, and some were. He asked what is the ratio of debt to income, and how does that play into the long term liability.

Mr. Cordova said in the financial highlights, we included the long term liability and that includes other things, noting it decreased \$9.5 million dollars worth of bonds sold, so it's going in the right direction, you paid some debt. He said, "In terms of ratio, we really don't compare. Let's take another municipality similar to Santa Fe's size and get the ratios and see how they line up. When you look at the statement and that position, the equity position looks pretty strong, and it looks like you have had some refunds to

minimize the interest going forward. If you look at current working capital, so current assets minus current liabilities, and how things are going to look and the long term debt is excluded from that. We could do some sort of comparison for you, I think – get some ratios and just see where does Santa Fe sit.”

Councilor Maestas said, “In the next audit, I want to get some sense, in terms of our debt capacity for long term debt, \$350 million seems like a lot of money for long term debt. But I’m obviously not looking at the overall financial health of the City. But I want to know going forward, if there are other ideas about acquiring land or incurring more debt service through large bonds, I want to get a sense of how we’re going in terms of long term debt. Should we ease off the pedal and reduce that, or not incur any more. I would like some indication, using long term debt to guide us in our decisions if and when these things come before us. And I have no doubt, I’m sure, we will have a significant quest, whether or not we want to incur debt. I’m just concerned about long term debt. That seems like a lot of money to me and I want to understand it better. And if we could look at that in the next audit, that would be great. I would like to see that.”

Mr. Cordova said that can be done.

Mr. Rodriguez said he will be talking specifically about that point in his presentation.

Councilor Lindell asked Mr. Cordova if he could comment on non-compliance with Social Security Administration requirements on page 6.

Mr. Cordova said the detail on the finding revolved that certain employees are excluded from participating in FICA. He said there is a form put out by the IRS which acknowledges this. He said this is more from a risk management standpoint for these employees to come back saying they didn’t know they didn’t pay FICA. The form acknowledges they aren’t paying FICA, won’t be eligible for that benefit in the future and that they know that.

Councilor Rivera said, relating to the “untimely deposit of Senior Center Receipts.” In the CAFR it says, “In test for receipts at the Senior Centers and related programs.” He said there were several times where cash is not deposited. He asked if we have made changes to that program and for all programs that handle cash so it is deposited promptly.

Ms. Garcia said, “We have a process in which an armored service comes in every day and depositing the cash. It’s just that this one is for the Senior contribution boxes, and they aren’t allowed to open the boxes. They have to bring them to City Hall for us to open them and make the deposit. And sometimes the drivers wouldn’t bring them in on a daily basis.”

Councilor Rivera asked Ms. Garcia if she knows why this wasn’t done.

Ms. Garcia said, “Sometimes we just didn’t get a driver down here, the timing. They had been lax in getting us the deposit on a daily basis, but we did talk to the Director. And we set up a log sheet so as soon as we know they didn’t bring the box, we would call them up.”



Councilor Rivera asked if there are similar issues at other facilities that handle cash.

Ms. Garcia said, "I don't believe so. An internal audit was being performed on the cash sections, but since we do have an armored service picking up on a daily basis, they're pretty much depositing it daily."

Councilor Rivera said, "On page 232 of the CAFR, it talks about the prior year findings, it talks about 'Entity level general computer control, this is repeated and modified.' Does that mean the same mistake continues to happen or there are the same findings continue, and we're looking for a way to remedy it."

Mr. Cordova said, "It was the issue we were talking about a little bit ago with the IT general controls. I think progress has been made, but was I think focused around the contingency plan and in recovery and testing that process. So it was repeated in the same area. If you look at the scope of the finding, it is modified to fit that for FY 2014."

Councilor Rivera asked, "What does Budgetary Compliance refer to."

Mr. Cordova said, "It is a handful of funds in the grand scheme if you look at the City's budget. We classified that as another matter which is least severe. If you look on page 212 those are the funds that established a certain budgetary authority and what the City actually spent, and there is an overage amount and it's reported on 212 in those funds."

Councilor Rivera said it was found originally in 2006, but Budgetary Compliance continues to be....

Mr. Cordova said, "In 2007 all the way at 2014, and so we talked about it at the exit. In terms of dollars maybe it's not that big, but since it's been around, get a process together to get that remedied."

**MOTION:** Councilor Maestas moved, seconded by Councilor Rivera, to approve the City of Santa Fe Comprehensive Annual Financial Report [CAFR] for Fiscal Year ending June 30, 2014.

**FRIENDLY AMENDMENT:** Chair Dominguez asked to amend the motion to direct the City Manager or the Finance Director to give us a summary of some of the repeat findings and what is the plan to resolve those. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

**FRIENDLY AMENDMENT:** Councilor Maestas like to amend the motion to direct staff to look at the Executive Order the Governor issued regarding the condition of audits of local governments. That Executive Order provides some conditions under which the Governor would refuse Capital Outlay funds if there were certain outstanding findings in Local Government audits. He said, "I think we're okay, but I think this Committee at a minimum should know what those findings are."

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***[STENOGRAPHER'S NOTE: Unfortunately, at this time there was a power failure in the outlet used by the Stenographer and a portion of the proceedings, as follows, were transcribed from the Stenographer's rough notes.]***

Mr. Rodriguez said none of these findings are even close to those in that provision. He said, in terms of findings, there are essentially minimum findings to no findings.

**VOTE:** The motion, as amended, was approved unanimously on a voice vote.

- 23. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO COORDINATE A JOINT CITY COUNCIL/COUNTY COMMISSION MEETING TO DISCUSS AND DETERMINE IF AND HOW THE CITY AND COUNTY MAY PURSUE A JOINTLY OWNED ELECTRIC UTILITY; DIRECTING STAFF TO REVIEW THE LEGAL AND TECHNICAL OPTIONS RELATED TO THE DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY FOR THE CITY OF SANTA FE AND SANTA FE COUNTY AND REPORT BACK TO THE GOVERNING BODY ON STAFF'S FINDINGS RELATED TO THE PRELIMINARY ASSESSMENT AND OTHER RESOURCES, REPORTS, STUDIES AND DOCUMENTS AS DEEMED NECESSARY (COUNCILORS MAESTAS, RIVERA AND IVES). (JOHN ALEJANDRO) Committee Review: Public Utilities Committee (approved) 12/03/14; Finance Committee (postponed) 01/05/15; City Council (remanded to Finance Committee) 01/14/15; and City Council (scheduled) 01/28/15. Fiscal Impact – Yes.**

Chair Dominguez said he would suggest a motion with the following language: "Motion to direct the City Attorney's Office to expand the study on the legal issues and options the City has in creating a publicly owned utility, and within 60 days of the adoption of this Resolution, report back to the Governing Body its findings during a public hearing. After that report, the Governing Body may then direct the Renewable Energy Planner to conduct a study of the technical options the City has in creating a publicly owned electric utility, which would include the fiscal impacts associated with those options."

Chair Dominguez said we don't need to go down that path until we have that information, and he is expanding the study to see if we can do this legally, and if so, what are the legal barriers, and what is the plan to get around that.

*There was a short break while electricity was restored to the outlet used by the Stenographer*

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*Councilor Ives arrived at the meeting*

Councilor Maestas, said, "I'm just going to quickly restate that this Substitute Resolution is in direct response to every concern, not most of the concern, but every concern that was voiced at the previous Finance Committee meeting, and I just want to reiterate that I think there was a desire from the Chairman,

Councilor Dominguez, that we really need to take a position on 2012 Assessment which hasn't been done. And that's what this Resolution is asking for.'

Councilor Maestas continued, "Councilor Trujillo, who is not here today, wants a more definitive answer from the County as to whether or not they want to continue in this joint partnership and joint dialogue, to pursue the feasibility of a jointly owned City/County utility. This Resolution specifically directs the City Manager to request a joint meeting of the City Council and the County Commission to discuss that very topic and get an answer."

Councilor Maestas continued, "And then the other, is it emphasizes the need to answer the legal questions. We can take a more deliberate and efficient way and say let's answer the legal questions first, see where we are. I believe the legal issues and getting a staff recommendation as to whether or not we should ratify the 2012 assessment, can be done in parallel and done concurrently. And I think that would be a great step forward, and again, as I said before, helping this dialogue move forward simply by ruling things out. I have always contended that the City ought not to assume all of the risks and all of the costs. I felt like we started this conversation and this partnership with the County. It makes sense for us to move cautiously and share the risks and the costs as we proceed forward, but I want us to proceed forward. And my Resolution does just that. And I was willing to kind of step back and regroup and craft a Substitute Resolution that was entirely responsive to, I think, the primary concerns that I've already stated."

Councilor Maestas continued, "So I'm open to enhancing the Resolution, but I really think that folks really want us to converge on some kind of consensus. And I am trying my level best to do just that with this Resolution. Mr. Chair, I'm interested in hearing how your possible amendment can enhance this. But again, I think you requested a ratification of that 2012 assessment, and I think that's what this Resolution does. It doesn't direct any new or expanded scope of any kind of feasibility. Staff is simply going to look at the assessment and other issues, and make some preliminary recommendations to the Governing Body. That way, we can take a formal position. And if we decide that the assessment is outdated or too vague or too general, or not specific enough, then that's fine. We can set the assessment aside and just start as if there's been no feasibility study and no assessment on a public utility."

Councilor Maestas continued, "If the County, at the end of a Joint City/County meeting, says we choose not to pursue this, then the City is on its own. So I'm simply seeking to rule things out to move forward. I don't even think it's all that bold; I'm trying to take some logical steps here and be as responsive as I can to your issues."

Chair Dominguez thanked Councilor Maestas saying he appreciates that. He said, "I think we're close to something that we can agree on. One of the problems I have with the assessment is that staff will have to end their study of the assessment, determine what is going to be relevant to the County, and what is not going to be relevant to the County. I think when it's all said and done, the staff is going to come back and say, well, if the County agrees to join this is what the assessment looks like, and if the County doesn't agree to join us, then this is what the assessment will look like. And so the assessment, I think at that point, would really be inconclusive at that point."

Chair Dominguez continued, "Now that doesn't mean that I think we shouldn't ratify the assessment. I think we should have some technical review and/or opinion of what that assessment says, because it's quite complicated. I certainly am not an energy expert. I certainly do not understand the ins and outs of exactly what it is some of that assessment may say, but I do understand that this is about process, for me anyway. It's about process and making sure that we do not go too far down the road without really understanding of what it is we need to do now."

Chair Dominguez continued. I would be amenable to maybe having staff provide us with a summary or an analysis or an assessment of what the study says. Then, once that is done, then taking the step, if you want to call it that, but determining what the legal challenges may be. But my intent here is to somehow compartmentalize it a little bit, so we understand exactly what it is that we're getting into, and where we could ultimately asking the voters to participate with us. Because ultimately they are the ones that are going to pay the price if we do go down the road of municipalizing. And quite frankly, they pay the price if we don't do something to take care of our environment as well, so I see both sides to that."

Councilor Dominguez continued, "The other thing that I want to make sure that we do is that we have some sort of public process built into this. I think the public needs to be able to chime in and say, not even say yes, we want a public owned utility or no we don't, but that they understand and they can even ask questions from their perspective about what the assessment says or doesn't say, or what things mean legally, or don't mean, legally. Maybe the public wants us to participate in a long, drawn out process to change the law at the Legislature, I don't know, but I think that is ultimately what it is going to come down to – there's going to have be some legislation done at that level in order for us to create a publicly owned utility."

Councilor Dominguez continued, "And so, having said that, if we go down this process of looking at things technically, if we do that, when really we can't do anything with regard to a public owned utility without that legislative change at the State level, then it's almost as if we've done all of that work, and I don't want to say it's all for naught, because it's education and understanding it better. But we really can't do anything to change that dynamic unless we have that State legislative change. And so, if that's the case, I would rather understand that more and understand it better than the technical components of it. But, I'm only one vote and I'm willing to try to work on something that works for everyone. So there's my speech. Who else wants to speak."

Councilor Maestas said, "Well just on your points, if I may, I think we all know and many know that the City Attorney issued a legal memo. And one of the conclusions in that Memo was that the City does not have the power of eminent domain to acquire existing electric infrastructure. However, the very consultant that she used, disputed those conclusions of the Memo, at least that's my interpretation. It is probably clear that there is not a legal consensus, therefore that's why I'm asking that we really get a more comprehensive.... almost a white paper."

Councilor Maestas continued, "I think the legal analysis as presented by the City Attorney in her Memo was somewhat rushed. I think we should look into all these case studies. I think that I mentioned in the past, the creation of a city utility by the City of Albuquerque in the 1970's, the City of Las Cruces' attempt to acquire El Paso Electric, the exclusionary State Legislative Delegation that gave them power to

acquire infrastructure. The acquisition of the water company. What was the process and the legal framework that the City used. Obviously that's a totally different deal, but I think it's germane to this whole dialogue about creating a public utility company."

Councilor Maestas continued, "So I really felt like we probably do need an expanded decision paper and looking at all these related case studies and to try to draw from those circumstances and see what we can apply to this circumstance, and I feel this can do that. In terms of vetting the assessment again, basically picking it up and looking at those recommendations and have staff come back before us, I see that as necessary prior to having a joint meeting with the County Commission. And the County Commission is going to ask for the same thing: Well, if we meet, what do we talk about. They're going to go to staff and say, well our last milestone, our last data point was this 2012 assessment. Refresh it. Give us some preliminary recommendations. Is it on the right track."

Councilor Maestas continued, "So I see what my Resolution asks for, it's going to be necessary in terms of staff prep for a joint City/County meeting to discuss this. And so I think it has everything. If you're concerned about the sequence, I'm interested in maybe some amendments in that regard, but I don't think we need 60 days to enhance an existing legal memo that the City Attorney already released on this very subject. I think that can be done in a much shorter time frame. And I do believe that staff's assessment of the 2012 Study can be done concurrently with that."

Chair Dominguez said, "I want to make sure staff has enough time. I don't know, maybe 60 days is too long, maybe it's not enough, I don't know. I think they're the ones who are going to know best. I just think it's interesting. In many ways, this is more complicated than public banking. In many ways, it's even more important than public banking, but we're going down this very methodical approach to public banking – getting information. We went through that discussion already. I almost feel like we need to go down a much more methodical approach to this sort of thing even than public banking. And so, I'm just trying to clear the air a little bit, if you will, and as I said before, be a little bit more compartmentalized. Make sure that we don't put the cart before the horse. Make sure that we understand the road it is that we're taking. And if you want to do... I don't know that 30 days is enough either. Maybe 40 days."

Councilor Maestas said, "Let's say if we're going to do this in series, if we're going to...."

Chair Dominguez said, "Let me ask Kelley. How long, since you've done a kind of preliminary legal assessment, how much longer will it take for you to kind of tie it all up, given the fact that you don't have any money to get an outsourced opinion."

Ms. Brennan said, "It's an interesting problem. Chair Dominguez, I can probably do it in less than 60 days. I will say that I am going to be on vacation, out of town for the last two weeks in February, so that will factor in. And I'm also engaged on a number of other projects. However, I have looked into it. I have had a number of discussions with some other lawyers. I don't think my fundamental position will change. I can certainly address the water company. I have addressed it independently in emails to some Councilors who asked about it. I didn't address it in the Memo, because I don't believe it's relevant, particularly to the electric utility question, but I can address that. So, looking at the calendar, it may be the beginning of March, in any event."

Chair Dominguez said, "50 days put us at the end of February."

Ms. Brennan said, "And what meeting would that be."

Chair Dominguez said, "So on February 16<sup>th</sup>, that puts us at 40 days."

Ms. Brennan said, "Councilor, I will be out of town from the 14<sup>th</sup> to the 28<sup>th</sup>. Sorry about that."

Chair Dominguez said, "So we have March 2<sup>nd</sup>, March 16<sup>th</sup> and March 30<sup>th</sup>. That takes us too far out, that takes us beyond the 60 days. Again, I'm just kind of looking to make sure, again, that... two things. That we don't put the cart before the horse, and that we take a methodical approach to this. And number 2, that we have some built in public process as well. And I don't know if that needs to come at the technical part, or the legal part, or both, or specifically, just the public process in and of itself, but those are the two things."

Chair Dominguez continued, "Kelley, one last thing."

Ms. Brennan said, "Yes. Chair Dominguez, I think could probably do it... I'm trying to think what the meeting is, the first meeting in February is... February second. That's Finance. I can try to do that. I would like to be able to answer any questions the Committee may have. I've done most of this work myself."

Chair Dominguez said, "We can just take it to the full Council on the eleventh, Councilor Maestas. I would like for it to come to Finance, but at the same time..."

Councilor Maestas said, "I want to make sure we have some consensus on this. And I am trying to be methodical and very cautious. I'm open to some realistic amendments and we have a realistic timeline from Ms. Brennan to get us that really comprehensive legal analysis you are requesting, most of which has already been done. I don't want you to feel like we're rushing and I certainly want to make anyone feel like I'm rushing this. I'm an engineer and engineers are boring, most of them anyway, like me. But we are very cautious and methodical, so I'm trying to do this through this Resolution."

Chair Dominguez said he appreciates this, and he appreciates the debate and the discussion which we really need to have.

Councilor Ives said he is a cosponsor of this measure with Councilor Maestas. He said the measure brought forward is designed to pursue that considered process forward by beginning with staff, internally, a communication and then a discussion with the County on its interest and intent. He said, "I think it actually is doing what you are requesting to be done, which is to look at this methodically beginning internally in conjunction with the County. To me, it makes sense to go ahead and move this matter forward, because I think it will advance the interests we want to get to. If we wait until we have perfect information before we make any decision *[inaudible]* and I don't think we should let the perfect become the enemy of the good, is the way the expression often runs. Again, we make a lot of decisions based on the advice that counsel gives and we move forward. And I do not doubt that in this process, and before

anything substantive is done by way of looking at that, any sort of issue of acquiring PNM, that there would be many opportunities for the public to be heard. Just looking at the issue, studying what we can, figuring out from the County, doing the points in Councilor Maestas's measure, from where I sit really makes sense. Thank you."

**MOTION:** Councilor Lindell moved, seconded by Councilor Maestas for purposes of discussion, to approve this request with proposed amendments to the Substitute Resolution as follows:

1. Page 1, line 14, as follows: "~~....REVIEW THE LEGAL ISSUES AND TECHNICAL OPTIONS RELATED TO THE DECEMBER 2012 FINAL REPORT OF A PRELIMINARY ECONOMIC FEASIBILITY ASSESSMENT OF A PUBLICLY-OWNED ELECTRIC UTILITY....~~"
2. Page 3, line 4, "~~.....conduct a study of the legal options and technical options~~ the City has in creating a publicly owned electric utility, including the fiscal impacts..."

**DISCUSSION:** Councilor Lindell said, "One of the reasons for this being that this Resolution has a Fiscal Impact Report for \$5,000, and I don't believe that it is reasonable or plausible that we would be able to conduct any type of technical review or expansion with a total budget of \$5,000. I think that we need to keep in mind, even for the amendment that I've proposed into the existing Resolution.... I just remind everybody, we have a \$5,000 Fiscal Impact Report on this, so that is the amendment that I would make to this

Councilor Maestas said, "I still think the previous comments that have been made in this Committee, regarding the preliminary assessment, haven't been answered. I really feel like this body needs to take some position on that and take formal action. And the amendment really doesn't call for that. So, that is one of my questions. And the second is in response to the FIR. I think this very Resolution set a precedent in basically estimating in-kind labor services associated with Resolutions which had never been done before. The reason why I think it is a realistic estimate is because, and I stated this before, we assumed that City and County staff would be reviewing the assessment in preparation for making recommendations to their respective governing bodies. And so that's why the \$5,000. And not only that, the technical options and the analysis is primarily going to be limited to the assessment just for that very reason to have this Governing Body make a decision."

Councilor Maestas continued, "We made a decision to invest money in this assessment. Do we uphold it, do we partially adopt it, do we fully adopt it. So, again, that still remains unanswered with this amendment. I do feel like we need maybe a more robust, a more comprehensive legal analysis, but I don't know that needs to happen in the absence of moving forward with regard to setting staff on a path to lead to ratification of the assessment. But, if we're going to take a plodding approach, a slow approach, I think it's too slow frankly, but I may go along with this amendment."

Chair Dominguez asked, "Councilor Lindell, do you want to provide any limits or timeframes for staff to do some of this. Because Councilor Maestas is right. We need to make sure that we do keep on a track. And I've found throughout my 9 years of being a City Councilor, that it's a lot better when you give staff

that timeline and those parameters if you will, because not only do they know, but we know as well. And Kelley I know that it kind of conflicts with your personal schedule, although we have a City Manager who should be able to make sure that the appropriate staff is doing the work that needs to be done, because the City ought not shut down because Kelley Brennan isn't here. So I just want to throw that out."

Councilor Maestas asked, for clarification, what was the timeframe, because he thought we were discussing a timeframe shorter than 60 days, perhaps 45 days.

Councilor Lindell said that would be fine.

**FRIENDLY AMENDMENT:** Councilor Maestas proposed to amend the motion to "change the timeframe to come back with a complete, comprehensive legal analysis in 45 days." **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

Chair Dominguez asked Ms. Brennan if this is okay with her.

Ms. Brennan said, "Yes, Chair Dominguez. And if I can do that before then, I will."

**VOTE:** The motion, as amended, was approved unanimously on a voice vote.

#### **24. REQUEST FOR APPROVAL OF 311 PILOT PROJECT FOR CITY OF SANTA FE. (SEVASTIAN GURULE)**

Sevastian Gurule presented information from his Memorandum of January 13, 2015, which is in the Committee packet. Please see this Memo for specifics of this presentation.

Chair Dominguez said then there is no fiscal impact to this and it will be all staff time.

Mr. Gurule said, "The pilot project that we are presenting here will be budget neutral, and it will be all constituent services staff and done with in-house staff.

Chair Dominguez said, "When you say 'develop budgetary needs,' it almost makes it sound as if we're moving forward in developing a budget to implement a full program."

Mr. Gurule said, "That's it exactly. We'll be collecting information and being prepared to develop numbers, and then we'll do a thorough analysis, if it was the wish of the Governing Body to implement a full 311, and then provide several options to the Governing Body of how that would work, what it would look like, what it would cost, what would be the technical needs, staffing needs, so on and so forth. Right now, we're just looking at basically implementing a pilot program to see how this would work. We've done some preliminary analysis as far as the numbers of phone calls that are received, and with potholes, animal control and graffiti, I feel very confident we can go ahead and handle that level of increased phone calls. Again, our intent would not be to change the current process on how requests are submitted or



handled through the respective divisions. It's more to provide a single point of contact. And then as we go through that, we'll be able to collect a series of data that can be used to analyze measurements if you will, to be able to analyze it further. And then I will work with the City Manager and prepare several options that we can present to the Governing Body.

Councilor Rivera said, "Your staff seems to be a little bit spread out right now and doing other duties besides constituent services. Are they going to be pulled into a central location."

Mr. Gurule said, "It will be primarily Therese and myself and Jenna, and we're going to be located right here in the Constituent Services Office. And we'll be located centrally so we can work together and have that communication and help each other do some trouble shooting and brainstorming as we develop the larger options."

Councilor Rivera asked, "Is it going to be a true 311 service, or what I heard you say was phone calls that are received by other departments are going to be transferred to you."

Mr. Gurule said, "During the project, it's basically going to be handling those phone calls transferred into the Constituent Services Office, and it will be my staff that will be responding and answering those phone calls. We're going to work very closely with those respective divisions and sections to continue on with their same process so that we don't create inefficiencies. Eventually, the idea would be that we would be able to provide several options to the Governing Body that would be either looking at continuing on with the further pilot. We could potentially look at options that would be providing the 311 services with internal staff or a combination of internal and external. The goal ultimately now would be with internal staff."

Councilor Rivera said, "So it's not actually calling 311 and getting your services, you will just be transferred those calls that normally would be 311."

Mr. Gurule said, "That's correct. And in talking with Ms. Tenenbaum from Albuquerque, that's how they initiated the implementation of their 311 system when they went to the pilot project. And we are mirroring basically, exactly what they did. They started out with some high level, high demand services and they started preparing the blueprint for what a full blown 311 system would look like."

Councilor Rivera said he has been in favor of this for some time, and thinks it's a good way to see what it's all about and see if we can handle it internally. If not, what more do we need. I think it's going to be a good step forward, busy, but good."

Councilor Ives said, "Sev, you say this request would result in redirecting staff within your department to look specifically at the 311 issues. Correct."

Mr. Gurule said, "What we're going to be doing is my staff and I will be working on providing the same customer services, answering those phone calls, responding to public inquiries and we will be basically the same services as currently done, except for now you have one central location. The public isn't going to know the numbers are changed and will continue the same phone numbers. The phones will be answered by constituent services personnel."

Councilor Ives said, "We've had proposals involving staff in inquiries on energy issues, and we heard that request to use staff for these requires an FIR. And we've heard it expressed that we don't really know what the fiscal impact is. When the energy matter originally was brought forward by Councilor Maestas, it had no fiscal impact because staff is doing it and it had a \$5,000 impact, and I'm questioning where that fiscal impact is. This seems to be another measure asking staff to look at something simple, a 311 system which, based on the presentation by the woman from Albuquerque, suggested a significant restructuring within the City of Albuquerque on how they handled all such systems, and yet there is no fiscal impact here. So just wondering if you coordinated with the Finance Director, maybe bringing forth new policies on how we assess fiscal impacts. So I'm just trying to understand, what within our system, when we are asking staff to look at new opportunities and proposals, actually just involve fiscal impact, versus what has no fiscal impact and on what basis we're making that determination, if you know."

Mr. Gurule said, "I can say, very confidently, that Jenna and Therese, their services they are providing right now, fall directly in line with answering and responding to these public requests for information. We would just be increasing the number of phone calls they would be addressing. My responsibility would be to monitor the volume of phone calls coming in, and be able to report that back to the City Manager, and be able to determine if we can continue to handle the number of calls."

Mr. Gurule continued, "We did some preliminary research, and right now we're looking at an additional number of phone calls within a given day of 50 additional phone calls every single day. And that falls right in line with what Jenna, Therese and myself can handle. So as far as budget neutral, during the pilot project we can absorb those services internally. At the time, if we build a pilot project, I would be working very closely with IT, and Renee and I will be working and doing additional research on 311 management systems. So as far as the services for the pilot, we can absorb that for the six weeks. Our goal would be to be able to provide information back to the Governing Body with several options, and then be able to obtain some data in that six week period of time for review of the Governing Body and for you to give staff direction on."

Councilor Ives said, "In terms of each phone call or other request for information that's received, how much time is spent on each of those items, on an average in terms of determining what the request is seeking, determining what the answer is and then determining what response to make back out to the person who had made the request in the first instance."

Mr. Gurule asked if he is asking the time duration from when the request is filed to when it is complete.

Councilor Ives said, "I'm asking how much time is involved on an average in receiving that information, the request, and then to gather the information to respond to it and then responding to it."

Mr. Gurule said, "In my conversation with Ms. Tenenbaum, Director Albuquerque 311, the average phone call time duration is anywhere between two minutes and three minutes for an average phone call. So the amount of time spent on each phone call is basically that. Once the request is entered into the system, my staff is pretty familiar with our system, it takes us maybe 30 seconds to a minute to enter a request which is fired to the direct division or section that is responsible for addressing that request. That's in regards to the time duration for the phone calls. When a request is submitted, depending on the type of request, it varies from the type of services and then the severity. For example, potholes, depending on how big that pothole is there could be variable time to resolve it. The complaints could be something that could be addressed within the same day or with 72 hours. Our goal is to make sure the system itself, and our Citizen Relationship Management System is working properly so the internal controls that are automated are working efficiently and effectively. And myself, and Renee and Mark from IT are working with our digital element folks to make sure that is taking place. So that should alleviate a lot of phone calls and follow up questions. The system will be designed to do that automatically."

Councilor Ives said he appreciates that we are moving in this direction, and he isn't questioning the need for the service. He is trying to be clear on our FIR policy. He looks forward to the clarification of why some carry a fiscal impact while others don't..

Mr. Gurule said, "During the pilot project, there will be no fiscal impact."

Chair Dominguez said, in all fairness to City staff, it behooves the Governing Body to come up with a policy of exactly how we should deal with fiscal impacts. He said, "I've seen it in the past, this isn't anything new really, that can either make or break a policy. Absent of a clear policy on that, it is difficult to put staff in that position, but I hear exactly what you're saying."

Councilor Ives said he is looking for that policy.

Chair Dominguez said we are the policymakers and we probably should come up with one.

**MOTION:** Councilor Maestas moved, seconded by Councilor Rivera, to approve this request as proposed

**DISCUSSION:** Councilor Maestas said, "With regard to the language we are speaking, I agree the justification for this pilot is that it's budget neutral and that is different from whether or not it has a fiscal impact. So I agree that we need to start speaking the same language and know exactly what those terms mean. And I don't want to use it for the convenience of any certain request. And I think in the future.... I appreciate the effort, I am in support of it, but there really should be a fiscal impact report. And also, we've talked about the extremely high cost of a fully implemented, comprehensive 311 center. And anytime you engage in pilot efforts like this, it raises expectations."

Councilor Maestas continued, "And I can't help but think whether or not the City will be in a position to permanently implement even a limited 311 type service to the highest demand type services. So we really need to temper those expectations. I really want to see a realistic, objective report regarding the success of the pilot project and the potential benefits of some kind of 311 program with phases and options to suit the City's current financial condition. So I hope we're not raising expectations unnecessarily that we will

move forward next year with a 311 program. A lot is going to ride on the results of this program and the report and I look forward to that."

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

**25. DISCUSSION ON FRAUD, WASTE AND ABUSE HOTLINE TIMELINE IMPLEMENTATION.  
(LISA KERR)**

Councilor Rivera thanked Ms. Kerr, City staff and the Audit Committee that have working for more than a year to design this hotline. His intention was to catch things on the front end and don't wait until a significant amount of money is missing or other problems occur before we find them. He said, "Those employees on the front lines that have a lot of character and integrity maybe will find things on the front end and hopefully, prevent some of these issues we just talked about. He thanked her for including City employees on the poster and the flyer, so there are people we recognize..

Lisa Kerr presented information from her Memorandum of January 20, 2015, which is in the Council packet. Please see this document for specifics of this presentation. She thanked the Committee for its support in getting this initiated. She said the implementation team from the company selected, which is Navex Global, Inc., finished its part of the project, and they are ready to go live after receiving comments from the Finance and Council. Once approved, she can move everything forward. She said once that is in place, they will move forward with the materials and the cards. She said the timing of including this in the employees' paycheck may be in the first paycheck following the Council meeting or the next one after that, so we may be 2-4 weeks away from that.

Chair Dominguez said this is a good first step, and a good way to kick it off and get it started to get our employees engaged in this process.

Councilor Lindell thanked Ms. Kerr. She asked about our contract with Navex Global.

Ms. Kerr said we pay Navex Global, Inc., an annual fee, noting the full contract for the first year, including the implementation, licenses we need and such is of less than \$6,000, which seems to be fair and reasonable. Navex Global is a nationally known company. She noted the renewal fee is approximately \$3,500 a year. She said they do answer all of the phone calls. The reason this company was selected is because of its reporting mechanism. She said they do have section on the website that allows City employees to generate some very reports we can share with the City Council, Finance Committee, the City Manager, the Audit Committee and whoever else needs to see those reports.

Councilor Lindell asked if this program has an annual review.

Ms. Kerr asked what kind of review she is speaking about.

Councilor Lindell asked if we can look at this program in a year and see how many calls have been generated and such.

Ms. Kerr said that can be done periodically, as often as you would like. She wants to keep this Committee apprised of the number of reports that have come in, the status and the nature of the reports.

Councilor Maestas said this is a good step forward toward creating good government, and commended Councilor Rivera for championing this. He said we are still lacking the investigation component. He said this body declared they wanted to look into creating an independent, impartial and transparent Office of Inspector General, to make sure these investigations are done in an objective and thorough manner without conflict. The result was that it is feasible, and he is still waiting for an Ordinance. He has been under the assumption that, at a minimum, Ms. Kerr's Office, the City Attorney's Office, and Human Resources and other officers have been collaborating and drafting the Ordinance to create an inspector general office. He realizes we aren't Philadelphia, Chicago or Boston, but one of the preliminary recommendations is that we could small with a fraud investigator and then perhaps grow from there."

Councilor Maestas continued, saying, "I'm not going to let up. I'm going to continue asking for the draft ordinance to create an Inspector General Office to ensure again that yes, we're doing a great job of getting anonymous, objective intake on any fraud, waste and abuse. But if we don't have the investigation mechanism to assure the people that it is, again, it's objective, it's independent, it's impartial, then we're still falling short. So I want to see that last element to this. And so, I'm going to be on my crusade to be sure we get that draft Ordinance creating an Inspector General's Office."

Ms. Kerr said, "Thank you Councilor Maestas, and what I would say in regard to that is I think this program is going to be a great initiative to see exactly what the need is for that. As calls start coming in and we start generating reports, we'll be able to see either we have 10 cases and we can only work on one, that means we need a full time person, or possibly expand that into a different department. And by it's very nature to the Internal Audit Department is independent. We worked a really long time to ensure that office is independent. And a fraud auditor working in that department would be independent and objective, and would fulfill the needs that you're speaking of. But I could see that evolving over the course of the next 2 or 3 years, into a full blown separate department as well. I really appreciate your support on all this. You've been a good champion for that. Thank you very much."

Councilor Maestas said, "And just in response to your points, Lisa, much of your program has already been pre-determined. I'm not sure that you set aside an appreciable amount of time for fraud, waste and abuse complaints to come in that you investigate. I think your program area is already set and pre-determine, but such an IG would be solely focused on fraud, waste and abuse type cases and investigating them. As you know, that if the mechanism to initiate a complaint, if it's threatening or hostile, it's not going to happen. And so I think this going to go a long way in diffusing anyone that may feel inhibited from coming forward. And we need to make sure that we continue, and I think this hotline is going to do that. But if anyone has any motivation to call in with a complaint, if they feel the investigation process is really not impartial and objective and transparent, that could still inhibit someone from coming forward with a complaint. And that's why I think that we need to set the entire path and put the entire process in place and then we will really see what the true need, demand, problems, however you want to call it, exists with regard to fraud, waste and abuse. I think the final step is getting, as Kelley calls it, a baby IG in place."

Responding to the Chair, Ms. Kerr said she needs Committee approval to move this forward to the City Council would be greatly appreciated. She once it is approved by the Council they can move forward to implement the hotline.

**MOTION:** Councilor Lindell moved, seconded by Councilor Rivera, to approve moving this item forward to the City Council.

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

## **26. BUDGET DISCUSSION**

### **A. ITT**

A copy of *City of Santa Fe Finance Committee – IT Budget Assessment (January 20, 2015)*, is incorporated herewith to these minutes as Exhibit “3.”

Chair Dominguez said, “I want to let the Committee know that I brought this forward for a number of reasons. Number one, we’ve had some legislation sitting on the table which Councilor Ives proposed some time ago. I think we’ve seen an uptick, even in the Consent Calendar, with I guess they’re Budget Adjustment Requests [BARs] to resolve and/or fix some of the issues that the IT Director has identified and has needed to get people paid, so on and so forth. I also think that even just tonight, we’ve kind of had a discussion about how IT is so important in the function of City government. So I wanted to bring this forward so we could at least start there. My intent is at the next Finance Committee to have a discussion on Health Insurance, so I think staff is going to have to be prepared for that. Hopefully we can begin to give staff some direction with regard to IT with this presentation.”

Renee Martinez, Director, ITT Department, said, “I really want to be respectful of your desire to get a report on ITT budget priorities, because I know you’ve had a lot of discussion on this in past years, especially on very critical needs and critical risks to the City. I also want to be respectful to the Finance Director’s desire tonight to talk about budget priorities in general. So I have prepared something, and I wonder whether or not you really want to delve into it with a lot of detail, or maybe have a follow-up conversation. I can, for example, based on the conversation we had about the audit, I can really speak very directly about disaster recovery and some of the things we need to do and budget for that.”

Ms. Martinez continued, “I have also prepared a general discussion about my assessment of the ITT organization, its resources, its staffing. I’ve done a lot of work over the last four months, talking to departments, talking to peers in other cities. I’ve put together a draft reorganization plan. I have some recommendations for how to invest in IT, but that’s a more involved discussion. So if you could give me some direction for this evening’s discussion, especially given that right after this you’re going to be talking about the budget in general. I will try to meet everyone’s needs.”

Chair Dominguez said, “Can you give us the 30,000 foot summary.

**Renee Martinez, Director, ITT Department**, presented information from Exhibit "3." Please see Exhibit "3," for specifics of this presentation.

Ms. Martinez said she is finding that the level of the City's investment in both staffing and spending in ITT is woefully inadequate, and probably one of the reasons we're having issues with implementing big projects. As well we just did a Department Satisfaction Survey and we're seeing some real deficits in terms of our ability to help the departments automate and improve their services.

Ms. Martinez continued, saying her recommendations are in two different areas. First, in personnel. She has put together a reorganization plan that says we need to add at least 18 FTEs to the Department, and half of those FTEs she would be recommending placing in business applications area and have a key role called an IT Business Analyst or Business Liaison. And that position actually will spend a lot of time with Department understanding their business processes, their service portfolios, current level of automation and working with them as a consultant to understand how we can really provide value through business systems.

Ms. Martinez continued, "Councilor Lindell, thank you very much for responding to our survey. Your desire is to have all our permits on line. Exactly. That's something that we really need to be able to do, but we just don't have the resources to get into the Departments and work with them closely enough so we can build the plans out for either enhancements to our current systems, or purchases and implementation of new capabilities, etc. I'm recommending 9 additional FTEs in the business applications area."

Ms. Martinez continued, "Another area that is very deficient is in the policy and compliance area and that's the reason for what you're seeing in the internal audit and the data center evaluations. We have no staff doing anything related to policies and compliance around security, doing risk assessments. We don't have any fiscal or budget personnel that are looking and making sure we have best practices for financial policies or purchasing policies, making sure we are getting the best value from our IT spend to look at how we can consolidate our purchases and get our cost down with software licenses and hardware purchases."

Ms. Martinez continued, "If you look at the number of policies we have in the City for IT, we probably have two policies. If you look at Albuquerque's website, they list all their IT policies – they have 50. So the organization hasn't had the capacity really to put the formal processes and procedures in place to be a professional organization. And that's going to require additional staff that have skills we don't have today. So this is the tip of the highlights. And I'm happy to come back and give you some more details. I can give you my handout tonight, if you want it, take it and look at it and have follow-up conversations."

*The Committee commented and asked questions as follows:*

- Councilor Ives said whatever information Ms. Martinez can give the Committee will be helpful, because as we get into some of these budget discussions, the Governing Body is going to have to start prioritizing, if that's the direction they want to go and having a starting point would be helpful. "So, whatever information you can give us would be helpful."

- Councilor Ives said, "I'm glad Councilor Maestas was talking about the crusades a little earlier, because this is certainly an issue I feel that I'm riding my horse to the holy land, and ready to do battle. Your information and the studies you have been doing, in my mind, act as a confirmation of the Presidio Report, which was done 2-3 years ago. My recollection of the imbalance in terms of staffing was that they had a 4.1% as opposed to the 4.3% that you mentioned. But, nonetheless, it confirms the fact that we are significantly understaffed in terms of our IT function, and that we are significantly underfunded in terms of our IT function."

Councilor Ives continued, "I will say that I think one of the wonderful things about IT is that, if it's done properly and right, the efficiencies you get out of your system end up saving you significant dollars as well as enhancing the experience across the City of Santa Fe in dealing with the City when those functions function well and you can get things done on-line. And clearly, as a society as a culture, that's the direction we're moving in. So I hope as you come back and talk about the priorities and what you would like to do, you look significantly at those efficiency questions. To me, that's a great selling point with regards to IT."

Councilor Ives continued, "I like the idea of a business liaison, because I don't know how many times we've heard about the recommendation to put our business licenses and that entire process on line to look at various types of permitting and land use on line, and a host of other applications that some of the municipalities and others around the U.S. and the world are already using in their systems which we have not gotten to. We have made some progress, and I'm still curious to hear at some point in terms of the \$750,000 that was allocated out of the bond proceeds, how that is being expended. I presume that is in place and moving forward, just to note which items that have been identified previously are being checked off. And I certainly look forward to not a new expansion request, but seeing these issues fundamentally and integrally a part of the IT Department's budget. So again we have the opportunity in responding to emergencies, and to be doing an intelligent job with regards to our IT systems. Thank you for being here tonight, and the opening remarks and for confirming the dire needs that I think exist in terms of IT here at the City."

- Councilor Maestas said, "Because of Councilor Ives, in all seriousness, I did go through the Presidio Report. And I must say I'm not an IT guy, my eyes were glazing over. But there are some serious deficiencies, lack of a backup generator, lack of an environmental humidifier sensor to ensure that we take care of our equipment, just things like that. Some of the needs are very fundamental is what I'm trying to say. The issue I have is, as a decision maker, trying to determine relative priorities, priorities among all departments that come before us. I know that was an issue I had in the last budget. I don't even think expansion requests are even a fair characterization. Some are just basic needs, but they're unfunded. And each department did rank them, but it's a ranking process and a methodology that department came up with. And that can't work for us to make those decisions across the board. I really appreciate you coming on board and providing your own assessment, your own perspective."
- Councilor Maestas continued, "And I'm very anxious to see what your thoughts are on the Presidio Report. What could be helpful to me is if you could break it down. I realize there's been a previous ranking, and I don't know if you agree with that ranking, in terms of the IT reports. I



assume they're all from the Presidio Report. I would hate for the City to be engaged in this automatic do nothing option because of cost, without knowing the consequences."

- Councilor Maestas continued, "Which leads me to bring up the issue of risk. We really haven't talked about risk. What are the consequences of doing nothing. I think if you can do that objectively, I'm in your court and you'll get my attention and I'll understand your needs, but that doesn't solve allowing us to make those decisions on priorities across the board. That's why I think we need some kind of comprehensive priority setting methodologies so we can make those distinctions between what Public Works wants, what IT wants. So I read the report, I understand the needs, they're very fundamental. They're not even expansion requests, they're basic fundamental needs that had to be met yesterday. But I still don't want to make a decision in a vacuum, for two hours to be totally enthralled and sympathetic with IT needs, and then hear what Public Works has to say. And all of a sudden I'm doubting what I agreed was a top priority City-wide for IT after hearing Public Works."
- Councilor Maestas continued, "So Mr. Rodriguez we need a way to make those decision across the City, feeling like, okay, I feel good about that. I wasn't really in any way diminishing or compromising needs of one department for another. And so let's not go down that road again. And we might even have the needs of IT fall short by spending too much time in one department over another. I want it to be objective and to make sure that we make fair decisions across the City and be able to differentiate all these priorities among different departments."
- Mr. Rodriguez said his presentation starts off with this, the budget kick-off discussion. He said, "I got your recommendation clearly, and I will be recommending precisely that direction as we move forward. Rather, I'll be recommending that unless you say specifically otherwise, that is the direction we'll be going."
- Councilor Martinez asked, "In terms of process, are we going to start hearing from other departments prior to budget hearings to spend more time in those areas. Or is it your intention to say, no the primary needs are in these departments. We need to devote more Committee time to discuss them prior to budget hearings. So can you explain why we're rolling out..."
- Chair Dominguez said, "We're going to do the budget kickoff presentation tonight. It's not necessarily a budget kick-off, but it's to kick off the discussion so we can start to design that for staff, so we can let them know exactly what direction we want to go, and then how we want to set priorities, if you want to set priorities. But I think it's important for us to get that presentation from Oscar, and then we can envelope and design the budget process really from today on, and in subsequent meeting. Again, there are some, I don't want to say priorities, there are some glaring challenges we have. IT definitely is one of them. One of the questions I have, is there any way to determine how much revenue was lost because of our deficiencies in IT."

Ms. Martinez said, "That's a tough one. You could go back to say did we not do things we wanted to do, and what was going to be the return on the investment of that thing we didn't do. So, I'm not sure..."

- Chair Dominguez said he is talking about simple on-line things – people being able to pay on line and that sort of thing. Is there a way to determine how much potential revenue we've lost. Chair Dominguez said, "Not that it's going to make up for the challenges we have, but I think it's worthy of a discussion to determine if we can start to measure some of that return on investment. I think that's something the Governing Body should know."

Ms. Martinez said, "I am planning to re-establish the IT Steering Committee. And the City Manager and I will be the chairs of that Committee. There will be 10 Department Directors on the Committee, and that will be the Committee that will provide oversight to IT investment decisions and IT policy decisions; and looking at the City as a whole, and the priorities for the City related to IT. And I'm intending to use a business case methodology for reviewing and vetting any large investment proposal. When you have the business objectives fairly clearly stated related to the project, what the alternatives are and what their cost and benefits are, and what, if any, is the return on investment. And having that sort of process and discipline around making IT investment decisions will help us. Then, later on, if you would like to say, what was the opportunity lost, or what was the revenue lost, you actually could go back and possibly do that. And it's really a matter of putting good, best practices, processes and disciplines in place around IT, just like any other business area."

- Chair Dominguez said, "So to kind of answer your question a little more Councilor Maestas. I think that this is an obvious example of how we're not going to fix it over the course of one budget cycle, but, in speaking of long-term budgeting as we've talked about before, I think this is one of those areas where one small step forward could help us in the long run. And it's the same thing with health care. We're going to be able to balance the budget, but we're not going to necessarily resolve that issue over the course of one budget and make us whole I should say."
- Chair Dominguez continued, "So I think it's just an opportunity to continue the discussion and learn, engage and educate ourselves a little bit more about some of these issues and the realities of it. But, the next item is really going to answer your question a little bit more as we start to develop the process that we want to take, that we want to have for the budget development. So before you give us the information you have prepared, make sure you get with the City Manager with that, so you can help to determine what is relevant and what is not."

## **27. OTHER FINANCIAL INFORMATION**

### **A. BUDGET KICK-OFF PRESENTATION. (OSCAR RODRIGUEZ)**

A copy of a power point presentation, *City of Santa Fe's Financial Condition Current State and Improved Plan – Budget Process Kick-off*, dated January 28, 2015, is incorporated herewith to these minutes as Exhibit "4."

*Items 27(A) and 27(C), were combined for purposes of presentation and discussion.*

Oscar Rodriguez, Finance Director, noted that Item 27(C) will no longer appear as a separate item, noting the intent is to provide a report every month and that will be part of that presentation, unless the Committee would like to have a specific report on the GRTs.

Oscar Rodriguez, Director, Finance Department, presented information from Exhibit "4" Please see Exhibit "4" for specifics of this presentation.

*The Committee commented and asked questions as follows:*

- Councilor Maestas asked Mr. Rodriguez if he factored in the repeal of the Hold Harmless.

Mr. Rodriguez said it kicks in next year at about \$660,000, "but that's before I get there and a few other things."

- Councilor Maestas asked if that is in his forecast.

Mr. Rodriguez said yes.

- Councilor Maestas said, "It would bump I would think, and it would kind of come down and then follow your assumptions your 1 to 2½%."

Mr. Rodriguez said there are a number of other things at this point. At this point, "I'm not telling you this is what I'm forecasting, I'm telling you that's the range of possibilities. So to answer your question, yes, it would be within that cone. So for example if I were to factor that in, then I would have to expect that revenues are going to grow smaller, right, because we're to lose that \$660,000. Likewise, benefits, costs have gone up, and will go up by some 8%. There are a couple of other cost factors that are out there which are going to go up a little bit, which is why I'm also saying that the range of possibilities for expenditures is also going to go the other."

Mr. Rodriguez said, "Unless the Governing Body specifically directs otherwise, when you get the budget in March, it will be put together using these basic assumptions – this is how we are going to play."

- Chair Dominguez said in many ways, he envies some of the new Councilors because this is a new way of budgeting. He said when he first started there was growth of 4-6% every year. He said he learned quickly that when there is money to be spent, that is when the real battles begin. Because when there is no money, it's just trying to stay afloat. He said, "I have to thank some of my mentors and past members of the Governing Body, because when the economy was really bad, there were some tough decisions that had to be made, and I think their leadership was instrumental in making sure we didn't get to the position that some municipalities are in."

- Chair Dominguez continued, "I think when we talk new realities, tourism in many ways subsidized a lot of the benefits that many of us enjoy today, out of the General Fund. And that's not necessarily the case any more. I think tourism, the whole climate of tourism has changed. The City used to be the game in the State in terms of tourism, but that's not the case any more. We're not only competing with Albuquerque and T or C, but there's less tourism dollars generally speaking, in not only this economy, but nationwide."
- Chair Dominguez continued, "That's just one little example of how the game has changed and the new realities that exist. Quite frankly, it's just that revenues aren't keeping up with inflation. I've3 tried to look at this from different levels of priority. I would have to say that one of my priorities is employees. That means not laying off employees in right-sizing our government – whether through dealing with payroll, whatever the case may be. I think just making sure that we continue to value and take care of our employees the best we can, is one of those over-arching goals. And so that means no layoffs, etc."
- Chair Dominguez continued, "I think one of the things we need to look at is collections. Making sure we have systems in place to collect the revenue we already should be collecting, whether through tax rolls, business licenses, permits, whatever the case may be, just so we have systems in place to make sure we're collecting those revenues. And I'm reluctant to, but I think I'm going to throw economic development in there. I'm sure it's policy, but until we are focusing on economic development and generating revenue, collections always are going to be one day after the other. We're going to be trying to catch up and collect."
- Chair Dominguez continued, "Before we even talk about revenue generators through tax increases, or whatever the case may be, I think we need to prove that we are as efficient as possible. And I'm not sure how you articulate that, or how you demonstrate that, but we need to prove that we are as lean and as mean as possible. When I say that, I guess I'm talking about making sure when we talk about right-sizing our payroll or right-sizing government, that the monies go to where they need to be going to. And that we don't waste in personnel and other things."
- Councilor Dominguez continued, "And that leads to the last thing in terms of overarching priorities, and that's policies. We need to make sure we have policies in place to deal with some of the guidelines you have identified here. We don't have a lot of policies in place, it's just kind of internal policy that are implemented from one administration to the next, and are changed from one City Manager to the other. We don't really have those hard line policies in place, on exactly how we're going to be doing some of this stuff. And I'm talking about how we deal with vacancy savings. I know we're talked about this before, Councilor Maestas, in reserves and having a hard line policy on how we are going to deal with reserves. And then just the number of funds we have. We have one fund paying part of another fund, that pays part of another fund. I know some of that stuff is mandated by the public. But it seems to me that for too long we've just kind of borrowing from 'Peter to pay Paul.' I think that's a bad policy. I don't even think that we have some of that stuff clarified yet."

- Councilor Dominguez continued, "I guess in terms of some of the specific challenges we have and specific issues, such as hold harmless, health care, reserves, one of the things I would like to see is moving money out of CIP as we discussed before. Relatively speaking, I think that is a small step, but I think it's a step in the right direction. In terms of making sure we know where our money is coming from and we know exactly where it's going. I just wanted to make these few comments to open the discussion, and perhaps get some of this stuff on the record so that staff has some direction. And so what I'm going to do is to turn it over to the Committee now."
- Councilor Rivera said, "I would agree that our employees should be number one. And I know in the past, and I've brought this up before, we left out a group of employees in recent raises, or raises that occurred last fiscal year. Those employees are just as valuable as the ones covered by the union and the ones that receive raises because of appointments, and I would like to see that taken care of either in this fiscal year, if we can get it done, or at least look at it at the start of the next fiscal year."
- Councilor Rivera continued, "With that, I'm not sure where we are with negotiations, but it would be nice to have them done at the front end of the fiscal year instead of the back end of the fiscal year. I think that happened last fiscal year, we finished a budget discussion and where we were going, and then the union contracts were complete and came up and were passed without much discussion on where that funding was going to come from."
- Councilor Rivera said, "The other thing I would like to see is when we have discussions on big ticket items. Every department put its best forward and tries to argue for what it needs and what it wants. And in my opinion, the City Manager who probably has the best pulse on the City with regard to an overall look of how things are going, I feel he should be the one to arrow down that list of large ticket items to 3-5 or whatever number we set. And then we would take a look at those top priorities and decide how the money is going to be spent. And I think with the City Manager's guidance, again, if an IT project was brought up and it was going to cost several million dollars but it was going to affect 4-5 other departments and be something that could save time and money. He has a better sense of that, versus every department trying to put its needs forward. I would like to see a change in that, and I think it would narrow the time and decrease the amount of discussion we have overall with regard to the budget and how we're going to spend. That is what I would like to see moving forward."
- Councilor Maestas said he becoming concerned that we are setting the stage for a repeat of last year. He realizes we are going to make changes, but the vision we discussed, before talking about considering any revenue enhancement would be to tighten out belts. He said we would all like to stay at the same pre-recession levels, but we all know that isn't sustainable. He said, "What do we do in the face of that. Do we continue playing this shell game and hope that things get better. Well I think we know this economy is not going to rebound, it's recovering, but it's a slow recovery. We know we're facing a decrease in our GRTs because of the repeal of the hold harmless subsidies."

- Councilor Maestas continued, "I had a certain sequence in mind, Mr. Chairman, I really thought we would do a comprehensive assessment of the efficiency of government as you said, and make some recommendations to streamline the organizational structure. We are continuing to invest in these wireless radio meters that should bring down our labor costs, and other improvements that help us to become more efficient, but we don't seem to realize the efficiencies from those investments. I know that this Committee looked at different scenarios of across-the-board cuts. And I almost feel, Mr. Chairman, that we need to continue looking at that. In fact, we probably should have a budget submittal from departments with an across-the-board cut. And I think, that is what will this do. It's not my intent to inflict shock therapy on all the departments. But I think this across-the-board cut would force departments to look seriously at the way they manage, operate, services they provide, and do a much better job of associating a performance in their services to their budget request, which we don't do."

Councilor Maestas continued, "And so, if we continue on this path of just incremental improvements, I don't foresee myself considering any kind of revenue enhancements. I really think what we need right now is a comprehensive assessment of the efficiency of our government department by department. I think we need to tie our budget request to the performance and services and I think we need to have this discussion about services. What are core services and what are not. Should we diminish those services that are not core services. It's got to be a combination, Mr. Chair, and I think if we continue the status quo in cobbling together a patchwork budget, and yet ask the citizens to understand the need for a revenue enhancement, they're going to run me out of town. I don't about you all. So I don't want to get run out of town..."

- Councilor Maestas continued, "So Mr. Chairman really, and this whole idea of.... I know certain legislators have said the City is doing fine, that \$650,000 of lost GRTs is really nothing, that the new form of incentives through a positive economic response would more than make up for those revenues. I don't buy that. And besides, we shouldn't be dependent and hoping for any kind of resurgence in any sector of the economy based on what the Legislature does. We were elected to be responsible stewards of the government and taxpayer dollars. I still see us engaged in kind of incremental improvements. I really think we need something much more comprehensive."
- Councilor Maestas continued, "In terms of the budget assumptions, Mr. Rodriguez, you wanted some guidance. I know you want to focus on where we have the widest demand delivery gap. For example, in Streets, we have an incredible funding gap in terms of the needs versus secured funding. What are the consequences of allowing potholes to continue and not improving our streets, versus building a backup generator for IT systems. So I still need a sense of risk and consequences, so it's not just about the overall gap – what are the consequences of doing nothing. And I still don't see that, so we might need to add to your criteria under operations to help us make those decisions on those operations related requests for additional funding. Because if we base it solely on a funding gap, I don't think that's enough. I think we need to look at other factors in that regard."

- Councilor Maestas continued, “So, Mr. Chairman, I don’t know. We’re going to have to caucus on this and maybe have a more fundamental discussion about kind of a sequence of what we want to have happen. And I know we talked about a strategic plan and I thought maybe the strategic plan would be kind of a reassessment of priorities among each and every department with this new administration. I haven’t seen anything like that, even remotely close to that. And I think that could be the basis for us to make budget decisions. And I’m prepared to make the hard decisions. But either we get some recommendations on what kind of pain folks want to endure to kind of tighten our belts or we make the decisions for them.”
- Councilor Maestas continued, “And the sky’s not falling Mr. Chairman, but I think we’ve heard our financial position is diminishing, our revenues are not what they used to be. We’re going to take a hit in this next year with regard to GRTs. I think the picture is becoming clear in terms of the forecast. It’s like what do we do now, and don’t think we’re doing enough right now. We’re certainly not talking about what I envisioned we would talk about, since we had this very same discussion at last year’s budget hearing. So I’m concerned, and I think we need to start thinking much more broadly, much more fundamentally, and start setting ourselves on the path to make some much tougher and broader decisions.”
- Councilor Lindell said Mr. Rodriguez and Ms. Martinez are very lucky that we don’t shoot the messenger around here. She said, “I appreciate the clear picture, that’s what we need. We need a clear picture to make good decisions. I think we have our work cut out for us in being more efficient, tightening our belt. At this point, I would take nothing off the table. I think it’s incumbent upon the Governing Body to be careful about new spending, and pet projects, not collecting revenues, giveaways and having realistic costs on the projects that we approve. I think the Chair or Councilor Rivera said we do need to look to the City Manager to prioritize. He sees the big picture, and I hope that he will help us with that. We see shrinking revenues and we hear that we are 38 FTEs short in IT to average staffing, that’s staggering. The sky’s not falling, but we need to get pretty realistic in this budget for the next year. And I think the Committee’s work is really cut out for it, and I do look to the City Manager to help us with prioritizing some of this. I don’t need to belabor this any more. We’ve got a lot to do.”
- Councilor Ives thanked Mr. Rodriguez for bringing this forward, noting there is still a lot he doesn’t understand, but “we’ll certainly get there.”
- Councilor Ives said, “One thing that you didn’t cover in your bridge over the recession was the fact that I believe City employment went from approximately 1,860 employees down much closer to 1,500, between 2007-2008 to 2013-2014. So there was actually a huge loss of human resources across the City platform that says that whole darkening of the economy has happened. And clearly, we dipped heavily into reserves and interest, which along with the GRT, resulted in, I always heard the figure of \$104 million as opposed to the \$90 million that you’ve quoted, but that might just be the difference in one year, plus or minus on what gap period one was talking about.”

- Councilor Ives continued, "On page 3 of your materials which is the FY 2015-2016 context, you have the GRT numbers by sector, 2008 to 2014. Who prepared that graph."

Mr. Rodriguez said, "I did."

- Councilor Ives asked, "Is it possible to get a large copy of it with true colors so I can actually read it."

Mr. Rodriguez said, "Yes sir. I will confess that I am color blind, and so I rely on my staff to say, yes, those are big enough there. But yes sir, no problem at all. You will have that tomorrow."

- Councilor Ives said if you could put it on an 11 X 17, I wouldn't complain, just so I could actually see the colors and understand the numbers.

- Councilor Ives said, "Another question is on page 5 of the materials which is the City's financial condition, net position, and you have it broken down into general government business type activities. I'm wondering what goes into business type activities."

Mr. Rodriguez said it is primarily utilities – water, sewer, garbage collection and such.

- Councilor Ives said there are a few things that are "enterprise funds," like Genoveva Chavez which inevitably is supported by.... 5/6 of its budget every year is from the General Fund. Where would that sit.

Mr. Rodriguez said he believes that would be counted in general government funds, noting he will clarify that and follow up with an email.

- Councilor Ives noted the capital assets between 2013 and 2014 in the business activities dropped from \$463 million to \$456 million, and asked what caused those drops, commenting it would be helpful in understanding the information this diagram is intended to show.

Mr. Rodriguez said, "There will be lots of... and I think what you'll see there is that the story will have a lot of characters in it, including the way we've been using CIP funds."

- Councilor Ives said on page 7 we talked about the City's credit profile. He would be curious to hear if one planned to bring the City back up to a AAA rating, what steps would be necessary to do that.

Mr. Rodriguez said, "In all likelihood, the City of Santa Fe sees a very very steep climb to get to AAA. At this point, if I didn't make it clear enough, we would have to do significant lifting to keep the AA+. And I will just point out to you that the credit rating agencies, Fitch and Standard & Poors, review all of the credits out there periodically. The last the time they reviewed us they did not like the trend in the reserves and they just said it merits looking at it again and so, of course they're going to be looking at what the budget looks like the next time. Obviously if they see that



our reserves continue to do down, we could be subject to be put on the credit watch of some kind, or even lose our credit rating. I've been in those environments, and it's very noisy when that happens."

- Councilor Ives said, "In order to plan appropriately, it would be helpful to understand the actions that we should avoid, the actions we should undertake certainly to preserve the....."

Mr. Rodriguez said, "That's what I've put here. What the actions are to get within the averages.... to move forward toward those averages."

- Chair Dominguez asked, "For clarification, is that what page 8 is."

Mr. Rodriguez said, "Yes. 8 and actually then the page 7 he has right there."

- Chair Dominguez said, "If I may Councilor Ives, one of the questions that I had when you look at these critical ratios that you have on page 8, which one is the most important, if there is one."

Mr. Rodriguez said, "I would say one is that more important than the others in terms of the plan to get you in the credit rating. Because some of it has to do just how far you are from the average. And so I very specifically put that table there so it would be clear to you where our ratios need to be. So I gave you 2 benchmarks there. For us to be just be simply close to the average of the clear rate of the category we're in right now, with is the AA+, as well as the one just above us, which is the one you see to the left of that one. And so you see there..... the idea is to move forward from there."

Mr. Rodriguez continued, "I want to point out to you, this is what's critical to maintain those credit ratings in light of what we've done. It happened last year, and what the rating agencies have said they're looking at, is one to have a plan. It is important for them to see in us that we understand the situation that we're in, and that we have a plan to address it. Two, that we've taken some movement along the lines of that plan. So I would tell you then that as we develop a budget, you will have a budget proposal with a balanced budget. But among the things that we will take into account, along with the many other very serious things that need to be taken into account, is to make some progress. And that's why I put the horizon at 5 years, so if we don't take care of it right away, but it is within a reasonable framework for the credit rating agencies so that we can take movement forward. So if we are 35 days down, we'll try to add another couple of days and that way the trend looks like it's going the other way, obviously not to come in with any kind of a deficit."

- Councilor Ives said, "Then if I compare page 8 with page 11, if these are the critical ratios we're trying to reach against which we logically would be assessing our actions, I see in the reserves, cash at 20% of revenues in 5 years, and that's the first line. I don't so easily translate over the other 3 items and the critical ratios into the guidelines plan."

Mr. Rodriguez said, "Right, we're going to be doing more than just amending them. [inaudible] the idea of increasing our liquidity is a good management plan. The other ones you see on the lower left hand side, in terms of our debt ratios, you see intend to address those in that fashion."

- Councilor Ives said, "Maybe I don't understand them quite well enough."

Mr. Rodriguez said, "The plan is to move toward those average ratios, and then also to do other things, including increasing our [inaudible]."

- Councilor Ives said, "I note on that final page 11, under the Operations bullet, 'Cost of operations should be competitive with that of comparable cities. We know that personnel is our major line item across the City platform. I remember when I made my run for this seat, there was a piece in the *New Mexican* by a local commentator, Mr. Bemis, that pointed out that those ratios were off. And again, I don't have the benefit of recollecting, or ever having known what he based that on. But I will be very curious to hear what those are and what the basis for that information is as we go through the budget process, so we can have level of confidence we are or are not, at or about the level of comparable cities."
- Councilor Ives continued, "So I certainly appreciate that, and I agree with Councilor Maestas that the notion of risk is a great compensating factor in the third bullet point under Budget Assumptions, the infrastructure and/or critical mission services with widest demand delivery gap are the highest priority. I would say I would agree with him, not necessarily, what are the risk components, what do we face if we do and/or don't do that, notwithstanding what might appear to be a relatively high demand delivery gap. So, again, I appreciate you putting this together, and look forward to the process with you, and thank you for getting us headed in the right direction."
- Councilor Maestas said, "I would like staff to give us an updated gap sheet that is a typical component in our briefing book. I think that's got to be one of our barometers as we go into these budget hearings, I want to see where the gaps are, because we've really got to up our game on this, and I think that gap sheet will help us, Mr. Chairman. So that's my direction to staff."
- Chair Dominguez he agrees, and one of the things he hoped would make it into this packet was that gap sheet, because it, in many ways, tells us what it is we're up against.
- Councilor Maestas said in addition to the gap sheet he would like a revised scenario on across the board budgets cuts 1.5% to 2%.
- Chair Dominguez said he has that on the list already.
- Councilor Maestas asked if we can get that in the next meeting.
- Chair Dominguez said, "I'll be working with staff to figure out how we are going to parse some of this information, because quite frankly there are a number of things I've heard – efficiencies, better sense of risk. I heard right-size government in different forms and fashion, so yes, I'll be parsing

some of this stuff out and talking with the rest of the Committee members to figure out how to develop the next steps."

Chair Dominguez thanked Mr. Rodriguez for the information.

**B. BUDGET DEVELOPMENT CALENDAR – FY 2015/16. (OSCAR RODRIGUEZ)**

The proposed Budget Development calendar is incorporated herewith to these minutes as Exhibit "5."

Chair Dominguez said he will be working with the Committee and staff to figure out the next steps and the budget calendar, and the budget process. He said, "My hope is that we do things a little bit differently this year and that we don't have long, drawn out, 3-day marathon budget hearings. This will be the tenth one that I've been in. And every year I learn something which is good, but since we're starting a new page, if you will, maybe we can do something a little different. We'll see. We'll get there when we get when we get there. Chair Dominguez said, for all intents and purposes, the budget hearings will start on April 3, 2015. He asked if there is any information the Committee would like in regard to the budget development calendar. He asked if everyone is going to be here in April. He reminded the Committee that the State mandates that we submit our budget to DFA by June 1<sup>st</sup>.

**C. UPDATE ON GROSS RECEIPTS TAX REPORT RECEIVED IN DECEMBER 2014 (FOR OCTOBER 2014 ACTIVITY) AND LODGERS' TAX REPORT RECEIVED IN DECEMBER 2014 (FOR NOVEMBER 2014 ACTIVITY). (OSCAR RODRIGUEZ)**

Mr. Rodriguez said, "The graph you see there, does not have the latest GRT numbers that we got late last week, but information went out in the Report that typically goes to the Council and the public. And that line just continues the parallel line that you see there already. So it didn't change. It's just going like \$11 million below what the other ones are."

**28. MATTERS FROM THE COMMITTEE**

Chair Dominguez said he wants to let the Committee know this presentation will be going to the full Council on January 28, 2015. His goal is to have a study that the Governing Body in its entirety will be invited to so that we can keep going down this road "and hammering away at it, and hopefully getting to where we need to be."

A copy of bills and resolutions scheduled for introduction by the members of the Governing Body, for the Finance Committee meeting of January 20, 2015, is incorporated herewith to these minutes as Exhibit "6."

Councilor Maestas introduced the following:

- A. A Resolution supporting proposed State legislation, House Bill 111 (HB 111), relating to utilities – providing for shared renewable energy facilities to qualify as distributed generation facilities; requiring investor-owned utilities to allow construction, connection and operation of renewable energy facilities within their operating territories. A copy of the Resolution is incorporated herewith to these minutes as Exhibit "7."

Chair Dominguez said the Finance Committee will be introducing on behalf of Councilor Ives the following:

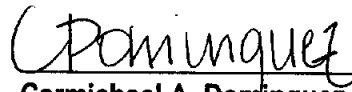
- A. A Resolution supporting proposed State legislation, House Bill 44 (HB-44) during the 2015 Legislative Session, the proposed Firearm Transfer Act. A copy of the Resolution is incorporated herewith to these minutes as Exhibit "8."
- B. An Ordinance approving a lease between the City of Santa Fe and Jet Center at Santa Fe Real Estate LLC, for the lease of City owned land located at the Santa Fe Municipal Airport for development of such fixed base operation services and other related purposes. A copy of the Ordinance is incorporated herewith to these minutes as Exhibit "9."

Councilor Ives said the Resolution will go straight to the Council regarding HB-44, and the Ordinance to Public Works on January 26, 2015, City Council for a request to publish on January 28, 2015, the Finance Committee on February 2, 2015, and then back to the City Council for a public hearing on February 25, 2015.

Councilor Ives said he would like to Join as cosponsor of Councilor Maestas' legislation.

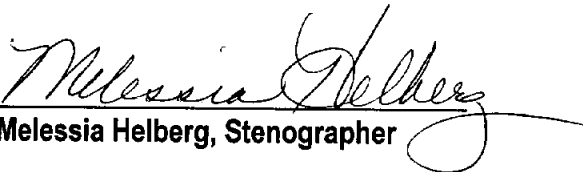
## **29. ADJOURN**

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

  
Carmichael A. Dominguez, Chair

Reviewed by:

  
\_\_\_\_\_  
Oscar S. Rodriguez, Finance Director  
Department of Finance

  
\_\_\_\_\_  
Melessia Helberg, Stenographer

STATE OF NEW MEXICO            )  
COUNTY OF SANTA FE         ) ss.  
CITY OF SANTA FE             )

The City Council (the "Governing Body") of the City of Santa Fe, New Mexico, met in regular session in full conformity with the law and the rules and regulations of the Governing Body at the Santa Fe Municipal Offices, 200 Lincoln Avenue, Santa Fe, New Mexico on the 25<sup>th</sup> day of February, 2015, at the hour of 7:00 p.m. Upon roll call, the following members were found to be present:

Present: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Absent: \_\_\_\_\_

Also Present: \_\_\_\_\_  
\_\_\_\_\_

Thereupon, there was officially filed with the Clerk a copy of a proposed ordinance in final form.

CITY OF SANTA FE, NEW MEXICO  
COUNCIL BILL NO. 2015-\_\_  
ORDINANCE NO. 2015-\_\_

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF SANTA FE (THE "CITY") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$37,375,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF DEFRAIVING THE COST OF ADVANCE REFUNDING THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN DATED MARCH 28, 2006 AND TO PAY COSTS OF ISSUANCE AND PROCESSING FEES ASSOCIATED WITH THE LOAN AGREEMENT; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE CITY'S LODGERS' TAX AND CONVENTION CENTER FEES; APPROVING THE FORM AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

Capitalized terms used in the following preambles have the same meaning as defined in Section 1 of the Ordinance unless the context requires otherwise.

WHEREAS, the Governmental Unit is a legally and regularly created, established, organized and existing charter municipality under the general laws of the State of New Mexico; and

WHEREAS, the Governing Body has determined and hereby determines that the Refunding may be financed with amounts borrowed under the Loan Agreement and that it is in the best interests of the Governmental Unit and its residents that the Loan Agreement be executed and delivered and that the advance refunding of the Refunded Loan take place by executing and delivering the Loan Agreement; and

WHEREAS, the Governmental Unit may use the Pledged Revenues to finance the Refunding and the Refunding will result in debt service savings and other economies for the Governmental Unit; and

WHEREAS, the Governing Body has determined that it may lawfully pledge the Pledged Revenues for the payment of amounts due under the Loan Agreement; and

WHEREAS, other than as described in the Term Sheet, the Pledged Revenues have not heretofore been pledged to secure the payment of any obligation which is currently outstanding; and

WHEREAS, the Loan Agreement shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues and shall not constitute a general obligation of the Governmental Unit, or a debt or pledge of the faith and credit of the Governmental Unit or the State; and

WHEREAS, other than the Pledged Revenues, no revenues collected by the Governmental Unit shall be pledged to the Loan Agreement; and

WHEREAS, the Governing Body intends by this Ordinance to authorize the execution and delivery of the Loan Agreement in the amount and for the purposes set forth herein; and

WHEREAS, the Governing Body hereby determines that the project financed with the Refunded Loan has been and is to be used for governmental purposes of the Governmental Unit and will not be used for purposes which would cause the Loan Agreement to be deemed a "private activity bond" as defined by the Internal Revenue Code of 1986, as amended; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the City Clerk, this (i) Ordinance, and (ii) the form of the Loan Agreement which is incorporated by reference and considered to be a part hereof; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use and pledge of the Pledged Revenues to the Finance Authority (or its assigns) for the payment of the Loan Agreement, (ii) the use of the proceeds of the Loan Agreement to finance the amounts due under the Refunding, and (iii) the authorization, execution and delivery of the Loan Agreement which are required to have been obtained by the date of this Ordinance, have been obtained or are reasonably expected to be obtained.

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

Section 1. Definitions. As used in the Ordinance, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"Act" means the general laws of the State, including Sections 3-31-1 through 3-31-12, Sections 3-38-13 through 3-38-24, Sections 5-14-1 through 5-14-15, Sections 6-21-1 through 6-21-31, NMSA 1978, as amended, and enactments of the Governing Body relating to the Loan Agreement, including this Ordinance.

"Aggregate Annual Debt Service Requirement" means the total principal and interest payments due and payable pursuant to the Loan Agreement and on all Parity Obligations secured by a pledge of the Pledged Revenues for any one Fiscal Year.



"Authorized Officers" means the Mayor, Manager, Finance Director & Treasurer, and Clerk of the Governmental Unit.

"Bonds" means public project revolving fund revenue bonds issued by the Finance Authority and specifically related to the Loan Agreement and the Loan Agreement Payments.

"Closing Date" means the date of execution, delivery and funding of the Loan Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Completion Date" means the date of final payment of the cost of the Refunding.

"Expenses" means the costs of issuance of the Loan Agreement and the Bonds, if any, and the periodic and regular fees and expenses incurred by the Finance Authority and the Trustee in administering the Loan Agreement, including legal fees.

"Finance Authority" means the New Mexico Finance Authority.

"Finance Authority Debt Service Account" means the account in the name of the Governmental Unit within the Debt Service Fund established under the Indenture and held by the Finance Authority to pay principal and interest on the Loan Agreement as the same become due.

"Fiscal Year" means the period commencing on July 1 in each calendar year and ending on the last day of June of the next succeeding calendar year, or any other twelve-month period which any appropriate authority may hereafter establish for the Governmental Unit as its fiscal year.

"Governing Body" means the City Council of the Governmental Unit, or any future successor governing body of the Governmental Unit.

"Governmental Unit" means the City of Santa Fe, New Mexico.

"Herein," "hereby," "hereunder," "hereof," "hereinabove" and "hereafter" refer to the entire Ordinance and not solely to the particular section or paragraph of the Ordinance in which such word is used.

"Indenture" means the Subordinated General Indenture of Trust dated March 1, 2005, between Finance Authority and the Trustee, and all supplemental indentures, as the same may be amended from time to time.

"Loan" means the funds to be loaned to the Governmental Unit by the Finance Authority pursuant to the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated the Closing Date between the Finance Authority and the Governmental Unit which provides for the financing of the Refunding and requires payments by or on behalf of the Governmental Unit to the Finance Authority, and any amendments or supplements thereto, including the exhibits attached to the Loan Agreement.

"NMSA" means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

"Ordinance" means this ordinance, as supplemented or amended from time to time.

"Parity Obligations" mean the Loan Agreement and any other obligations, now or hereafter issued or incurred, payable from or secured by a lien or pledge of the Pledged Revenues and issued with a lien on the Pledged Revenues on a parity with the Loan Agreement.

"Pledged Revenues" means four and one-half percentage increments of Lodgers' Tax and Convention Center Fees, imposed pursuant to the Lodger's Tax Act (Sections 3-38-13 through 3-38-24, NMSA), the Civic and Convention Center Funding Act (Sections 5-14-1 through 5-14-15, NMSA) and the Governmental Unit's Compiled Ordinances Section 18-11, as more fully described in the Loan Agreement.

"Program Account" means the account in the name of the Governmental Unit established under the Indenture and held by the Trustee for deposit of the net proceeds of the Loan Agreement for use by the Governmental Unit to pay the costs of the Refunding.

"Processing Fee" means the processing fee to be paid on the Closing Date by the Governmental Unit to the Finance Authority for the costs of originating and servicing the Loan, as shown on the Term Sheet.

"Refunded Loan" means the loan from the Finance Authority dated March 28, 2006, the proceeds of which were used to finance the acquisition and construction of the Convention Center.

"Refunding" means the advance refunding and defeasance of the Refunded Loan until its optional pre-payment date of \_\_\_\_\_, 2016, when the then unpaid principal and interest on the Refunded Loan shall be paid from the proceeds of the Loan held in the Program Account.

"State" means the State of New Mexico.

"Term Sheet" means Exhibit "A" to the Loan Agreement.

"Trustee" means BOKF, NA dba Bank of Albuquerque or any successor trustee company, national or state banking association or financial institution at the time appointed Trustee by the Finance Authority.

Section 2. Ratification. All action heretofore taken (not inconsistent with the provisions of the Ordinance) by the Governing Body and officers of the Governmental Unit directed toward the Refunding and the execution and delivery of the Loan Agreement, be, and the same hereby is, ratified, approved and confirmed.

Section 3. Authorization of the Loan Agreement. The advance refunding of the Refunded Loan through execution and delivery of the Loan Agreement is hereby authorized and ordered.

Section 4. Findings. The Governmental Unit hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Refunding is needed to meet the needs of the Governmental Unit and its residents and will result in debt service savings and other economies for the Governmental Unit.

B. Moneys available and on hand for the Refunding from all sources other than the Loan are not sufficient to defray the cost of the Refunding.

C. The Pledged Revenues may lawfully be pledged to secure the payment of amounts due under the Loan Agreement.

D. It is economically feasible to defray, in whole or in part, the costs of the Refunding by the execution and delivery of the Loan Agreement.

E. The Refunding and the execution and delivery of the Loan Agreement pursuant to the Act to provide funds for the financing of the Refunding are necessary and in the interest of the public health, safety, morals and welfare of the residents of the Governmental Unit.

F. The Governmental Unit will complete the Refunding, in whole or in part, with the net proceeds of the Loan.

G. Other than as described in the Term Sheet, the Governmental Unit does not have any outstanding obligations payable from Pledged Revenues which it has incurred or will incur prior to the initial execution and delivery of the Loan Agreement.

H. The net effective interest rate on the Loan does not exceed 12.0% per annum, which is the maximum rate permitted by State law.

Section 5. Loan Agreement - Authorization and Detail.

A. Authorization. This Ordinance has been adopted by the affirmative vote of at least a majority of all of the members of the Governing Body. For the purpose of protecting the public health, conserving the property, protecting the general welfare and prosperity of the citizens of the Governmental Unit, it is hereby declared necessary that the Governmental Unit, pursuant to the Act, execute and deliver the Loan Agreement evidencing a special, limited obligation of the Governmental Unit to pay a principal amount of \$37,375,000, and the execution and delivery of the Loan Agreement is hereby authorized. The Governmental Unit shall use the proceeds of the Loan to (i) finance the Refunding, (ii) to pay the costs of issuance of the Loan Agreement, and (iii) to pay the Processing Fee.

B. Detail. The Loan Agreement shall be in substantially the form presented at the meeting of the Governing Body at which this Ordinance was adopted. The Loan shall be in an original aggregate principal amount of \$37,375,000, shall be payable in installments of principal due on June 15 of the years designated in Exhibit "B" to the Loan Agreement and bear interest payable on June 15 and December 15 of each year, commencing on \_\_\_\_\_, 2015, at the rates designated in Exhibit "B" to the Loan Agreement.

Section 6. Approval of Loan Agreement. The form of the Loan Agreement as presented at the meeting of the Governing Body at which this Ordinance was adopted is hereby approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Loan Agreement with such changes, insertions and omissions as may be approved by such individual Authorized Officers, and the Clerk is hereby authorized to affix the seal of the Governmental Unit on the Loan Agreement and attest the same. The execution of the Loan Agreement by an Authorized Officer shall be conclusive evidence of such approval.

Section 7. Special Limited Obligation. The Loan Agreement shall be secured by the pledge of the Pledged Revenues as set forth in the Loan Agreement and shall be payable solely from the Pledged Revenues. The Loan Agreement, together with interest thereon and other obligations of the Governmental Unit thereunder, shall be a special, limited obligation of the Governmental Unit, payable solely from the Pledged Revenues as provided in this Ordinance and the Loan Agreement and shall not constitute a general obligation of the Governmental Unit or the State, and the holders of the Loan Agreement may not look to any general or other fund of the Governmental Unit for payment of the obligations thereunder. Nothing contained in this Ordinance nor in the Loan Agreement, nor any other instruments, shall be construed as obligating the Governmental Unit (except with respect to the application of the Pledged Revenues), as incurring a pecuniary liability or a charge upon the general credit of the Governmental Unit or against its taxing power, nor shall a breach of any agreement contained in this Ordinance, the Loan Agreement, or any other instrument impose any pecuniary liability upon the Governmental Unit or any charge upon its general credit or against its taxing power. The Loan Agreement shall never constitute an indebtedness of the Governmental Unit within the meaning of any State constitutional provision or statutory limitation and shall never

constitute or give rise to a pecuniary liability of the Governmental Unit or a charge against its general credit or taxing power. Nothing herein shall prevent the Governmental Unit from applying other funds of the Governmental Unit legally available therefor to payments required by the Loan Agreement, in its sole and absolute discretion.

Section 8. Disposition of Proceeds, Completion of Refunding.

A. Program Account and Finance Authority Debt Service Account. The Governmental Unit hereby consents to creation of the Finance Authority Debt Service Account to be held and maintained by the Finance Authority and to the Program Account to be held by the Trustee pursuant to the Indenture, each in connection with the Loan. The Governmental Unit hereby approves of the deposit of a portion of the proceeds of the Loan Agreement in the Program Account and the Finance Authority Debt Service Account.

The proceeds derived from the execution and delivery of the Loan Agreement shall be deposited promptly upon the receipt thereof in the Program Account and the Finance Authority Debt Service Account, and the Processing Fee shall be paid to the Finance Authority, all as provided in the Loan Agreement and the Indenture.

Until the Completion Date, the money in the Program Account shall be used and paid out solely for the purposes of the Refunding in compliance with applicable law and the provisions of the Loan Agreement and the Indenture.

The Governmental Unit will complete the Refunding with all due diligence.

B. Completion of Refunding. Upon the Completion Date, the Governmental Unit shall execute a certificate stating that the Refunding has been completed. As soon as practicable, and, in any event, not more than 60 days after the Completion Date, any balance remaining in the Program Account shall be transferred and deposited into the Finance Authority Debt Service Account, as provided in the Loan Agreement and the Indenture.

C. Finance Authority and Trustee Not Responsible. The Finance Authority and the Trustee shall in no manner be responsible for the application or disposal by the Governmental Unit or by its officers of the funds derived from the Loan Agreement or of any other funds herein designated.

Section 9. Deposit of Pledged Revenues, Distributions of the Pledged Revenues and Flow of Funds.

A. Deposit of Pledged Revenues. Pledged Revenues shall be paid to the Finance Authority for deposit in the Finance Authority Debt Service Account and remittance to the Trustee in an amount sufficient to pay principal, interest, and Expenses due under the Loan Agreement.

B. Termination on Deposits to Maturity. No payment shall be made into the Finance Authority Debt Service Account if the amounts in the Finance Authority Debt Service Account totals a sum at least equal to the entire aggregate amount to become due as to principal, interest and Expenses due under, the Loan Agreement in which case moneys in such account in an amount at least equal to such principal, interest and Expenses requirements shall be used solely to pay such obligations as the same become due, and any moneys in excess thereof in such account shall be transferred to the Governmental Unit and used as provided below.

C. Use of Surplus Revenues. After making all the payments hereinabove required to be made by this Section, any moneys remaining in the Finance Authority Debt Service Account shall be transferred to the Governmental Unit on a timely basis and shall be applied to any other lawful purpose, including, but not limited to, the payment of any Parity Obligations or bonds or obligations subordinate and junior to the Loan Agreement, or other purposes authorized by the Governmental Unit, the Constitution and laws of the State, as the Governmental Unit may from time to time determine.

Section 10. Lien on Pledged Revenues. Pursuant to this Ordinance and the Loan Agreement, the Pledged Revenues are hereby authorized to be pledged to, and are hereby pledged, and the Governmental Unit grants a security interest therein for, the payment of the principal, interest, Expenses, and any other amounts due under the Loan Agreement subject to the uses thereof permitted by and the priorities set forth in this Ordinance and the Loan Agreement. The Loan Agreement constitutes an irrevocable and first lien, but not necessarily an exclusive first lien, on the Pledged Revenues as set forth herein and in the Loan Agreement. The Governmental Unit shall not create a lien on the Pledged Revenues superior to that of the Loan Agreement.

Section 11. Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Ordinance, the Loan Agreement and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Ordinance and the Loan Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Ordinance and the Loan Agreement, including but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Loan Agreement and the publication of the summary of this Ordinance set out in Section 17 of this Ordinance (with such changes, additions and deletions as may be necessary).

Section 12. Amendment of Ordinance. Prior to the date of the initial delivery of the Loan Agreement to the Finance Authority, the provisions of this Ordinance may be supplemented or amended by resolution or ordinance of the Governing Body with respect to any changes which are not inconsistent with the substantive provisions of this Ordinance. After the date of initial delivery of the Loan Agreement to the Finance

Authority, this Ordinance may be amended by ordinance of the Governing Body without receipt by the Governmental Unit of any additional consideration, but only with the prior written consent of the Finance Authority.

Section 13. Ordinance Irrepealable. After the Loan Agreement has been executed and delivered, this Ordinance shall be and remain irrepealable until all obligations due under the Loan Agreement shall be fully paid, canceled and discharged, as provided therein.

Section 14. Severability Clause. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

Section 15. Repealer Clause. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 16. Effective Date. Upon due adoption of this Ordinance, it shall be recorded in the book of the Governmental Unit kept for that purpose, authenticated by the signatures of the Mayor and Clerk of the Governmental Unit, and the title and general summary of the subject matter contained in this Ordinance (set out in Section 17 below) shall be published in a newspaper which maintains an office and is of general circulation in the Governmental Unit, or posted in accordance with law, and said Ordinance shall be in full force and effect thereafter, in accordance with law.

Section 17. General Summary for Publication. Pursuant to the general laws of the State, the title and a general summary of the subject matter contained in this Ordinance shall be published in substantially the following form:

(Form of Summary of Ordinance for Publication)

City of Santa Fe, New Mexico  
Notice of Adoption of Ordinance

Notice is hereby given of the title and of a general summary of the subject matter contained in Ordinance No. 2015-\_\_ duly adopted and approved by the Governing Body of the City of Santa Fe, New Mexico (the "City"), on February 25, 2015. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, 200 Lincoln Avenue, Santa Fe, NM.

The title of the Ordinance is:

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF SANTA FE (THE "CITY") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$37,375,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF DEFRAYING THE COST OF ADVANCE REFUNDING THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN DATED MARCH 28, 2006 AND TO PAY COSTS OF ISSUANCE AND PROCESSING FEES ASSOCIATED WITH THE LOAN AGREEMENT; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE CITY'S LODGERS' TAX AND CONVENTION CENTER FEES; APPROVING THE FORM AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

A summary of the subject matter of the Ordinance is contained in its title.

This notice constitutes compliance with Section 6-14-6 NMSA 1978.

(End of Form of Summary for Publication)



PASSED, APPROVED AND ADOPTED THIS 25<sup>TH</sup> DAY OF FEBRUARY, 2015.

CITY OF SANTA FE, NEW MEXICO

By \_\_\_\_\_  
Javier M. Gonzales, Mayor

[SEAL]

ATTEST:

By \_\_\_\_\_  
Yolanda Y. Vigil, Clerk

Councilor \_\_\_\_\_ then moved adoption of the foregoing Ordinance, duly seconded by \_\_\_\_\_.

The motion to adopt said Ordinance, upon being put to a vote, was passed and adopted on the following recorded vote:

Those Voting Aye: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Those Voting Nay: \_\_\_\_\_

\_\_\_\_\_

Those Absent:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ ( ) members of the Governing Body having voted in favor of said motion, the Mayor declared said motion carried and said Ordinance adopted, whereupon the Mayor and the Clerk signed the Ordinance upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Ordinance, the meeting on the motion duly made, seconded and unanimously carried, was adjourned.

CITY OF SANTA FE, NEW MEXICO

By \_\_\_\_\_  
Javier M. Gonzales, Mayor

[SEAL]

ATTEST:

By \_\_\_\_\_  
Yolanda Y. Vigil, Clerk

STATE OF NEW MEXICO )  
COUNTY OF SANTA FE ) ss.  
CITY OF SANTA FE )

I, Yolanda Y. Vigil, the duly acting and qualified Clerk of the City of Santa Fe, New Mexico (the "City"), do hereby certify:

1. The foregoing pages are a true, perfect, and complete copy of the record of the proceedings of the City Council (the "Governing Body"), constituting the governing body of the City, had and taken at a duly called regular meeting held at the Santa Fe Municipal Offices, 200 Lincoln Avenue, Santa Fe, New Mexico, 87501, on February 25, 2015 at the hour of 7:00 p.m., insofar as the same relate to the execution and delivery of the proposed Loan Agreement, a copy of which is set forth in the official records of the proceedings of the Governing Body kept in my office. None of the action taken has been rescinded, repealed, or modified.

2. Said proceedings were duly had and taken as therein shown, the meeting therein was duly held, and the persons therein named were present at said meeting, as therein shown.

3. Notice of the February 25, 2015, meeting of the Governing Body was duly given as required by the Open Meetings Act, Sections 10-15-1 through 4, NMSA 1978 and Resolution No. 2015-1 which is the current Resolution of the City which establishes the reasonable notice policy of the City as required by the Open Meetings Act.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of April, 2015.

CITY OF SANTA FE, NEW MEXICO

(SEAL)

By \_\_\_\_\_  
Yolanda Y. Vigil, Clerk

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EXHIBIT "A"

Notice of Meeting

**\$37,375,000**  
**CITY OF SANTA FE, NEW MEXICO**  
**CONVENTION CENTER REFUNDING LOAN**

**FINANCING SCHEDULE**

JANUARY 2015						
S	M	T	W	T	F	S
				1	2	3
4	<del>5</del>	6	7	8	9	10
11	12	13	14	15	16	17
18	19	<del>20</del>	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY 2015						
S	M	T	W	T	F	S
1	<del>2</del>	3	4	5	6	7
8	9	10	11	12	13	14
15	<del>16</del>	17	18	19	20	21
22	23	24	25	26	27	28

MARCH 2015						
S	M	T	W	T	F	S
1	<del>2</del>	3	4	5	6	7
8	9	10	11	12	13	14
15	<del>16</del>	17	18	19	20	21
22	23	24	25	26	27	28
29	<del>30</del>	31				

APRIL 2015						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	<del>13</del>	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

 Council Meeting Dates 5:00/7:00 p.m.

 Finance Committee Meeting Dates 5:00 p.m.

DATE	ACTION	RESPONSIBLE PARTIES
Wednesday, December 10, 2014	City Council adoption of Application Resolution	City Modrall
Thursday, December 18, 2014	NMFA Board approval of Refunding Request	City First SouthWest
Thursday, January 15, 2015	Coordinate Schedules and Finance Plan with New Mexico Finance Authority Team	Modrall First SouthWest

<b>DATE</b>	<b>ACTION</b>	<b>RESPONSIBLE PARTIES</b>
Tuesday, January 20, 2015	Distribute draft Financing Schedule, draft Notice for Publication and draft Ordinance to Finance Team and to Melissa Byers, Legislative Liaison, and to Yolanda Vigil, City Clerk, for introduction	Modrall
Tuesday, January 20, 2015 5:00 p.m. meeting	Finance Committee Approval of draft Ordinance and Publication	City Finance Modrall
Wednesday, January 28, 2015 5:00 p.m. meeting	City Council Approval of Publication (Consent Agenda)	City Modrall
Thursday, January 29, 2015	Distribute revised draft of Ordinance and first draft of Loan Agreement	Modrall Sutin
Friday, January 30, 2015 by Noon	Submit Notice of Public Hearing and Intent to Adopt Ordinance to the <i>Santa Fe New Mexican</i> for publication on Friday, February 6, 2015	City Clerk Modrall
Friday, February 6, 2015	Publish Notice of Public Hearing and Intent to Adopt Ordinance	Newspaper
Monday, February 9, 2015	Comments due on draft Ordinance and Loan Agreement	All
Tuesday, February 10, 2015	Distribute revised/updated draft Ordinance and Loan Agreement	Modrall Sutin
Tuesday, February 10, 2015	Finance Committee Agenda Deadline for February 16 <sup>th</sup> Finance Committee Meeting	City Finance
Monday, February 16, 2015	Finance Committee Review of Ordinance and Loan Agreement	City Finance Modrall First SouthWest

<b>DATE</b>	<b>ACTION</b>	<b>RESPONSIBLE PARTIES</b>
Wednesday, February 25, 2015 by 2:00 p.m.	New Mexico Finance Authority Bond Pricing / Final Loan Numbers Prepared	City Finance First SouthWest Finance Authority
Wednesday, February 25, 2015 7:00 p.m.	Conduct public hearing and adopt Ordinance and approve Loan Agreement	All
Thursday, February 26, 2015 by Noon	Submit Notice of Adoption of Ordinance to the <i>Santa Fe New Mexican</i> for publication on Tuesday, March 3, 2015	City Clerk Modrall
Tuesday, March 3, 2015	Publish Notice of Adoption of Ordinance	Newspaper
Friday, March 6, 2015	Distribute draft Closing Documents	Modrall Sutin
Friday, March 20, 2015	Comments due on Closing Documents	All
Week of March 23, 2015	Pre-Closing, Document Signing by City Officials	All
Friday, March 27, 2015	Signed closing documents delivered to New Mexico Finance Authority	City Modrall
Week of March 30, 2015	Closing documents signed by NMFA officials	Finance Authority Sutin
Thursday, April 2, 2015	30-day Limitation of Action Period expires	City Modrall
Friday, April 3, 2015	Closing (by telephone)	All
Monday, March 28, 2016	Pay-Off Convention Center Loan dated March 28, 2006	City Finance Finance Authority

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CITY OF SANTA FE, NEW MEXICO  
NOTICE OF MEETING AND INTENT TO ADOPT ORDINANCE

Notice is hereby given of the title and of a general summary of the subject matter contained in an ordinance to be considered for adoption by the Governing Body of the City of Santa Fe, New Mexico (the "City"), on February 25, 2015. Complete copies of the Ordinance are available for public inspection during the normal and regular business hours of the City Clerk, 200 Lincoln Avenue, Santa Fe, NM.

The title of the Ordinance is:

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN THE CITY OF SANTA FE (THE "CITY") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE CITY TO PAY A PRINCIPAL AMOUNT NOT TO EXCEED \$37,375,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF DEFRAYING THE COST OF ADVANCE REFUNDING THE NEW MEXICO FINANCE AUTHORITY CONVENTION CENTER LOAN DATED MARCH 28, 2006 AND TO PAY COSTS OF ISSUANCE AND PROCESSING FEES ASSOCIATED WITH THE LOAN AGREEMENT; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE REVENUES OF THE CITY'S LODGERS' TAX AND CONVENTION CENTER FEES; APPROVING THE FORM AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.

A summary of the subject matter of the Ordinance is contained in its title. This notice constitutes compliance with Section 3-17-3 NMSA 1978.

# City of Santa Fe



*Exhibit "2"*

# Timeline for the June 30, 2014 Audit of the City of Santa Fe

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- Fully executed audit contract signed by the City on May 15, 2014 and signed by the State Auditor Office on June 16, 2014.
- Planning started in early July 2014
- Entrance Conference was held on July 21, 2014
- Fieldwork begin first week on August 11, 2014, which included testwork of internal controls, State Audit Compliance and Single Audit.
- Substantive work began in Mid September through late October 2014.
- Exit Conference was held on November 26, 2014
- **SUCCESSFUL Submission of CAFR to OSA on December 1, 2014**
- Received the OK to print on December 5, 2014 and Release letter was received on December 12, 2014.

# Type of opinions rendered- Reliability of Financial Statements

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- ❑ Unmodified Opinion on Financial Statements -The financial statements (CAFR) are fairly presented in all material respects, and are appropriately presented in accordance with Generally Accepted Auditing Principles (GAAP). (Page 2 of the CAFR)
- ❑ Internal Control and Compliance- Negative Assurance. i.e. no opinion
- ❑ Unmodified- Major Program compliance- 6 programs tested or 84% of total federal expenditures.
  - Community Development Block Grant/Entitlement Grants-\$604,474
  - Shelter Plus Care-\$1,076,093
  - Airport Improvement Program-\$1,577,273
  - Federal Transit Cluster-\$2,233,755
  - Aging Cluster-\$396,159
  - Transit Services Program- \$405,594

# Financial Highlights

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- For the first time since 2008-2009, the City experienced an increase in gross receipts tax (GRT) of about 4.28% for fiscal years 2013 and 2014 combined.
- \$15.7 million on General Fund Fund Balance, \$6.1 million that is restricted. \$8.2 million of fund balance (13% of FYE 2014 actual) is unassigned
- Long-term liabilities decreased \$9.5 million, reduction of principal with an GO Bond sale of \$12 million
- \$13.8 million of governmental activities transferred over funds to subsidize business-type activities (11% of Governmental Activities FYE 2014 expenditures)
- Over a billion dollars in assets to safeguard!!

# Findings- Resolved from prior Year

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- 11-04- Federal Grant Cost Principles (Time Certification)
- 11-06- Federal Grant Procurement (Suspension and Disbarment)
- 12-03- Federal Grant Cash Management
- 13-01- Capital Asset Management
- 13-02- Financial Close and Reporting
- 13-03- Bond Covenant Violation
- 13-05- Information Technology Access Controls
- 13-06- Information Technology Segregation of Duties
- 13-07- Federal Grant Reporting
- 13-08- Federal- Davis-Bacon Act

# Current year findings- Financial Statements

---

- FS 06-06 Budgetary Compliance (other matter) (repeated and modified)
- FS 13-04 Entity Level General Computer Controls (significant deficiency) (repeated and modified)
- FS 2014-001 Noncompliance with Social Security Administration Requirements Concerning Employment in a Job Not Covered by Social Security (other matter)
- FS 2014-002 Untimely Deposit of Senior Center Receipts (other matter)

# Current year findings- Federal Awards

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☐ None



# Forward Looking

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- In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The City will implement this standard during the fiscal year June 30, 2015 and will significantly impact the City.
- Timeline for FYE 2015

## City of Santa Fe Finance Committee - IT Budget Assessment (January 20, 2015)

### IT Budget

### *How Do We (City of Santa Fe) Compare against Industry Benchmarks?*

#### I. IT Staffing Benchmarks:

Measure	City of Santa Fe	State/Local Gov. Average	MUS/2015/2016
IT FTEs as % of Total FTEs	1.8% (very low)	4.3%	3.8%

\*Source: Gartner Group IT Budget Comparison Tool, IT Key Metric Data 2014 and 2015

At 4.3%, the City IT Workforce = 65 FTEs, or 4.3% x 1,519 FTEs, compared to 27 FTEs

#### Findings and Recommendations:

A staffing and organization evaluation has been conducted and a reorganization plan developed by the ITT Department Director (see Appendix B).

**Inputs:** Department Meetings, IT Staff Survey, Business Stakeholder Satisfaction Survey, Gartner Group IT Research & Advisory Services, Info-Tech IT Advisory Services, CIO Peers in City Government, Review of Prior Assessments

**Recommendation - Request for 18 new FTEs. Current FTEs = 27, Proposed FTEs = 45**

Section	2015-2016	2017-2018	Description
IT Policy & Compliance	6	2	Addresses capacity and competency deficiencies in 1) information security risk management, 2) IT policy and compliance activities, 3) financial & budget management, 4) project management practices
Business Applications	18	9	Improves understanding of and support for Department business processes and service delivery strategies. Allows IT to enhance and upgrade business critical applications on a regular schedule.
Infrastructure	13	10	Addresses capacity and competency deficiencies in 1) disaster recovery-business continuity, 2) server and storage system ops. and support, 3) wide area network (20+ sites) performance management (move from reactive to proactive)
End User Support	6	5	Addresses customer desire to reach IT immediately, improves communication loop with customers. Builds capacity for end user training services.
IT Administration	2	1	Provides administrative support to the entire ITT Department and facilitates customer access to IT resources.
<b>Total</b>	<b>45</b>	<b>27</b>	

\*Colored originals are available  
in the Clerk's Office.

## **City of Santa Fe Finance Committee - IT Budget Assessment (January 20, 2015)**

### **II. IT Spending Benchmarks:**

<b>Measure</b>	<b>City of Santa Fe</b>	<b>State-Local Gov Average</b>	<b>MidSize Org Avg (\$250-\$500M Annual Budget)</b>
IT Spending as % of Operating Expenses	<b>1.8%</b>	<b>3.8%</b>	<b>4.5%</b>
IT Spending per Employee	<b>\$4,126</b>	<b>\$8,581</b>	<b>\$8,980</b>
IT Spending Capital	<b>1%</b>	<b>26%</b>	<b>30%</b>
IT Spending Operational	<b>99%</b>	<b>74%</b>	<b>70%</b>
IT Spending Hardware	<b>5%</b>	<b>15%</b>	<b>17%</b>
IT Spending Software	<b>10%</b>	<b>19%</b>	<b>22%</b>

\*Source: Gartner Group IT Budget Comparison Tool, IT Key Metric Data 2014 and 2015

At 3.8%, the City IT Budget = \$12,950,000; or 3.8% x \$340,837,510, compared to \$6,267,073 FY14-15

### **FY14-15 Budget Priorities**

#### **Contractual:**

- \$25-50k ERP System Evaluation and Selection
- \$25-50k Data Center Modernization Assessment

#### **Supplies:**

- \$210k for SFPD portable radio replacements (92 replaced, 89 remaining)

#### **Capital Outlay:**

- \$50k for Network Equipment refresh

### **FY15-16 Budget Priorities**

#### **Personnel:**

- 18 new FTEs, \$1,500,000 (phase in over 2 years)

#### **Contractual:**

- \$25-50k ERP System Evaluation and Selection
- \$25-50k Data Center Modernization Assessment
- \$TBD ERP Implementation (Phase 1) \*assumes cloud platform due to staffing constraints
- \$TBD Data Center Modernization Implementation
- \$30k for GIS Web Services

### **FY15-16 Budget Priorities (continued)**

## ***City of Santa Fe Finance Committee - IT Budget Assessment (January 20, 2015)***

### **Supplies:**

- \$75k Professional Training \*driven by targeted training program
- \$375k for Personal Computer Refresh Budget (375 per year)

### **Capital Outlay:**

- \$250k Technology Refresh for Network & Server Equipment
  - o \$75k for Network Equipment
  - o \$150k for Server and Storage Equipment
  - o \$25k for GIS Software licenses
- \$TBD Radio System Equipment Refresh (14 years old)
- \$TBD ERP Software License or Subscriptions
- \$TBD 311 Software

## City of Santa Fe IT Department Assessment (January 2014)

### *How Are We Positioned from a People, Process, and Technology Perspective?*

Refer to Appendix A - Strengths-Weaknesses-Opportunities & Threats (SWOT) Assessment

#### Summary

- The ITT Department has some strengths and its current stature as a Department, versus a Division under Finance, positions the Department to be able to provide a standard level of service to all Departments. The Department has many challenges. Overall process maturity is low and current resources (budget, staffing) are not adequate to support the size of the organization (employees, departments, locations) or the current installed base of technology (applications, networks, servers, devices).
- If the City desires the ITT Department to progress from a back office support function to an enabler of improved constituent services, a significant increase in resources (staffing, budget) and attention will be needed.

#### IT Management Action Plan \*developed in response to the SWOT Assessment

PEOPLE
- Reorganize IT for Improved Service Delivery
- Evaluate Staffing Levels & Request Additional Staff to Close Gaps
- Revise Job Classification System to Provide Career Paths
- Implement a Targeted Training Program to Address Skill and Competency Gaps

PROCESS
- Establish an IT Governance Process
- Establish an IT Strategy
- Establish a Performance Management Program
- Improve Project Management Competencies
- Consolidate IT Budgets to Improve Visibility and Management

TECHNOLOGY
- Use of Cloud Services to Reduce Cycle Time for Projects and R&D
- Assess Options (on-and off-premise) to Address City Data Center Deficiencies
- Partner with Departments on Large IT Projects throughout their Lifecycle

## City of Santa Fe IT Department Assessment (January 2014)

### Appendix A - Strengths-Weaknesses-Opportunities & Threats (SWOT) Assessment

Strengths	Strengths	Strengths	Strengths
- Staff are Responsive to Leadership	- End User Support Service Levels	- Office Productivity Technology	
- Staff are Motivated by Meeting City Department and Constituent Needs	- Staff are Responsive to Critical Service Issues	- Mobile Device Management Software Selection	
		- Broad Range of Business Applications	
Weaknesses	Weaknesses	Weaknesses	Weaknesses
- No Career Paths in Place	- No Formal Project Management	- Data Center Infrastructure	
- No Formal Accountability Systems	- No Formal Performance Management	- Cloud, Mobile and Social Competencies	
- Inadequate Staffing in Most Areas for Meet Service Demand	- No Formal Resource-Capacity Management	- Inadequate Budget for Technology Refresh	
- Morale is Low due to Poor ITT Image	- No Formal Strategy or Planning Process		
- Morale is Low due to Employee Conflicts	- Limited Budget & Spending Visibility		
- Inadequate Investment in Training	- Compliance Issues in Some High Risk Areas		
Opportunities	Opportunities	Opportunities	Opportunities
- Reorganize IT for Improved Service Delivery	- Establish a Performance Management Program	- Use of Cloud Services to Reduce Cycle Time for Projects and R&D	
- Revise Job Classification System to Provide Career Paths	- Improve Project Management Competencies	- Assess Options (on-and off-premise) to Address City Data Center Deficiencies	
- Evaluate Staffing Levels & Request Additional Staff to Close Gaps	- Establish an IT Governance Process	- Partner with Departments on Large IT Projects throughout Lifecycle	
- Implement a Targeted Training Program to Address Skill and Competency Gaps	- Consolidate IT Budgets to Improve Visibility and Management		
Threats	Threats	Threats	Threats
- Knowledge Management, Pending Retirements	- Low Process Maturity Impacts Quality and Visibility of Services	- Departments are Circumventing ITT on Projects and Technology Selection	
- Quick Adaptation to New Technology		- Risk of System Outages due to Network and Data Center Deficiencies	

# City of Santa Fe IT Department Assessment (January 2014)

## Appendix B - IT Staffing and Reorganization Plan

### Proposed IT Staffing Plan (Summary)

#### ***Policy & Compliance Section (4 new FTEs, 2 current FTEs)***

**Value:** Addresses capacity and competency deficiencies in 1) information security risk management, 2) IT policy and compliance activities, 3) financial & budget management, 4) project management practices

#### ***Business Applications Division (9 new FTEs, 9 current FTEs) – 3 sections***

**Value:** Improves understanding of and support for Department business processes and service delivery strategies. Allows IT to enhance and upgrade business critical applications on a regular schedule.

- *Enterprise Services*
  - Departments: Finance, HR, City Clerk, Legal, Council, Constituent Services)
  - Applications: JDEdwards E1, Cognos, Transform, Email, Web Site, Social Media, CRM, Active Payment Manager, Internet Mapping Services (IMS)
- *Public Safety & Utility Services*
  - Departments: Fire, Police, Municipal Court, Emergency Planning, Public Utilities, Transportation)
  - Applications: RouteMatch, Water Utility Service & Billing, DigitalAlly, TRACS, CopLogic, Telestaff, FullCourt, VoiceWave, Sungard Public Safety, etc.
- *Business & Community Services*
  - Departments: Public Works, Parks, Land Use, Asset Management, Community Development, Tourism, Community Services
  - Applications: Sungard Community Development, Click2Gov, Selectron IVR, T2 Parking, ActiveNet, Library Management System (LMS)

**\*30 major applications are supported by 6 total IT staff today. ERP should have 3-4 FTEs by itself.**

#### ***Infrastructure Division (3 new FTEs, 10 current FTEs) – 2 sections***

**Value:** Addresses capacity and competency deficiencies in 1) disaster recovery-business continuity, 2) server and storage system ops. and support, 3) wide area network (20+ sites) performance management (move from reactive to proactive)

- *Data Center Services (servers, storage area network, backup and recovery)*
- *Network Services (radio, voice, data network services and technology)*

#### ***End User Services (1 new FTE, 5 current FTEs)***

**Value:** Addresses customer desire to reach IT immediately, improves communication loop with customers. Builds capacity for end user training services.

- *IT Service Desk (business and after hours phone support, triage all break/fix calls, fulfill routine services requests, end user training)*
- *Employee-Office Support (PCs, printers, phones, software installation, mobile devices)*

#### ***IT Administration (1 new FTE, 1 current FTE)***

- **Value:** Provide administrative support for the IT Department. Improve communication and access to IT resources as needed.

## City of Santa Fe IT Department Assessment (January 2014)

### Proposed IT Staffing Plan (Detail)

Section-Position	New	Current	Value Proposition
<b>IT Department</b>	<b>18</b>	<b>27</b>	
<b>IT Department Director</b>		<b>1</b>	
o Administrative Assistant	<b>1</b>		Department administrative support
<b>Policy &amp; Compliance Section</b>			
o Policy & Compliance Section Manager	<b>1</b>		Leadership on all IT policy and compliance areas
o Information Security Officer	<b>1</b>		Assess, manage and mitigate information security risks
o IT Policy & Compliance Analyst	<b>1</b>		Establish and enforce IT policies
o IT Finance & Budget Analyst	<b>1</b>		Develop budgets, manage finances, identify and implement cost efficiencies
o IT Project Manager		<b>1</b>	
o Procurement Analyst		<b>1</b>	
<b>Business Application Services Division</b>			
o <b>Business Application Services Division Director</b>	<b>1</b>		Leadership on all City business applications
o <b>Enterprise Application Services Manager</b>	<b>1</b>		Planning, management, department relationships
▪ GIS Specialists		<b>3</b>	
▪ IT Business Liaison	<b>1</b>		Gather requirements, design business processes, serve as business-IT liaisons
▪ Application Software Specialists		<b>2</b>	
▪ Database Administrator	<b>1</b>		Database administration focus. Business intelligence.
o <b>Public Safety &amp; Utilities Application Services Manager</b>	<b>1</b>		Planning, management, department relationships
▪ IT Business Liaison	<b>1</b>		Gather requirements, design business processes, serve as business-IT liaisons
▪ Application Software Specialists	<b>1</b>	<b>2</b>	Business application enhancement-support
o <b>Business &amp; Community Services Application Services Manager</b>		<b>1</b>	Planning, management, department relationships
▪ IT Business Liaison	<b>1</b>		Gather requirements, design business processes, serve as business-IT liaisons
▪ Application Software Specialists	<b>1</b>	<b>1</b>	Business application enhancement-support
<b>Infrastructure Services Division</b>			
o <b>Infrastructure Services Division Director</b>		<b>1</b>	Leadership on all City infrastructure (servers, storage, networks)
o <b>Network Services Manager</b>	<b>1</b>		Planning, design and management of all data, voice and wireless networks
▪ Network Administrators		<b>6</b>	
o <b>Data Center Services Manager</b>		<b>1</b>	Planning, design and management of all facilities, storage and servers
▪ Server & Storage Administrators	<b>2</b>	<b>2</b>	Implementation, configuration and monitoring of server and storage systems
<b>Data Center Services Section</b>			
<b>End User Services Manager</b>		<b>1</b>	
▪ IT Service Desk Technician	<b>1</b>	<b>1</b>	Triage-resolve problems and service requests
▪ IT Support Services Technician		<b>3</b>	



## **City of Santa Fe IT Department Assessment (January 2014)**

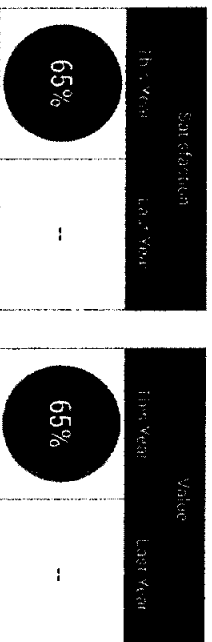
### **APPENDIX C – IT Business Stakeholder Satisfaction Survey**

## IT Satisfaction Scorecard

INFO-TECH

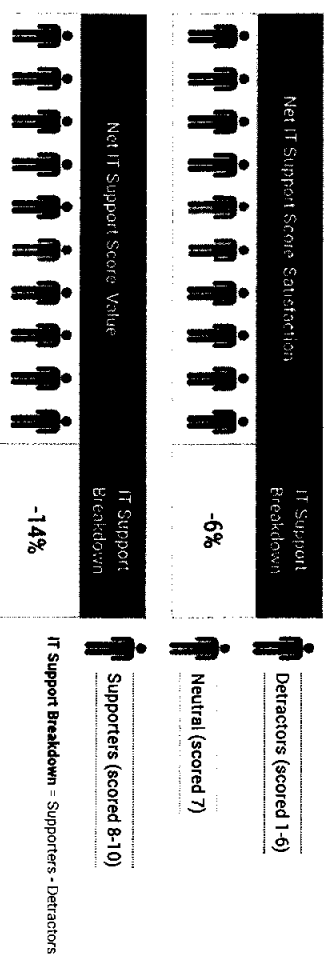
### Overall Metrics

Overall Satisfaction and Value are key indicators of the overall impression of the IT department. These metrics let the IT leader determine at a glance if they are meeting the needs of the business.



### IT Support Breakdown

The IT Support Breakdown charts are indicators of the percent of stakeholders that fall into three important categories. Promoters are loyal enthusiasts of IT. Neutral stakeholders are satisfied but unenthusiastic about IT. Detractors are unhappy stakeholders who can damage your reputation.



### IT Relationship Satisfaction

Relationships are a key driver in stakeholder management. It is important that the business feels IT understands their needs and is getting enough communication.

Relationship	Satisfaction	Last Year
<b>Needs</b>		
Satisfaction with IT's understanding of your needs.	62%	--
<b>Execution</b>		
Satisfaction with the way IT executes your requests and meets your needs.	65%	--
<b>Communication</b>		
Satisfaction with IT communication.	61%	--

### Business Satisfaction and Importance for Core Services

The core services of IT are important when determining what IT should focus on. The most important services with the lowest satisfaction offer the largest area of improvement for IT to drive business value.

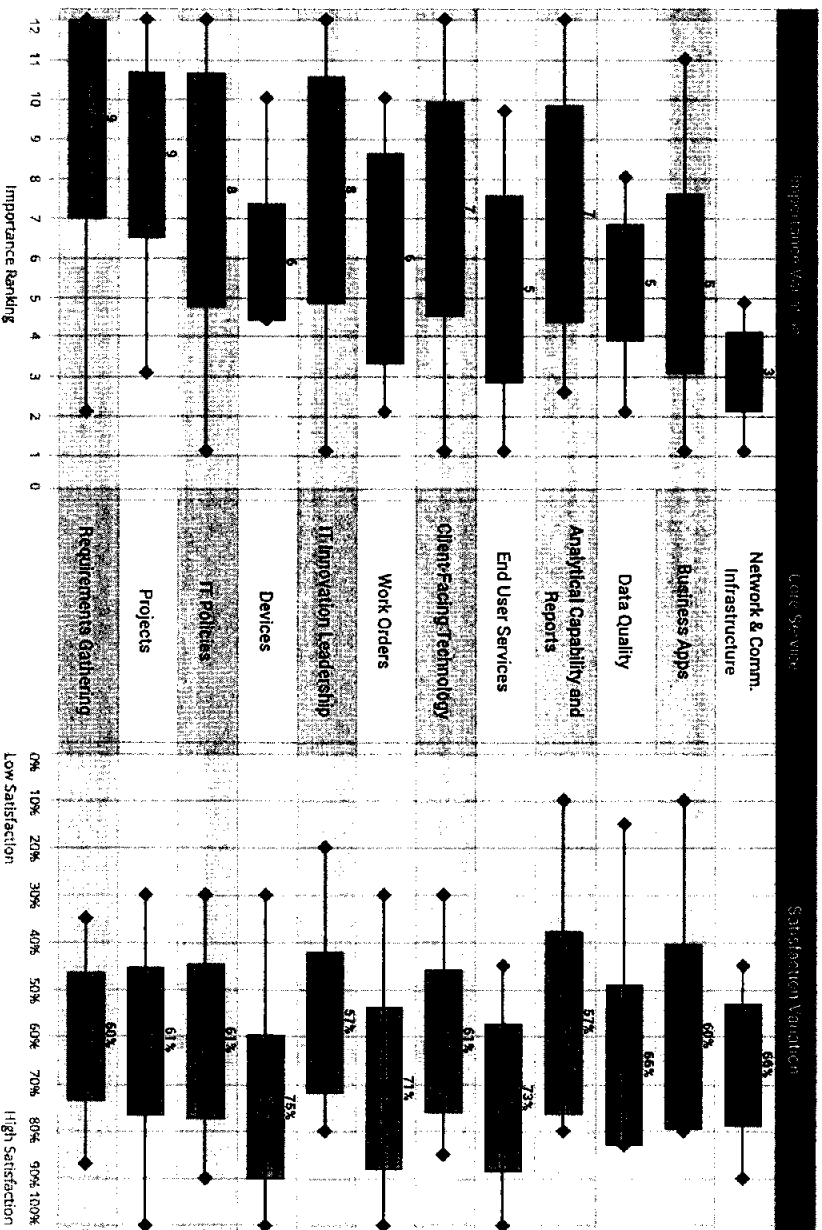
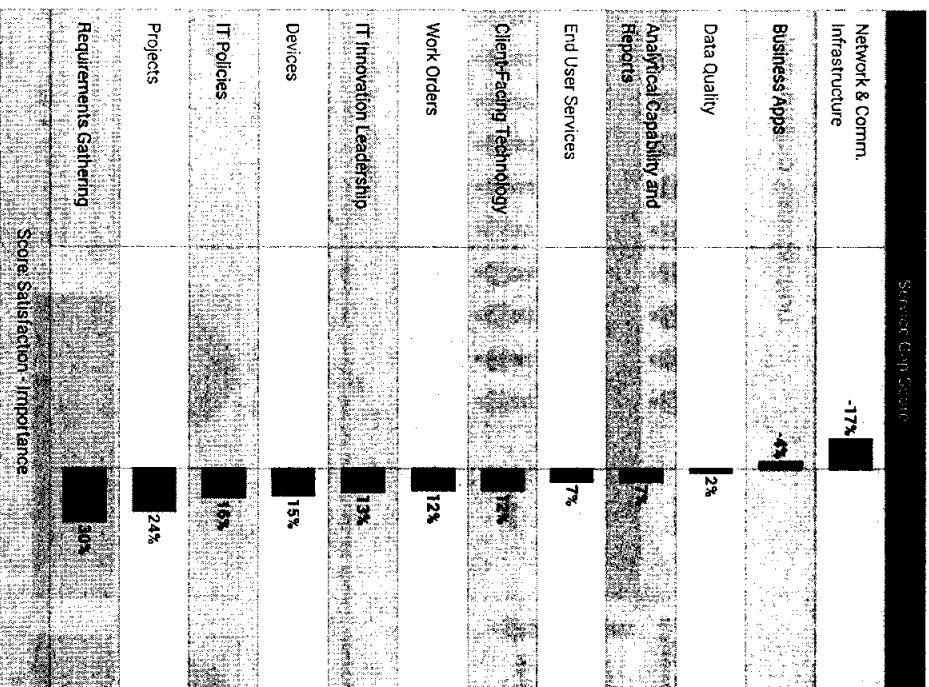
Core Service	Satisfaction	Importance Ranking	Last Year
<b>Devices</b>			
Satisfaction with desktops, laptops, mobile devices etc.	75%	5 <sup>th</sup>	--
<b>End User Services</b>			
Satisfaction with responsiveness and effectiveness of IT related to your work orders and service request.	73%	2 <sup>nd</sup>	--
<b>Work Orders</b>			
Satisfaction with small requests and bug fixes	71%	6 <sup>th</sup>	--
<b>Data Quality</b>			
Satisfaction with providing reliable and accurate data	66%	4 <sup>th</sup>	--
<b>Network &amp; Comm Infrastructure</b>			
Satisfaction with reliability of comm. Systems and networks	66%	1 <sup>st</sup>	--
<b>Client-Facing Technology</b>			
Satisfaction with user experience and effectiveness	61%	8 <sup>th</sup>	--
<b>IT Policies</b>			
Satisfaction with policy design and enforcement around security, governance, etc...	61%	9 <sup>th</sup>	--
<b>Projects</b>			
Satisfaction with large department or corporate projects	61%	11 <sup>th</sup>	--
<b>Business Apps</b>			
Satisfaction with applications and functionality	60%	3 <sup>rd</sup>	--
<b>Requirements Gathering</b>			
Satisfaction with BA's ability to understand and support the business	60%	12 <sup>th</sup>	--
<b>Analytical Capability and Reports</b>			
Satisfaction with effective standard reports, custom reports capability, and the ability to generate business insights	57%	7 <sup>th</sup>	--
<b>IT Innovation Leadership</b>			
Satisfaction with providing opportunities for innovation and innovation leadership to improve the business	57%	10 <sup>th</sup>	--

## Core Service Overview

## INFO~TECH

### Service Gap Score

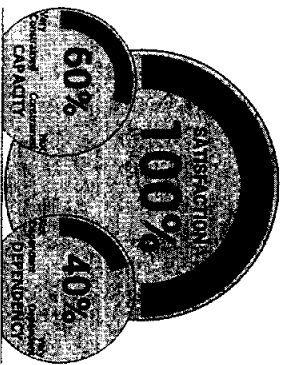
The chart below shows a comparison of satisfaction vs. Importance for all core services. Red bars with a negative score indicate an underserved core service. Green bars with a positive score highlight core services that are potentially over-provisioned.



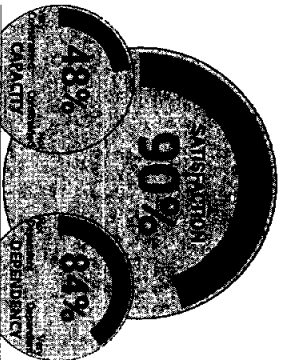
**Importance Variation by Core Tool**  
Focusing on core services have a high degree of consensus around a high importance score will have a broad impact across the organization.

**Satisfaction Variation by Core Tool**  
Outlying satisfaction scores can artificially inflate or deflate the average satisfaction score. When this occurs, take a closer look at specific departments that are pulling the score down to isolate the pain point.

General Government



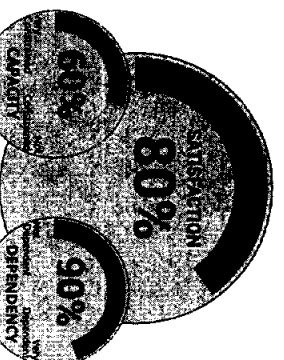
Tourism



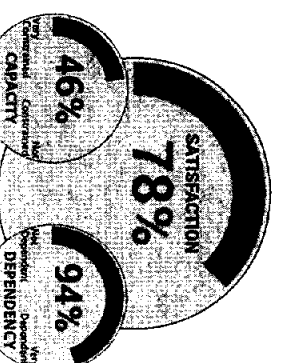
Municipal Court



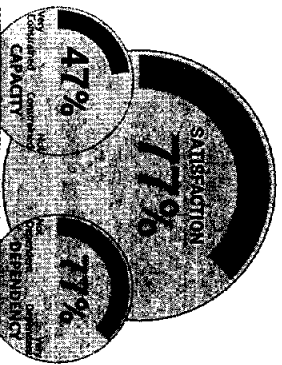
Auditor



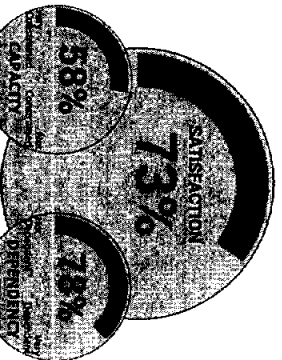
Police



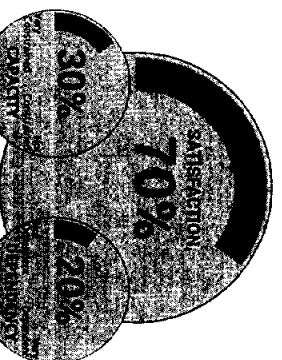
City Clerk



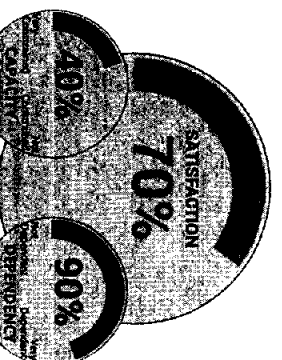
Public Works



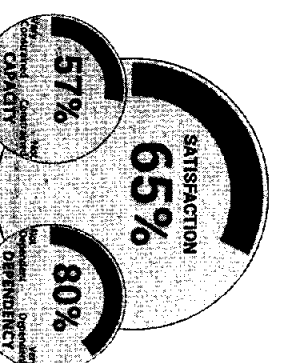
Asset Management



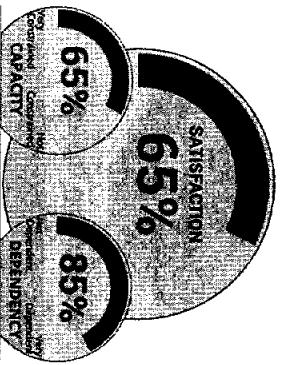
Land Use



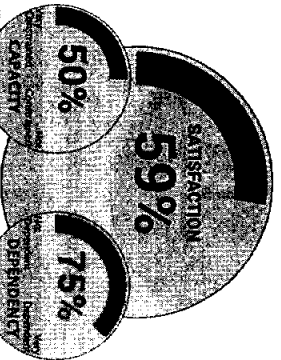
City Council



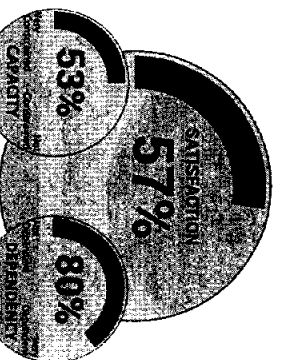
Transportation



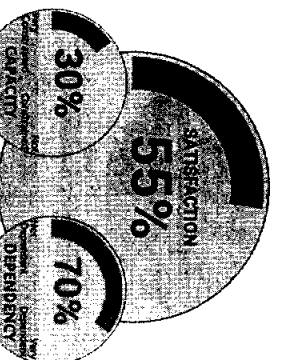
Public Utilities



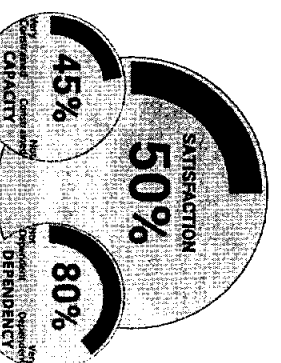
Finance



Fire



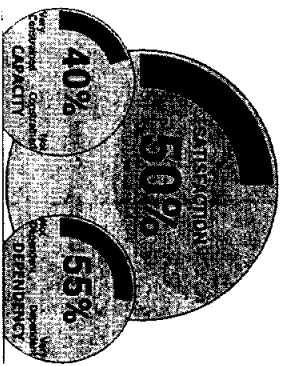
City Manager



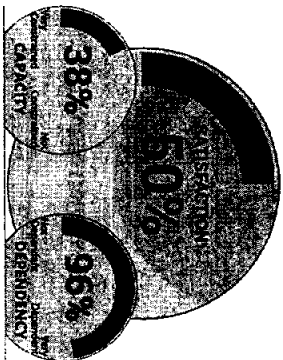
# Satisfaction by Department

## INFO~TECH

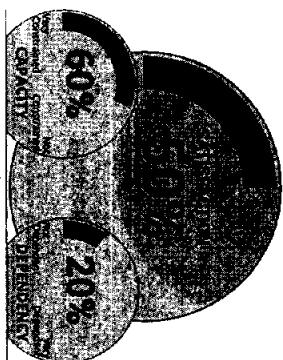
### Community Development



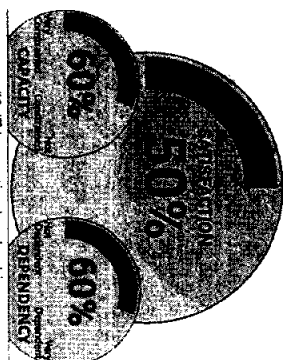
### Community Services



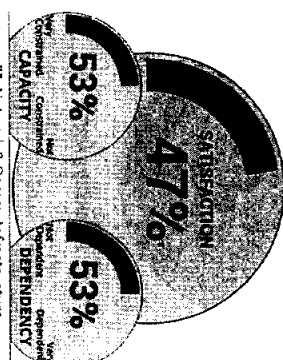
### Constituent Services



### Emergency Management

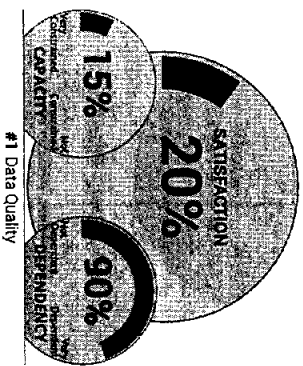


### Legal



### #1 Network & Comm. Infrastructure

### Human Resources



### #1 Data Quality

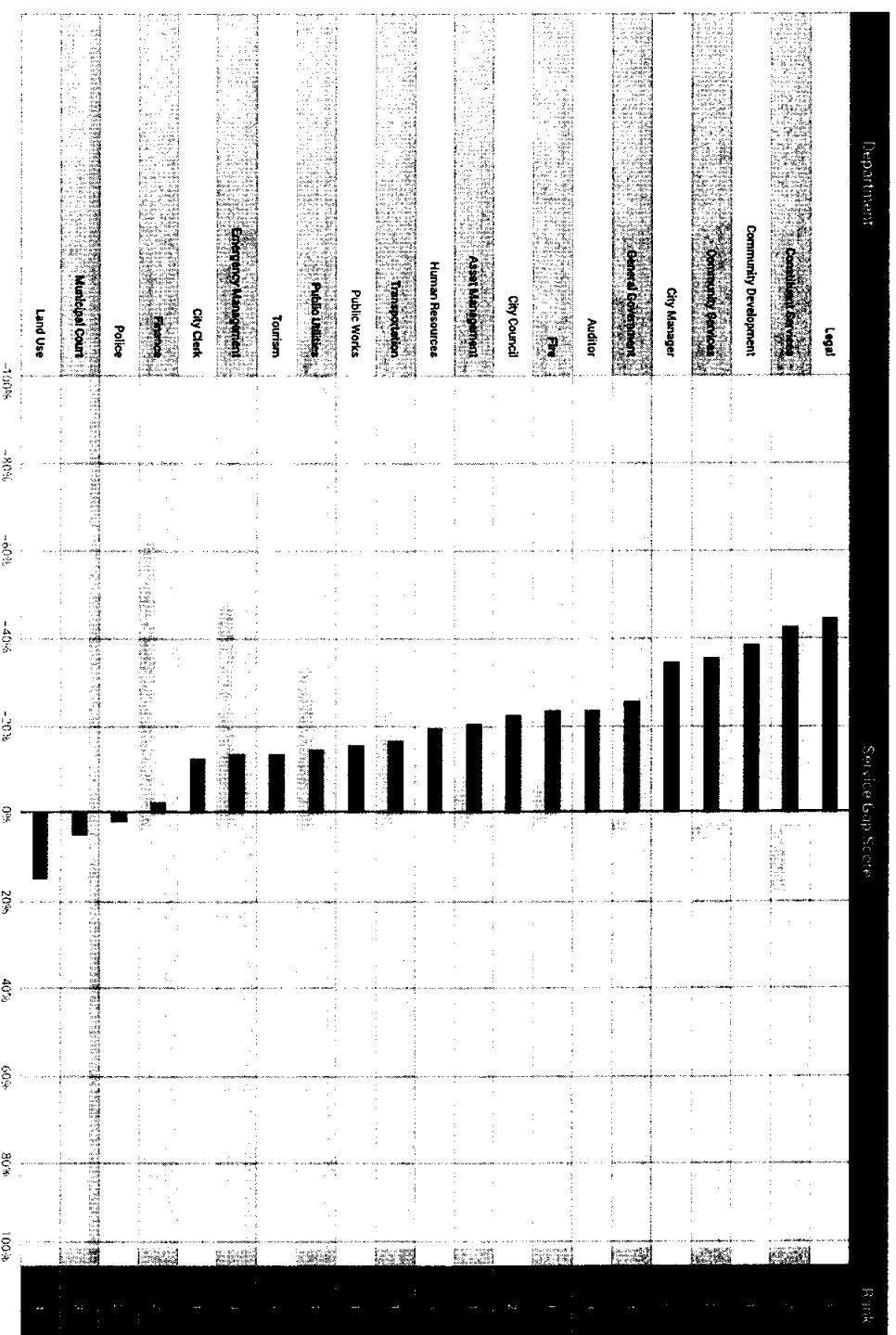
## Network & Comm. Infrastructure by Department Summary

Network & Comm. Infrastructure by Department Summary

INFO~TECH

### Network & Comm. Infrastructure (Service Gap Score)

The following charts rank departments from under-served to over-served for this core service. This chart allows you to see the spread of satisfaction and the Service Gap for each department related to this core service so you can make an informed decision on aligning resources.



#### Service Gap Score

Satisfaction - Importance < 0

When importance outweighs satisfaction, departments are being under-served. The larger the gap, the greater the difference between satisfaction and importance. Aim to close service gaps to increase the effectiveness in these departments.

#### Service Gap Score

Satisfaction - Importance > 0

When satisfaction outweighs importance, departments are satisfied with this specific core service relative to the importance ranking. There may be room to reallocate resources, but be sure to maintain high satisfaction and improve medium to low satisfaction in the long-term.

#### # Highest Importance

Indicates that this core service was ranked between 1st and 4th most important for the department.

#### # Medium Importance

Indicates that this core service was ranked between 5th and 9th most important for the department.

#### # Low Importance

Indicates that this core service was ranked between 10th and 12th most important for the department.

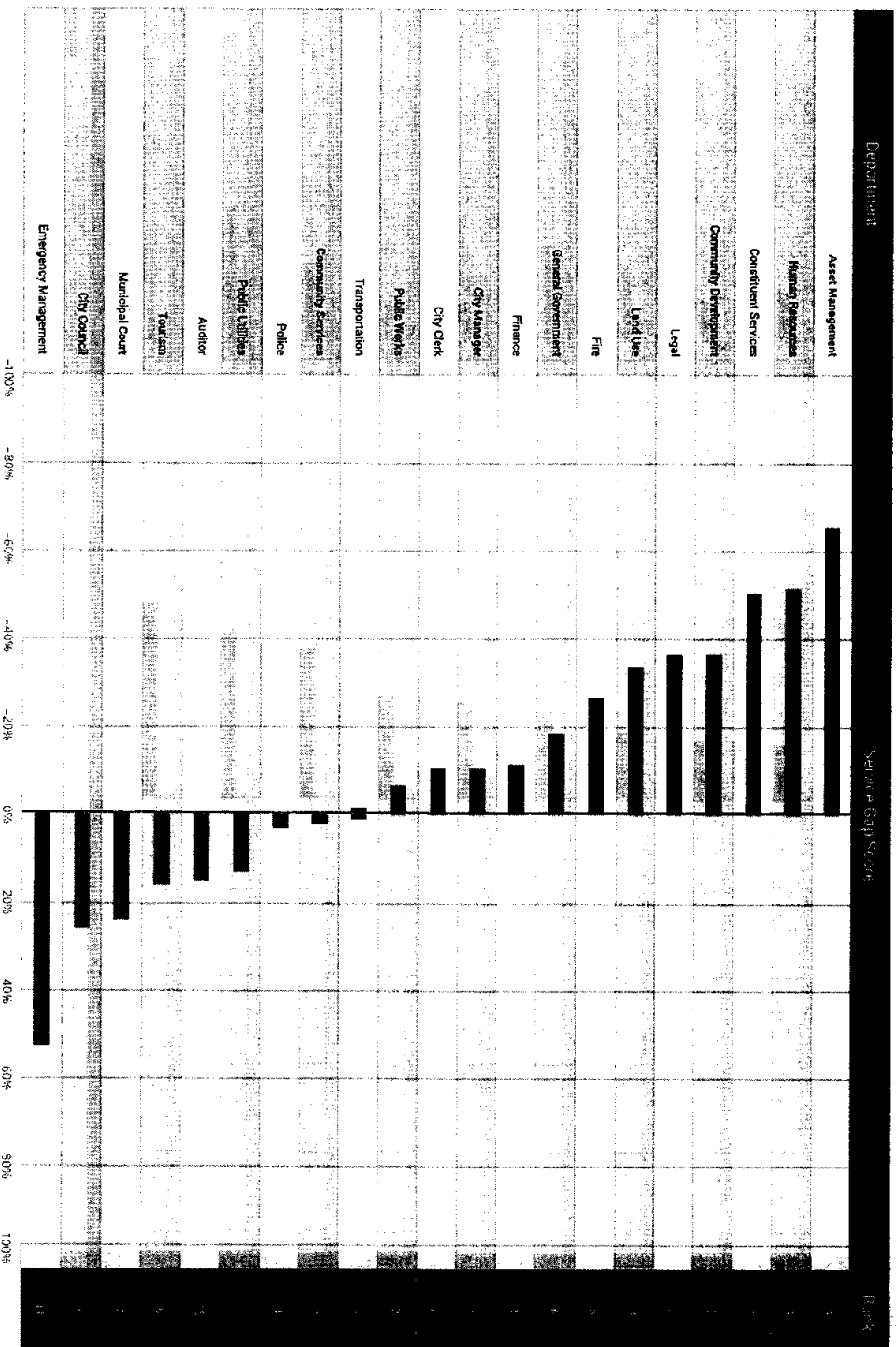
## Business Apps by Department Summary

INFO~TECH

INFO~TECH

### Business Apps (Service Gap Score)

The following charts rank departments from underserved to over served for this core service. This chart allows you to see the spread of satisfaction and the Service Gap for each department related to this core service so you can make a informed decision on aligning resources.



#### Service Gap Score

Satisfaction - Importance < 0

When importance outweighs satisfaction, departments are being under-served. The larger the gap, the greater the difference between satisfaction and importance. Aim to close service gaps to increase the effectiveness in these departments.

#### Service Gap Score

Satisfaction - Importance > 0

When satisfaction outweighs importance, departments are satisfied with this specific core service relative to the importance ranking. There may be room to reallocate resources, but be sure to maintain high satisfaction and improve medium to low satisfaction in the long-term.

#### Highest Importance

Indicates that this core service was ranked between 1st and 4th most important for the department.

#### Medium Importance

Indicates that this core service was ranked between 5th and 9th most important for the department.

#### Low Importance

Indicates that this core service was ranked between 10th and 12th most important for the department.

# City of Santa Fe's Financial Condition Current State and Improvement Plan

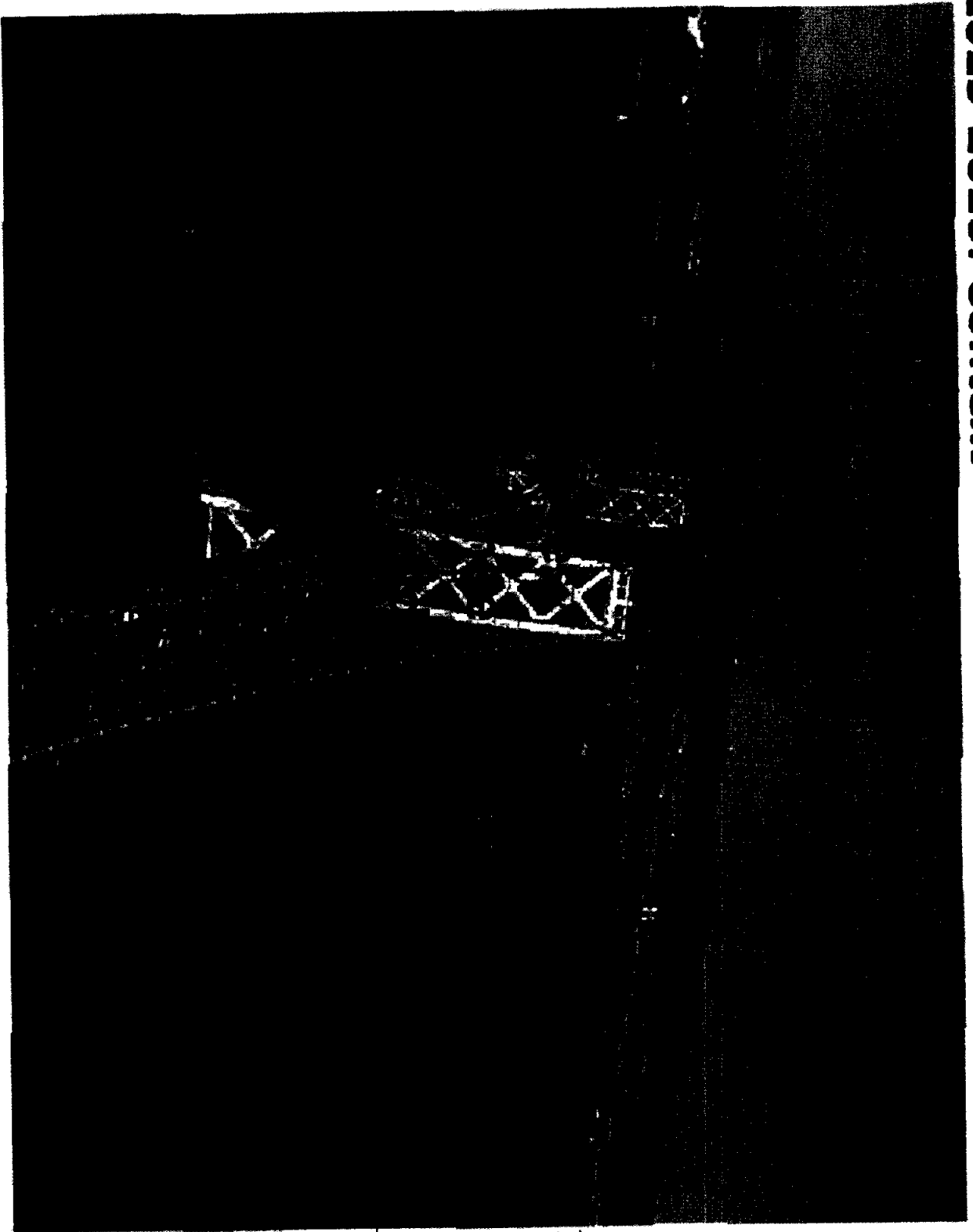
## Budget Process Kick-off

Presented January 28, 2015

*Exhibit "4"*



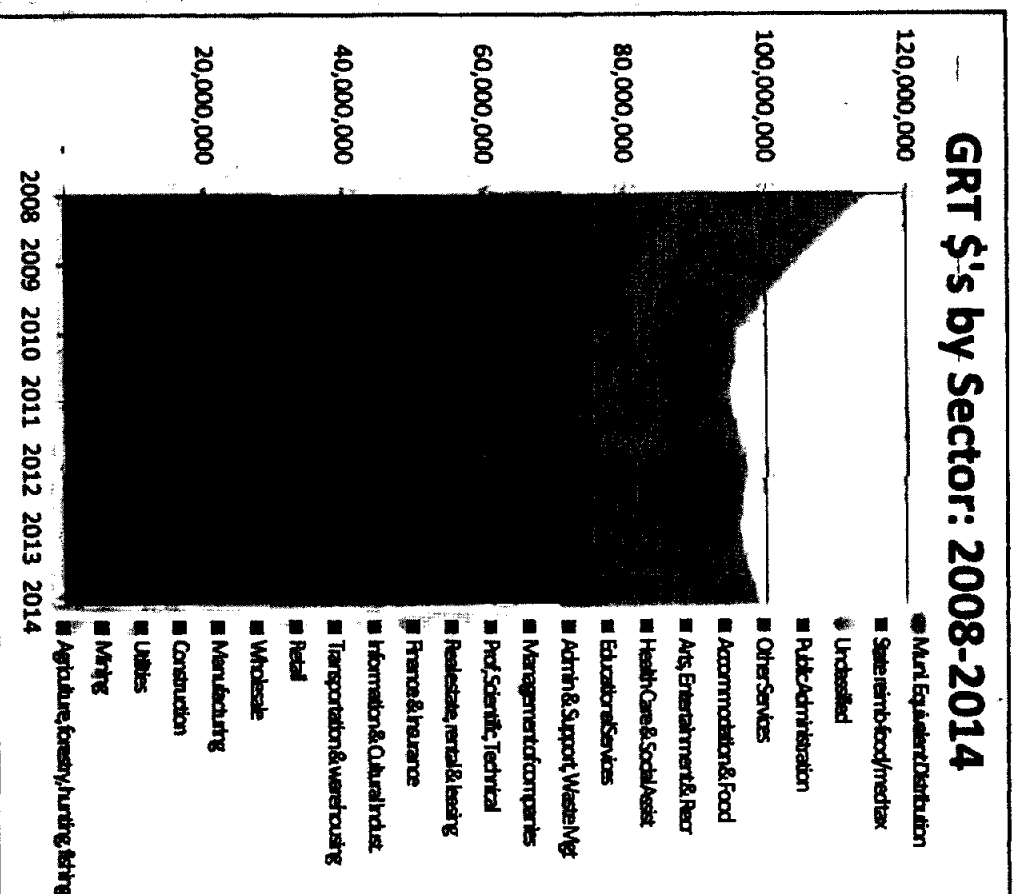
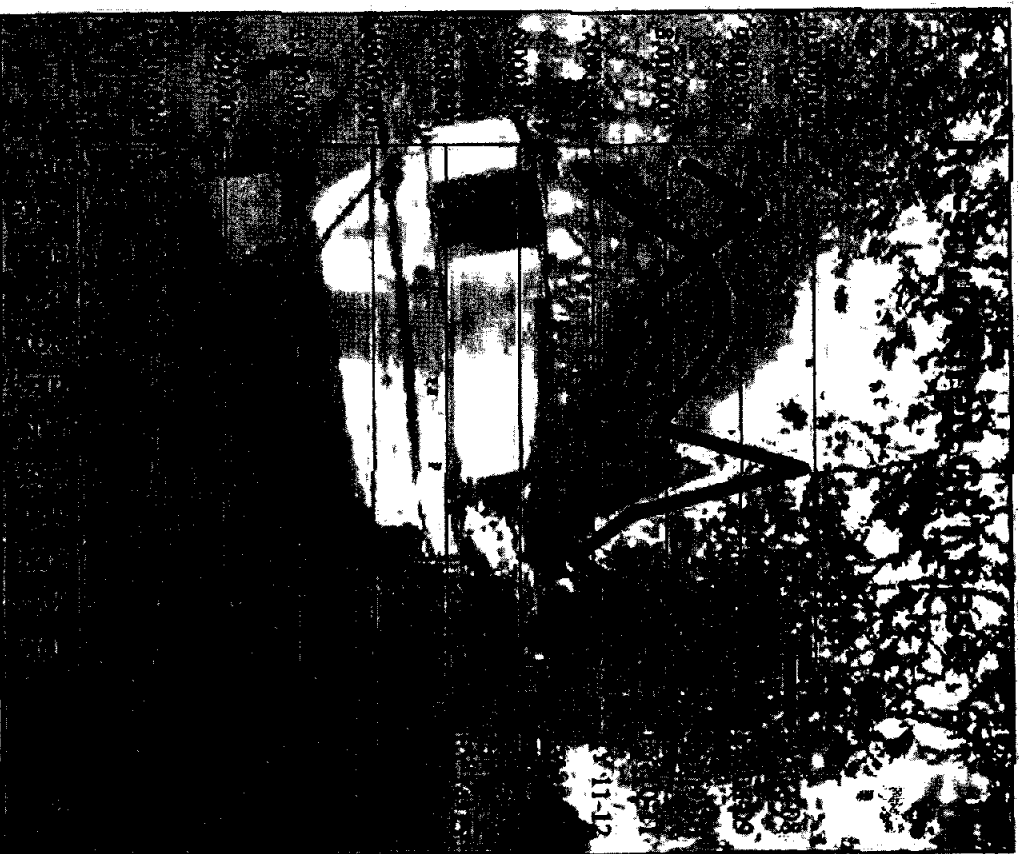
## FY 2015-2016: Context



\* Colored originals available  
in the Clerk's office.

# FY 2015-2016: Context

## POST RECESSION, A NEW ECONOMIC REALITY



## **FY 2015-2016: Context**

### **Key Questions Going Forward to Sustainably Stay Afloat**

- Continue bridging or accept the new reality?
- Revenue enhancements?
- All priorities remain equal?

# City's Financial Condition: Net position

	2011	2012	2013	2014
<b>Assets</b>				
Current	31,241,296	32,602,034	45,507,652	43,092,505
Capital	306,157,853	214,362,275	463,757,824	456,706,138
Total Assets	410,544,249	407,966,310	623,365,476	600,251,743
<b>Liabilities</b>				
Long-term	184,156,197	195,646,763	248,750,378	237,784,817
All Other	18,501,913	20,546,696	8,465,499	5,655,960
Total Liabilities	202,658,110	216,193,459	257,215,877	243,440,777
Net Position	207,886,139	191,772,851	366,149,600	356,810,966

## Strengths

- Strong current net position
- Strong overall liquidity

## Weaknesses

- Decreasing net position
- Decreasing liquidity

# City's Financial Condition: General Fund<sup>1</sup>

	<u>2011-12</u>	<u>2012-13<sup>3</sup></u>	<u>2013-14<sup>3</sup></u>	<u>2014-15</u>
Cash	10,965,524	7,634,215	8,490,215	9,305,512
Total Fund Balance	17,760,443	14,595,527	15,161,852	13,690,885
Available Balance for Appropriations after meeting State-mandated <sup>1</sup> / <sub>12</sub> reserve <sup>2</sup>				81,278
Fund Balance Change	3,735,750	(3,164,886)	1,404,925	(2,135,907)
Cash as % of Total Revenues	16.8%	11.5%	12.5%	8.1%
Days of Expenditure Reserve	68	41	47	35

<sup>1</sup>Not corrected for inflation

<sup>2</sup>Excludes restricted, already assigned funds

<sup>3</sup>From Prior Year CAFRs

# City's Credit Profile

## Current Ratings

	Gross Receipts	General Obligation
Tax (GRT) Liens		
Fitch	AAA AA <sup>+</sup> AA	AAA AA <sup>+</sup> AA
S&P*	AAA AA <sup>+</sup> AA AA-	AAA AA <sup>+</sup> AA

*\*Per First Southwest's application of S&P's criteria and methodology for GO ratings, the City scores 1.85 within a range of 1.94 - 1.65 for AA+ credits.*

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Stable economy as the seat of State Government</li> <li>GRT and property tax flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Declining General Fund balance trend</li> <li>Continued heavy dependence (75%) on GRT</li> <li>Continuing weak economic prospects</li> </ul>

# City's Financial Profile: Critical Ratios\*

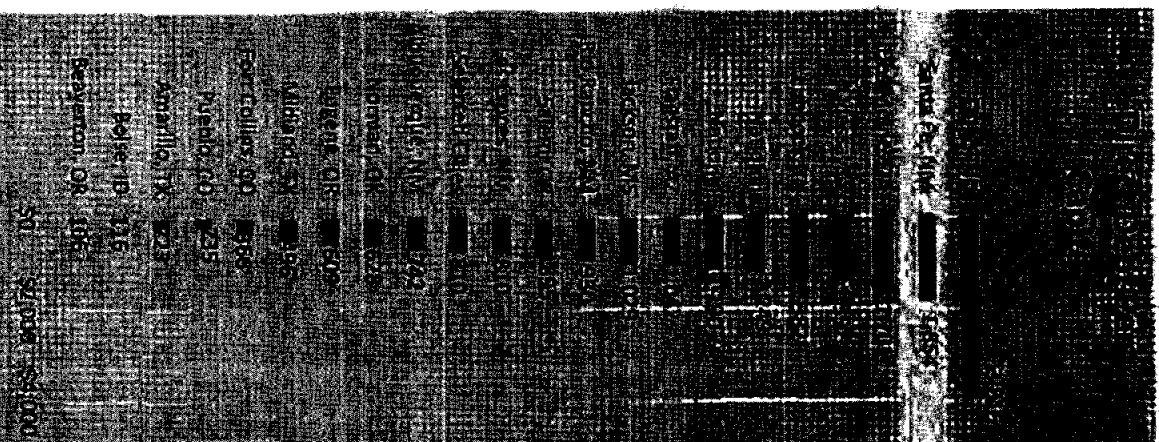
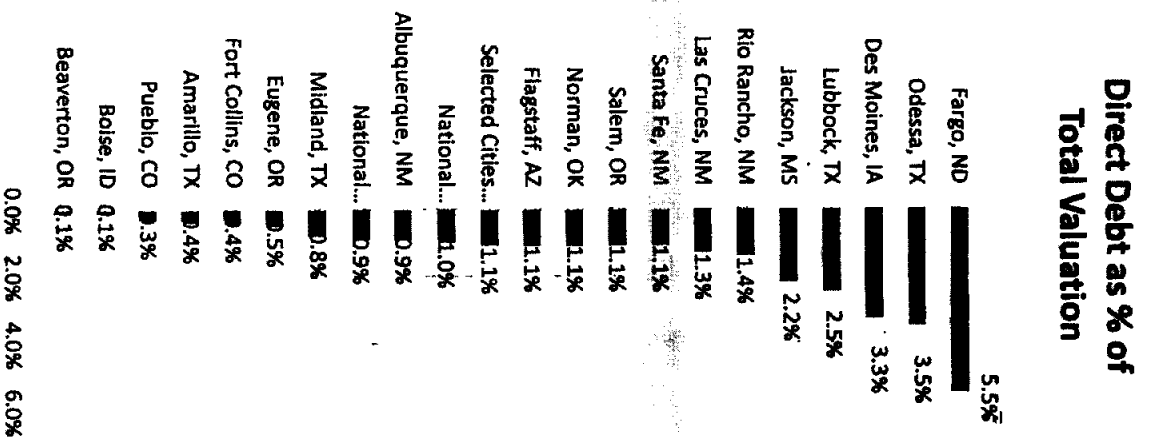
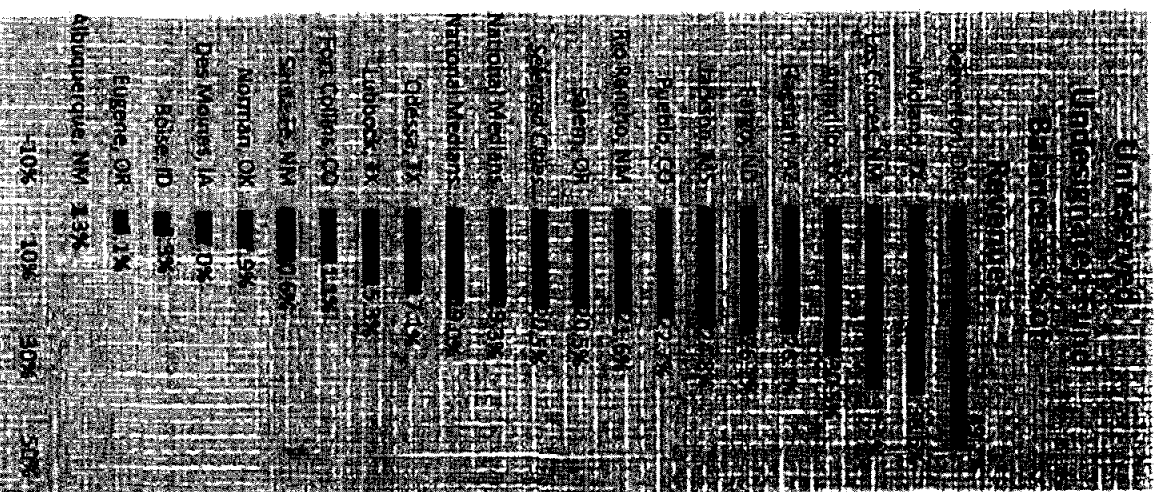
	National Medians Aa1	National Medians Aa2***	Selected Cities** Medians	
Cash as % of Revenues	19.3%	19.0%	20.5%	19.3%
Direct Debt % of Valuation	0.9%	1.0%	1.1%	1.1%
Direct Debt per Capita	\$1,249	\$1,190	\$810	\$1,524
Debt Service as % of Operating Expenditures	9.0%	9.2%	10.9%	12.7%

\* Moody's Municipal Financial Ratio Analysis

\*\* Cities of comparable population that offer similar services

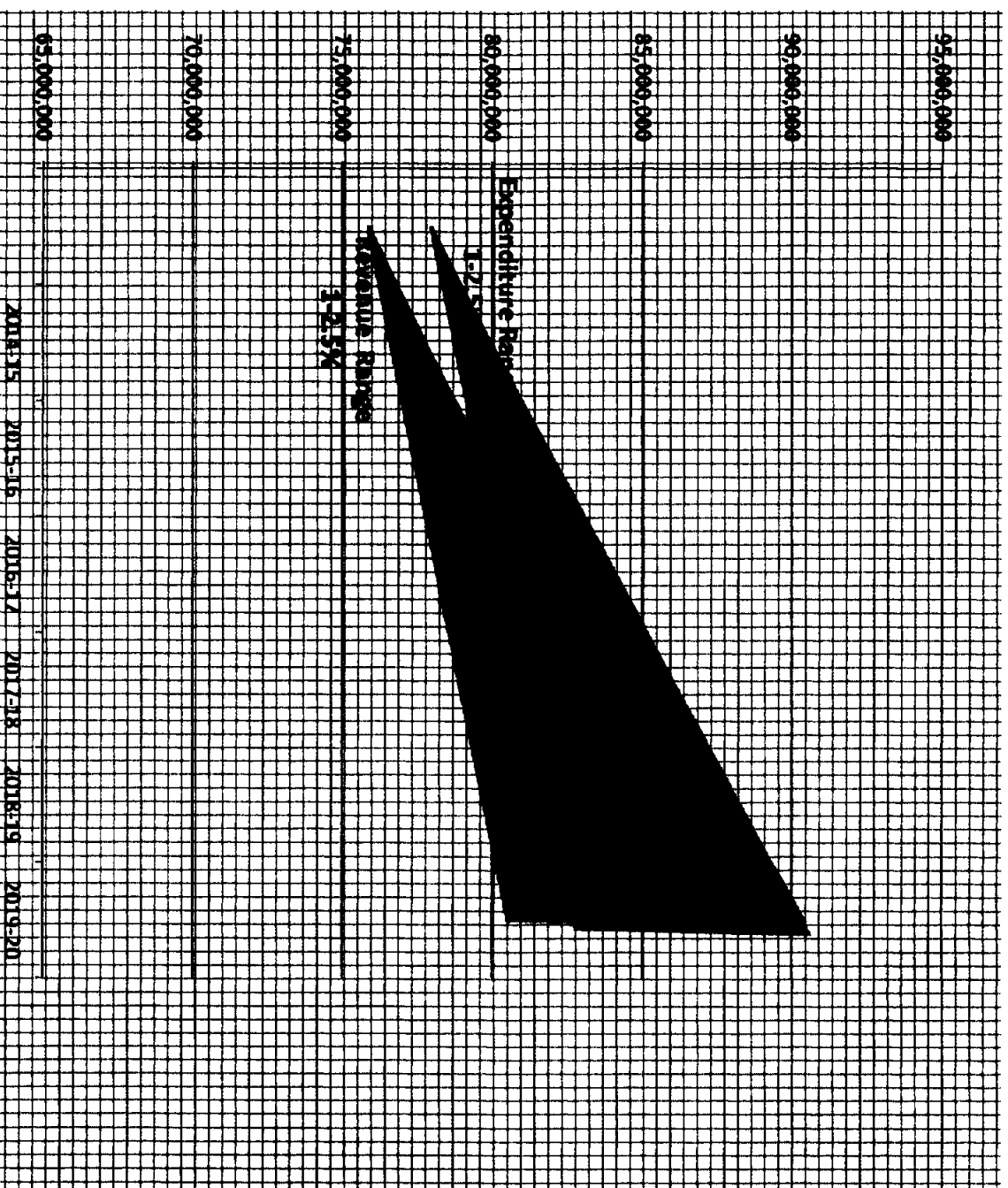
\*\*\* Santa Fe's approximate Moody's rating

# Santa Fe vs. Comparable Cities\*





# Budget Forecast: Short-Term



# Budget Development Guidelines Plan

Reserves	Operations	Sustainability
<b>Budget Assumptions</b> <ul style="list-style-type: none"> <li>General Fund ending balance at 45 days (12%) in 5 years</li> <li>Cash at 20% of revenues in 5 years</li> </ul>		
<ul style="list-style-type: none"> <li>Revenue assumed to grow at 1.5%</li> <li>Inflation assumed to grow at 1.5%</li> <li>Infrastructure and/or critical mission services with widest demand-delivery gap are the highest priority</li> </ul>		
<ul style="list-style-type: none"> <li>One-time revenue should be used only for one-time projects</li> <li>Costs should align with their designated revenue streams</li> <li>Growing GDP is highest priority</li> </ul>		
<b>Financial Management Guidelines</b> <ul style="list-style-type: none"> <li>Debt service limits:                             <ul style="list-style-type: none"> <li>10% of total operating budget</li> <li>\$1,200 per capita</li> <li>1% of total property value</li> </ul> </li> <li>Annual capital investment greater than total capital depreciation</li> </ul>		
<ul style="list-style-type: none"> <li>Cost of operations should be competitive with that of comparable cities</li> <li>Current expenditures should be covered with current revenues</li> <li>Diversification of revenue streams and local economic base is top priority</li> <li>Business-type activities to become self-sustaining within 5 years</li> </ul>		

# JANUARY 2015

SUN	MON	TUES	WED	THUR	FRI	SAT
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
		current Personnel allocation to Depts.				
25	26	27	28	29	30	31

# FEBRUARY 2015

SUN	MON	TUES	WED	THURS	FRI	SAT
1	2	3	4	5	6	7
	Finance Committee Kick-Off Session		Budget Prep Trng	Budget Prep Trng		
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

# MARCH 2015

				THUR	FRI	SAT
1	2	3	4	5	6	7
	Final Budget Forms to Budget	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	
8	9	10	11	12	13	14
	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	
15	16	17	18	19	20	21
	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	
22	23	24	25	26	27	28
	Finance Dept review, analysis & formulation of budget requests	Finance Dept review, analysis & formulation of budget requests	CM's review of Dept. requests & formulation of CM's budget recommendation	CM's review of Dept. requests & formulation of CM's budget recommendation	CM's review of Dept. requests & formulation of CM's budget recommendation	
29	30	31				
	CM's review of Dept. requests & formulation of CM's budget	CM's review of Dept. requests & formulation of CM's budget				

"Exhibit 5"

# APRIL 2015

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 CM's review of Dept requests & formulation of CM's budget recommendation	2 CM's review of Dept requests & formulation of CM's budget recommendation	3 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	4
5	6 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	7 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	8 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	9 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	10 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	11
12	13 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	14 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	15 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	16 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	17 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	18
19	20 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	21 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	22 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	23 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	24 Preparation of presentation material for Finance Committee review of CM's Budget Recommendations	25
26	27 Finance Committee's review & consideration of CM's & Departmental Presentations	28 Finance Committee's review & consideration of CM's & Departmental Presentations	29 Finance Committee's review & consideration of CM's & Departmental Presentations	30 Finance Committee's review & consideration of CM's & Departmental Presentations		

## May 2015

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
					1 Finance Committee's review & consideration of CIM's & Departmental Presentations	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18 City Council first reading of Finance Committee proposed operating budget	19	20	21	22	23
24	25 City Council Meeting for adoption of FY 2015-16 Operating Budget	26	27	28	29	30
31						

## June 2015

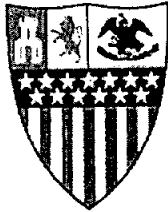
Sun	Mon	Tues	Wed	Thurs	Fri	Sat
	1 Submit FY 2015-16 Budget to NM Department of Finance & Administration, Local Government Division	2	3	4	5	6
7	8	9	10	11	12	12
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## **BUDGET DEVELOPMENT CALENDAR - FY 2015/16**

---

January 20, 2015	Current personnel allocation information to Departments
February 2, 2015	Finance Committee kick-off work session to review the fiscal forecast and discuss/approve budget priorities and policies for preparing the operating budget
February 4, 2015	Budget preparation training (10 am--Noon; 1:00-3:00pm)--City Council Chambers
February 5, 2015	Budget preparation training (1:00-3:00pm)--City Council Chambers
<b><i>March 2, 2015</i></b>	<b><i>Final budget forms to Budget Office</i></b>
March 3 to March 24, 2015	Finance Department review, analysis and formulation of budget requests
March 25 to April 2, 2015	City Manager's review of department requests and formulation of City Manager's Budget Recommendations
*April 3 to April 24, 2015	Preparation of presentation material for Finance Committee review of City Manager's Budget Recommendations
April 27 to May 1, 2015	Finance Committee's review and consideration of City Manager's Recommendations and Departmental Presentations
May 18, 2015	City Council first reading of Finance Committee proposed operating budget
May 25, 2015	CITY COUNCIL MEETING FOR ADOPTION OF FY 2015/16 OPERATING BUDGET
June 1, 2015	Submit FY 2015/16 Budget to NM Department of Finance and Administration, Local Government Division
July 1, 2015	Beginning of FY 2015/16

***\*NOTE:*** *April 4, Passover; April 3, Good Friday; April 6, Easter Monday*



**FINANCE COMMITTEE MEETING OF  
January 20, 2015  
BILLS AND RESOLUTIONS SCHEDULED FOR INTRODUCTION  
BY MEMBERS OF THE GOVERNING BODY**

<b>Mayor Javier Gonzales</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>
<b>Councilor Patti Bushee</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>
<b>Councilor Bill Dimas</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>
<b>Councilor Carmichael Dominguez</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>

<b>Councilor Peter Ives</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>
	A RESOLUTION SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 44 (HB 44), DURING THE 2015 LEGISLATIVE SESSION, THE PROPOSED FIREARM TRANSFER ACT.	City Council - 1/28/15
	AN ORDINANCE APPROVING A LEASE BETWEEN THE CITY OF SANTA FE AND JET CENTER AT SANTA FE REAL ESTATE, LLC FOR THE LEASE OF CITY OWNED LAND LOCATED AT THE SANTA FE MUNICIPAL AIRPORT FOR DEVELOPMENT OF SUCH PROPERTY FOR THE PURPOSE OF PROVIDING FIXED BASE OPERATION SERVICES AND OTHER RELATED PURPOSES.	Public Works Committee - 1/26/15 City Council (request to publish) - 1/28/15 Finance Committee - 2/2/15 City Council (public hearing) - 2/25/15

<b>Councilor Signe Lindell</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>

<b>Councilor Joseph Maestas</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>
	<p style="text-align: center;">A RESOLUTION SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 111 ("HB 111"), RELATING TO UTILITIES -- PROVIDING FOR SHARED RENEWABLE ENERGY FACILITIES TO QUALIFY AS DISTRIBUTED GENERATION FACILITIES; REQUIRING INVESTOR-OWNED UTILITIES TO ALLOW CONSTRUCTION, CONNECTION AND OPERATION OF RENEWABLE ENERGY FACILITIES WITHIN THEIR OPERATING TERRITORIES.</p>	City Council – 1/28/15

<b>Councilor Chris Rivera</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>

<b>Councilor Ron Trujillo</b>		
<b>Co-Sponsors</b>	<b>Title</b>	<b>Tentative Committee Schedule</b>

Introduced legislation will be posted on the City Attorney's website, under legislative services. If you would like to review the legislation prior to that time or you would like to be a co-sponsor, please contact Melissa Byers, (505)955-6518, [mdbyers@santafenm.gov](mailto:mdbyers@santafenm.gov) or Rebecca Seligman at (505)955-6501, [rxseligman@santafenm.gov](mailto:rxseligman@santafenm.gov).



CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-\_\_\_\_

INTRODUCED BY:

Councilor Joseph Maestas

A RESOLUTION

SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 111 ("HB 111"),  
RELATING TO UTILITIES -- PROVIDING FOR SHARED RENEWABLE ENERGY  
FACILITIES TO QUALIFY AS DISTRIBUTED GENERATION FACILITIES; REQUIRING  
INVESTOR-OWNED UTILITIES TO ALLOW CONSTRUCTION, CONNECTION AND  
OPERATION OF RENEWABLE ENERGY FACILITIES WITHIN THEIR OPERATING  
TERRITORIES.

WHEREAS, the 60 day session of the 2015 Legislative Session began on January 20, 2015;  
and

WHEREAS, HB 111, has been introduced for consideration by the 52<sup>nd</sup> Legislature - State of  
New Mexico - First Session, 2015; and

WHEREAS, HB 111 would require public electric utilities to allow community solar  
programs within their service territories; and

WHEREAS, solar systems installed on-site in the residential and commercial sectors  
comprise only a part of the total market for solar energy systems; and

1       **WHEREAS**, clearly, community options are needed to expand access to solar power for  
2 renters, affordable housing, low income populations, buildings with shaded roofs and those who  
3 choose not to install a residential system on their home for financial or other reasons; and

4       **WHEREAS**, as a group, ratepayers and/ or taxpayers fund solar incentive programs and as a  
5 matter of equity, solar energy programs should be designed in a manner that allows all contributors to  
6 participate; and

7       **WHEREAS**, the secondary goals met by many community solar projects include:

- 8           • Improved economies of scale
- 9           • Increased public understanding of solar energy
- 10          • Generation of local jobs
- 11          • Reduction of greenhouse gas emissions and other environmental benefits

12       **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
13 **CITY OF SANTA FE** that the Governing Body hereby supports HB 111, relating to utilities --  
14 providing for shared renewable energy facilities to qualify as distributed generation facilities;  
15 requiring investor-owned utilities to allow construction, connection and operation of renewable  
16 energy facilities within their operating territories.

17       **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this  
18 resolution to the City of Santa Fe lobbyist and the City of Santa Fe State Legislative Delegation.

19       PASSED, APPROVED, and ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2015.

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22       ATTEST:

\_\_\_\_\_  
JAVIER M. GONZALES, MAYOR

23  
24       \_\_\_\_\_  
25       YOLANDA Y. VIGIL, CITY CLERK

1 APPROVED AS TO FORM:

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4 KELLEY BRENNAN, CITY ATTORNEY

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25 *M/Legislation/Resolutions 2015/Community Solar HB 111*

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2015-\_\_\_\_\_

INTRODUCED BY:

Councilor Peter Ives

A RESOLUTION

SUPPORTING PROPOSED STATE LEGISLATION, HOUSE BILL 44 (HB 44), DURING  
THE 2015 LEGISLATIVE SESSION, THE PROPOSED FIREARM TRANSFER ACT.

WHEREAS, the 60 day session of the 2015 Legislative Session began on January 20, 2015;  
and

WHEREAS, the Governing Body of the City of Santa Fe desires to support HB 44, the  
creation of the Firearm Transfer Act; and

WHEREAS, HB 44 proposes to accomplish the following:

- Require a prospective recipient of a firearm at a gun show to undergo a background check by a federal firearms licensee
- Allow a reasonable fee for services
- Provide an exception to the background check requirement
- Provide immunity in certain situations
- Prohibit a registry of firearm transfers or ownership
- Provide an exception to the inspection of public records act

- 1 • Create crimes and imposing penalties
- 2 • Require the Administrative Office of the Courts to transmit information from court
- 3 proceedings relating to eligibility to receive or possess a firearm to the national
- 4 instant criminal background check system, including certain mental health
- 5 adjudication information
- 6 • Require the Administrative Office of the Courts to report information regarding a
- 7 person who has been adjudicated as a mental defective or committed to a mental
- 8 health institution to the federal bureau of investigation for entry into the national
- 9 instant criminal background check system
- 10 • Limit information reported
- 11 • Provide procedures for the person who is the subject of the report to seek a
- 12 redetermination of mental condition and restoration of the right to receive or possess
- 13 any firearm or ammunition
- 14 • Set standards for a court to restore the right to receive or possess any firearm or
- 15 ammunition
- 16 • Require the court to seal the record of such proceedings
- 17 • Make the report transmitted by the Administrative Office of the Courts to the Federal
- 18 Bureau of Investigation confidential
- 19 • Permit disclosure only to the person who is the subject of such report or that person's
- 20 authorized representative
- 21 • Limit the use of such report
- 22 • Provide that no cause of action shall be brought for transmission, failure to transmit,
- 23 delay in transmitting or inaccurate information contained in such report
- 24 • Provide a right to inspect and correct records
- 25 • Authorize the Administrative Office of the Courts to promulgate rules

- Provide a contingent repeal.

**NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE** that the Governing Body hereby supports HB 44, the proposed Firearm Transfer Act.

**BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this resolution to the City of Santa Fe lobbyist and the City of Santa Fe State Legislative Delegation.

PASSED, APPROVED, and ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
JAVIER M. GONZALES, MAYOR

ATTEST:

\_\_\_\_\_  
YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
KELLEY A. BRENNAN, CITY ATTORNEY

**CITY OF SANTA FE, NEW MEXICO**

**BILL NO. 2015-\_\_\_\_**

**INTRODUCED BY:**

Councilor Peter Ives

**AN ORDINANCE**

**APPROVING A LEASE BETWEEN THE CITY OF SANTA FE AND JET CENTER AT SANTA FE REAL ESTATE, LLC FOR THE LEASE OF CITY OWNED LAND LOCATED AT THE SANTA FE MUNICIPAL AIRPORT FOR DEVELOPMENT OF SUCH PROPERTY FOR THE PURPOSE OF PROVIDING FIXED BASE OPERATION SERVICES AND OTHER RELATED PURPOSES.**

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

**Section 1.** The City of Santa Fe hereby approves a certain lease dated \_\_\_\_\_, 2015, entered into between the City of Santa Fe and Jet Center At Santa Fe Real Estate, LLC, which is attached hereto as Exhibit "A" and made a part hereof, for approximately \_\_\_\_\_ acres of land located at the Santa Fe Municipal Airport, which expires on \_\_\_\_\_, 20\_\_\_\_, (the "Lease Agreement").

**Section 2.** This Ordinance shall be effective forty-five days after the date of adoption, unless a referendum is held pursuant to Section 3-54-1 NMSA 1978.

**Section 3.** This Ordinance shall be published as required by Section 3-17-3 NMSA

1 1978 and such publication shall contain the following information:

2       A.     **Property to be Leased.** The City of Santa Fe shall lease to Jet Center At Santa  
3 Fe Real Estate, LLC, \_\_\_\_\_ acres more or less of land located at the Santa Fe Municipal Airport,  
4 and more fully described under the Lease Agreement.

5       B.     **Market value of the Leasehold Premises.** The appraised value of the  
6 Leasehold premises is \_\_\_\_\_.

7       C.     **Payment terms of the Lease.** The rental payment for the leasehold premises  
8 shall be in an amount which will comply with applicable Federal Aviation Administration grant  
9 assurances on economic self sustaining rate structures. The lessee shall be responsible for the  
10 cost of survey, appraisal and other closing costs.

11       D.     The Lessee is Jet Center At Santa Fe Real Estate, LLC, (address)  
12 \_\_\_\_\_.

13       E.     **Purpose of the Lease.** The purpose of the lease is for the lessee to use and  
14 occupy the premises for the development of such property for the purpose of providing fixed base  
15 operation services and other related purposes more fully described under the Lease Agreement.

16 APPROVED AS TO FORM:

17 \_\_\_\_\_  
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19 KELLEY A. BRENNAN, CITY ATTORNEY