



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 30, 2015 – 5:00 P.M.

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

CITY CLERK'S OFFICE

DATE 3/26/15 TIME 4:07pm
SERVED BY Yolanda Green
RECEIVED BY Liliana Artuño

Regular Finance Committee – March 2, 2015

CONSENT AGENDA

6. Request for Approval of Procurement Under State Price Agreement and Professional Services Agreement – Fire Alarm System Design and Construction at Genoveva Chavez Community Center and Salvador Perez Pool; ATI Security, Inc. (Ryan Mortillaro)
7. Request for Concept Approval of Sale and Partial Vacation of Right-of-Way for Portion of Lena Street Right-of-Way Containing Approximately 3900 Square Feet Which Adjoins the Westerly Boundary of 1600 Lena Street; Las Bodegas, LLC. (Matthew O'Reilly and Edward Vigil)
8. Request for Concept Approval of Sale and Partial Vacation of Right-of-Way for Portion of El Caminito Right-of-Way Containing Approximately 2263 Square Feet Which Adjoins the Southwesterly Boundary of 830 El Caminito; Mike and Jennifer Tansey. (Matthew O'Reilly and Edward Vigil)
9. Request for Approval of Grant Award – State Grants-in-Aid for Public Libraries; New Mexico State Library and Approval of Budget Increase in the Amount of \$7,780 in Library Fund. (Patricia Hodapp)
10. Request for Approval of Procurement Under State Price Agreement – Low Voltage Wiring Products and Services at DWI Impound Lot at Camino Entrada; ATI Security, Inc. (LeAnn Valdez)
11. Request for Approval of Professional Services Agreement – Community Stewardship Services at The Santa Fe Railyard; The Santa Fe Railyard Park Stewards. (Robert Siqueiros)



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 30, 2015 – 5:00 P.M.

16. Request for Approval of an Ordinance Relating to the Establishment of a Vehicle Vendor Ordinance; Amending Subsection 18-1.2 to Amend the Definitions of "Itinerant Food Vendor" and "Itinerant Vendor"; Amending the Title of Section 18-8; Repealing Subsection 18-8.9 "Street Vendors; Permit Requirements" and Creating a New Subsection 18-8.9 Entitled "Vehicle Vendors"; Amending Subsection 18-8.10 to Establish Special Event Vendor Fees and Vehicle Vendor Fees; Amending Subsection 23-5.2 Related to Special Event Sponsor Licenses; and Making Such Other Changes That Are Necessary to Carry Out the Purpose of This Ordinance. (Councilor Lindell, Mayor Gonzales, Councilors Ives, Dominguez and Rivera) (Matthew O'Reilly)
 - A. Request for Approval of a Resolution Authorizing Mobile Vehicle Vendors Within the Plaza Periphery Area at Specific Locations and at Limited Times, Pursuant to the Vehicle Vendor Ordinance, 18-8.9 SFCC 1987. (Councilor Lindell, Mayor Gonzales, Councilors Ives, Dominguez and Rivera) (Matthew O'Reilly)

Committee Review:

| | |
|---|----------|
| Public Works Committee (scheduled) | 04/06/15 |
| City Business Quality of Life Committee (scheduled) | 04/08/15 |
| City Council (request to publish) | 04/29/15 |
| City Council (public hearing) | 05/27/15 |

Fiscal Impact – Yes (**Expenditure:** \$300 FY 14/15 Nonrecurring; **Revenue:** \$1,295 Recurring Beginning FY 15/16)

END OF CONSENT AGENDA

DISCUSSION

17. Response to Resolution 2014-94 to Analyze the Overall Operation of the One-Stop for Homeless Services and Winter Shelter Located at 2801 Cerrillos Road. (Terrie Rodriguez)
 - A. Request for Approval of Memorandum of Agreement – Providing Immediate Relief to Neighborhood and Businesses and Services to Shelter; Interfaith Community Shelter.
 - B. Request for Approval of Emergency Funding Sources for Homeless Community in the Amount of \$12,900.



Agenda

**FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 30, 2015 – 5:00 P.M.**

-
18. Presentation and Approval of Health Plan Savings Options. (Sandra Perez)
 19. Report by Independent Auditors on the 2008 Park Bond Audit. (Oscar Rodriguez)
 20. Discussion on Budget Follow-up. (Oscar Rodriguez)
 21. OTHER FINANCIAL INFORMATION
 22. MATTERS FROM THE COMMITTEE
 23. ADJOURN

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

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, March 30, 2015**

| <u>ITEM</u> | <u>ACTION</u> | <u>PAGE</u> |
|---|----------------------|--------------------|
| CALL TO ORDER AND ROLL CALL | Quorum | 1 |
| APPROVAL OF AGENDA | Approved [amended] | 2 |
| APPROVAL OF CONSENT AGENDA | Approved [amended] | 2 |
| CONSENT CALENDAR LISTING | | 2-3 |
| APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – MARCH 2, 2015 | Approved | 4 |
| <u>CONSENT CALENDAR DISCUSSION</u> | | |
| REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – LOW VOLTAGE WIRING PRODUCTS AND SERVICES AT DWI IMPOUND LOT AT CAMINO ENTRADA; ATI SECURITY, INC. | Approved w/condition | 4-9 |
| REQUEST FOR APPROVAL OF FY 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN | Approved | 9-11 |
| REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – FY 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ALLOCATION IN THE AMOUNT OF \$430,042 | Approved | 9-11 |
| REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS FY 2015/16 AFFORDABLE HOUSING TRUST FUND (AHFT) ALLOCATION IN THE AMOUNT OF \$412,000 | Approved | 9-11 |
| REQUEST FOR APPROVAL OF EMERGENCY PROCUREMENT AND PROFESSIONAL SERVICES AGREEMENT – TESTING OF CRITICAL INTERFACES FOR NEW UTILITY BILLING SYSTEM IMPLEMENTATION; MOUNTAIN RIVER CONSULTING | Approved | 11-12 |

ITEM

ACTION

PAGE

REQUEST FOR APPROVAL OF A RESOLUTION
ESTABLISHING A GREEN COMMUNITY PROGRAM
FOR THE BENEFIT OF THE RESIDENTS OF SANTA
FE; DIRECTING THE CITY RENEWABLE ENERGY
PLANNER TO DEVELOP AND DRAFT A
COMPREHENSIVE 25-YEAR SUSTAINABILITY
PLAN TO ANNUALLY REDUCE SANTA FE'S
CARBON EMISSIONS AND ENERGY CONSUMPTION,
AND ACHIEVE THE CITY'S GOAL OF BECOMING
CARBON NEUTRAL BY 2040

Approved

12-15

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

REPORT BY INDEPENDENT AUDITORS ON THE
2008 PARK BOND AUDIT

Postponed to 04/13/15

15-16

RESPONSE TO RESOLUTION 2014-94 TO
ANALYZE THE OVERALL OPERATION OF THE
ONE-STOP FOR HOMELESS SERVICES AND
WINTER SHELTER LOCATED AT 2801
CERRILLOS ROAD

Information/discussion

16-23

REQUEST FOR APPROVAL OF
MEMORANDUM OF AGREEMENT –
PROVIDING IMMEDIATE RELIEF TO
NEIGHBORHOOD AND BUSINESSES
AND SERVICES TO SHELTER;
INTERFAITH COMMUNITY SHELTER

Approved w/direction

16-23

REQUEST FOR APPROVAL OF
EMERGENCY FUNDING SOURCES FOR
HOMELESS COMMUNITY IN THE
AMOUNT OF \$12,900

Approved

16-23

PRESENTATION AND APPROVAL OF HEALTH
PLAN SAVINGS OPTIONS

Option approved w/direction

23-38

DISCUSSION ON BUDGET FOLLOW-UP

Information/discussion

38-39

| <u>ITEM</u> | <u>ACTION</u> | <u>PAGE</u> |
|-----------------------------|----------------------|--------------------|
| OTHER FINANCIAL INFORMATION | None | 39 |
| MATTERS FROM THE COMMITTEE | None | 39 |
| ADJOURN | | |

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, March 30, 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 Monday, March 30, 2015, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

Kelly Brennan, City Attorney, introduced Jesse Galen replacing Melessia Byers as the Legislative Liaison..

Mr. Galen said he is looking forward to working with the Committee and all of the members of the Governing Body.

Chair Dominguez welcomed Mr. Galen, saying he has some big shoes to fill.

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
Kelley Brennan
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Elizabeth Martin, for 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

Chair Dominguez asked to move number 19 on the Agenda to be heard as the first item under discussion.

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

- 6. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND PROFESSIONAL SERVICES AGREEMENT – FIRE ALARM SYSTEM DESIGN AND CONSTRUCTION AT GENOVEVA CHAVEZ COMMUNITY CENTER AND SALVADOR PEREZ POOL; ATI SECURITY, INC. (RYAN MORTILLARO)
- 7. REQUEST FOR CONCEPT APPROVAL OF SALE AND PARTIAL VACATION OF RIGHT-OF-WAY FOR PORTION OF LENA STREET RIGHT-OF-WAY CONTAINING APPROXIMATELY 3900 SQUARE FEET WHICH ADJOINS THE WESTERLY BOUNDARY OF 1600 LENA STREET; LAS BODEGAS, LLC. (MATTHEW O'REILLY AND EDWARD VIGIL)
- 8. REQUEST FOR CONCEPT APPROVAL OF STATE AND PARTIAL VACATION OF RIGHT-OF-WAY FOR PORTION OF EL CAMINITO RIGHT-OF-WAY CONTAINING APPROXIMATELY 2263 SQUARE FEET WHICH ADJOINS THE SOUTHWESTERLY BOUNDARY OF 830 EL CAMINITO; MIKE AND JENNIFER TANSEY. (MATTHEW O'REILLY AND EDWARD VIGIL)
- 9. REQUEST FOR APPROVAL OF GRANT AWARD – STATE GRANTS-IN-AID FOR PUBLIC LIBRARIES; NEW MEXICO STATE LIBRARY AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$7,780 IN THE LIBRARY FUND. (PATRICIA HODAPP)
- 10. *[Removed for discussion by Councilor Lindell]*

11. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – COMMUNITY STEWARDSHIP SERVICES AT THE SANTA FE RAILYARD; THE SANTA FE RAILYARD PARK STEWARDS. (ROBERT SIQUEIROS)
12. *[Removed for discussion by Councilor Lindell]*
13. *[Removed for discussion by Councilor Lindell]*
14. *[Removed for discussion by Councilor Maestas]*
15. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE TRANSIT DIVISION TO ESTABLISH A NO-COST TRANSIT PROGRAM THAT WOULD SERVE THE TRANSPORTATION NEEDS OF SANTA FE'S VETERANS (MAYOR GONZALES AND COUNCILOR IVES). (JON BULTHUIS) Committee Review: Public Works Committee (approved) 0323/15; and City Council (scheduled) 04/0829/15. Fiscal Impact – No.
16. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE ESTABLISHMENT OF A VEHICLE VENDOR ORDINANCE; AMENDING SUBSECTION 18-1.2 TO AMEND THE DEFINITIONS OF "ITINERANT FOOD VENDOR" AND "ITINERANT VENDOR;" AMENDING THE TITLE OF SECTION 18-8; REPEALING SUBSECTION 18-8.9 "STREET VENDORS; PERMIT REQUIREMENTS" AND CREATING A NEW SUBSECTION 18-8.9 ENTITLED "VEHICLE VENDORS;" AMENDING SUBSECTION 18-8.10 TO ESTABLISH SPECIAL EVENT VENDOR FEES AND VEHICLE VENDOR FEES; AMENDING SUBSECTION 23-5.2 RELATED TO SPECIAL EVENT SPONSOR LICENSES; AND MAKING SUCH OTHER CHANGES THAT ARE NECESSARY TO CARRY OUT THE PURPOSE OF THIS ORDINANCE (COUNCILOR LINDELL, MAYOR GONZALES, COUNCILORS IVES, DOMINGUEZ AND RIVERA). (MATTHEW O'REILLY)
 - A. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING MOBILE VEHICLE VENDORS WITHIN THE PLAZA PERIPHERY AREA AT SPECIFIC LOCATIONS AND AT LIMITED TIMES, PURSUANT TO THE VEHICLE VENDOR ORDINANCE, 18-8.9 SFCC 1987 (COUNCILOR LINDELL, MAYOR GONZALES, COUNCILORS IVES, DOMINGUEZ AND RIVERA). (MATTHEW O'REILLY)
Committee Review: Public Works Committee (scheduled) 04/06/15; City Business & Quality of Life Committee (scheduled) 04/08/15; City Council (request to publish) 04/29/15; and City Council (public hearing) 05/2729/15. Fiscal Impact – Yes. (Expenditure: \$1300 FY 14/15 Nonrecurring; Revenue: \$1,295 Recurring beginning FY 15/16)

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE – MARCH 2, 2015

MOTION: Councilor Rivera moved, seconded by Councilor Maestas, to approve the minutes of the regular Finance Committee meeting of March 2, 2015, as presented.

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

CONSENT CALENDAR DISCUSSION

10. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – LOW VOLTAGE WIRING PRODUCTS AND SERVICES AT DWI IMPOUND LOT AT CAMINO ENTRADA; ATI SECURITY, INC. (LeANN VALDEZ

Councilor Lindell said we have been seeing information on this, and we just had approved \$98,900 and asked if these are additional monies. She said there is new information about a concrete pad, electrical plumbing and sewer service to put a manufactured home there in the future.

Ms. Valdez said the \$98,900 will cover this as well.

Councilor Lindell asked the reason this wasn't all in one package and why is this new to us. Secondly, why is it new to us about placement for a manufactured home and who is going to live in the manufactured home.

David Pfeiffer this is providing a pad so a police officer can bring in their own home and put it on the pad, if they like to, noting this is the way the Police Department has done it in the past, and when they leave they take their trailer with them.

Councilor Lindell asked why this is coming up now and not before. She said you are requesting almost \$100,000 to put light in a lot that we've been told hasn't had any problems and that's a lot of money. And now, it includes bringing in someone to live there as well. She asked if someone living there would negate having to have all of the cameras and lightening and everything else. She asked if we can do one or the other..

Mr. Pfeiffer said that certainly is an option. However, most police officers work at night, and the lighting for this would be at night. He said this is for a significant expansion of the lot, and the lighting is for the expansion. He said the current lot already has lighting.

Councilor Lindell said it was never an option that was presented to us for consideration. She said it doesn't set particularly well with her. She said we approve one thing, now we've got a little bit more and there is this creep. This isn't the project we originally looked at. She doesn't know why all of it couldn't have been brought forward in very beginning, so it looked like there was an option. She said, "I don't know who that was up to, but it doesn't seem like it's presented to us as an option."

Mr. Pfeiffer this came back to the Committee because ATI's State Price Agreement expired in March, and this to bring in their State Price Agreement again for approval. He said no changes were made and all of this was in the original portion. He said this is going through the Committees for ATI to be able to do the contract under the new State price agreement.

Chair Dominguez asked Mr. Pfeiffer if he is saying we are reapproving something because the price agreement was expired, except for the pad for the mobile home. He said this is troublesome if this is the case.

Mr. Pfeiffer said we are bringing this back because Robert Rodarte, Procurement Director, said we had to take back through committees for ATI to be approved, because the State Price Agreement expired at the time we were going through Council approval for this project.

Chair Dominguez said then we didn't know when this came through that the contract was going to expire.

Ms. Valdez said there was a Memo from Robert Rodarte that anything exceeding \$50,000 will have to come to this Committee for approval.

Chair Dominguez said then we probably shouldn't have heard the previous item until that agreement was approved. He said, "I'll just say this. I think that what I've heard from the Committee on several occasions is the frustration we have with the procurement process. And as Councilor Lindell said it, this creep continues to happen with these projects. I think that's the frustration that you're hearing. I have a question outside of that, but before that, I'll turn it back to Councilor Lindell."

Councilor Maestas said he thinks he asked that question at the time. His question was that the duration of the contract exceeded the expiration, and I asked Mr. Rodarte if that was okay, and Mr. Rodarte said that was okay. So there was a question of timing at the time we initially heard this.

Councilor Maestas said he has a question in terms of policy for this fund, noting the balance is more than \$500,000. He inquired about the policy for using these funds. He thinks there is a policy, although he doesn't know if the City Manager signed off on it. He said in light of this coming back, it would be reassuring to have an administrative policy in place. He said the forfeiture program is a deterrent, but we are taking peoples' transportation away, and if this fund is going to accumulate to levels in excess of \$500,000, he wants to know what the policy is, and to ensure that it is an active fund and we are using it for purposes other than capital improvements to the impound lot. He would like to direct staff to bring that policy back to us. He doesn't see these improvements as unreasonable, but he remains concerned about the high balance and the lack of a policy.

Chair Dominguez said he agrees with Councilor Maestas, and this is the situation throughout the entire City. We have the intent but not the policy in place to clarify the intent. He asked Mr. Rodriguez if he is okay with that direction.

Mr. Rodriguez said yes. When you get the budget you will see all of the funds the departments use, and a plan or staff recommendation for the use of the funds and you will be able to set policy as you wish.

Chair Dominguez that is what we used to do a few City Managers ago, but now we move money around quite a bit.

Councilor Lindell the last time we talked about this fund, part of the funds are to be used for DWI projects and education. She said she is much more inclined to see the money used for those purposes, rather than lightening a lot that has not reported any problems. And now we are going to do plumbing, sewer and put a pad on it for a manufactured home. She said we have an agenda item tonight to give \$12,500 to the Interfaith, but we're spending \$100,000 to light a lot they are having no problems with. She cannot support this.

Councilor Rivera said he thinks he remembers this coming before this Committee previously, and we asked the Police Department the reason they needed the lighting. He said what we heard from the Police Department made perfectly good sense. He said rather than kill this tonight, he would rather postpone it to the next meeting when someone from the Police Department can be here to answer those questions.

MOTION: Councilor Rivera moved to postpone this item. **THE MOTION DIED FOR LACK OF A SECOND.**

Chair Dominguez asked when the decision was made to make these the manufactured home amenities.

Mr. Pfeiffer said it was in the original plan, but it wasn't conveyed in the documents. It is because the size of the lot is being expanded..

Chair Dominguez so when this originally came to this Committee in February, there was an intent to put a manufactured home on that lot.

Mr. Pfeiffer said yes.

Chair Dominguez asked if there is someone who intends to move there, a Police Officer..

Mr. Pfeiffer said he doesn't remember exactly, but he believes they have someone in mind for that place, but nothing is set in stone yet, because they have to put out a questionnaire to see if anybody wants to do that.

Chair Dominguez said so we could be approving expenditures without a definite idea of when or if someone will be moving on the site.

Mr. Pfeiffer said, "I do believe they have somebody in mind, but I'm unsure of the details – that I'm not positive about."

Chair Dominguez responded that having someone in mind and having a commitment are two different things.

Mr. Pfeiffer said this work needs to be done so someone can move on site.

Chair Dominguez said then if we do not approve this request, no one will move there.

Mr. Pfeiffer said if you do not approve this request, without the lights then the project would be null and void.

Councilor Rivera said he understands there seems to be concerns about the lights. However, we are always talking about affordable housing, and about having our public safety people remain here in the City where they can be visible to all the residents and provide protection. He said we have manufactured homes at the Airport, and at several of our parks and at other locations. This is a way to keep an officer here in Santa Fe who may be considering moving to a place outside the City. He said it is a little frustrating to hear conversation on one side saying how we want more officers living in Santa Fe, and then have a discussion saying we're not really willing to support an extension of a lot on South Meadows and providing lighting for the extension. He said, "Just a sense of frustration on my part and I do support the project, and I support our officers staying in Santa Fe and providing that protection."

MOTION: Councilor Maestas moved, seconded by Councilor Rivera, to approve this request, with the condition that during the budget hearings, this Committee will have an opportunity to review this policy and have a discussion with the Police Department.

DISCUSSION: Chair Dominguez said he agrees with Councilor Rivera that we need to do what we can to keep our officers in town, and that has been well documented. He asked if there would be an individual lease with each tenant, or is there a policy in place that articulates the intention we have for all potential tenants.

Mathew O'Reilly, City Assets Manager said, "A little clarifying information. With regard to whether there's a policy in place. At the time of the transition from the previous Police Chief to the current Police Chief, there was some discussion about when a Police Officer would be allowed to lease and reside on City property. We looked at it as an internal policy with the City Manager. That said, whenever that happens, we do enter into a lease with that employee, there is a payroll reduction for them to pay their rent and to reside on City property. So if a manufactured home were to be placed on the lot, there would be rent charged to that officer or other City employee living there."

Mr. O'Reilly continued, "I would qualify, that I was involved with obtaining the right to a form of lot from the State Department of Public Safety who has a long term lease on, it is actually our property, but they control it. They got back to us with additional 3 acres at no charge and with no penalty at the DWI lot. At that time we were getting that done last year, the then Police Chief expressed the desire possibly at some point to

have a manufactured home there, because they have reported that there were some problems at that lot, and they wanted to make sure that someone was there to watch over the lot. In my discussions with the current Police Chief, he related to me that he wanted to continue that option. Whether it was in the packet before, I can't speak to, I can just say that the previous Chief and the current Chief have always have someone living there on the premises. I believe we had a contractor on site doing all this work, and to do the extensions that could serve a future home."

Chair Dominguez said that makes sense. He said, "But what I am hearing you say each is that each lease could be different from tenant to tenant."

Mr. O'Reilly said, "We try to keep the leases the same and the terms of the leases the same. But honestly, how we're handling those, is if someone expresses the need for additional security at one of these locations, they come to us and make sure the lease isn't cumbersome, and it is reviewed by me and it is reviewed by the City Attorney. An example, is someone living a manufactured home out at the water tank. *[Inaudible here because of noise overlay]*. There are other locations where we have a City employee living on a City facility. It has cut down on vandalism."

Mr. Rodriguez noted someone from the Police Department just arrived. He said she told him there is no one designated, but there are 2 or 3 people who have expressed a desire to move to the site.

Councilor Maestas said he is perfectly fine with this administrative policy, and in his opinion, he doesn't believe the Governing Body or any Committee of the Governing Body needs to weigh-in on each and every case, provided that we are following an approved policy. He said his concern is with the negative press we had in implementing the housing program. In some cases it was contrary to the intent of the housing program where we were allowing much higher salaried officers to reside on City property, when the intent was to help entry level, mid-level with transitional housing.

Councilor Maestas continued saying, "I am not going to link that issue with this one, but I want the record to reflect that I am still concerned about the administrative policy. And I want to be assured we've made those corrections, and that the tenants we consider will be fair, and that the circumstances meet the intent of the Housing Program. We ought not to have any high salaried officers living in this housing. I have not seen any kind of qualifications, or changes to tighten the policy to make sure that does not happen again. If someone would be willing to show me that administrative policy and what happened was unusual and it won't happen again."

Nancy Jimenez, Fiscal Administrator, Santa Fe Police Department. Ms. Jimenez said the current policy has been updated, and Sergeants or below are the only individuals eligible for the housing. It has gone through the Legal Department, and it is now updated, clarified and there is a limit to those who can reside at those facilities."

Councilor Maestas asked if that policy has been signed by the City Manager, since it involves other assets of the City.

Ms. Jimenez said, "The policy we have is only signed by the Police Chief. It goes in our SOP's. If it does need to be a policy like that, I'm sure we can get it approved and have the City Manager sign off on it. In talking specifically to the DWI lot, which is the item that we're talking about right now, that will have to be a Police Officer, only because of the liability for that lot. At Ashbaugh Park and other locations, we have other employees, and always not necessarily Police Officers."

Councilor Maestas said he is pleased to know they clarified the policy, but would suggest the City Manager sign off on that. He said if it involved assets strictly under the purview of the Police Department, it would be okay. However, in view of some of the press we've had, he thinks the City Manager should sign off on it as well. That would be his warning.

Chair Dominguez asked if he would like that direction to be part of his motion.

FRIENDLY AMENDMENT: Councilor Maestas said he would like the motion to include that the City Manager will approve and sign the Police Department policy. **THE AMENDMENT WAS FRIENDLY TO THE SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

DISCUSSION ON THE MOTION AS AMENDED: Chair Dominguez said he thinks in the absence of some of these policies, we're going to be in the same situation where someone at high level could be living in a park. He said, "I think it behooves us to give some direction to the City Manager to be able to sign off and take some responsibility for some of these." He isn't interested in tying that to this issue, but it is a general overall issue that needs to be addressed in the absence of that policy.

FRIENDLY AMENDMENT: Chair Dominguez said he also would ask that Councilor Maestas's motion include direction to staff to provide the documentation from Robert Rodarte that clarifies that we need to do this again, and why it was done the first time. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

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

12. **REQUEST FOR APPROVAL OF FY 2015-16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN. (MARGARET AMBROSINO)**
 - A. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – FY 2015/16 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ALLOCATION IN THE AMOUNT OF \$430,042.**
 - B. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS FY 2015/16 AFFORDABLE HOUSING TRUST FUND (AHFT) ALLOCATION IN THE AMOUNT OF \$412,000**

Councilor Lindell asked if we have any flexibility in this funding to increase our funds for transitional housing, and if we are designating the full 15%.

Margaret Ambrosino asked Councilor Lindell if she is asking about the public service allocation or the 15% to be allocated to transitional housing.

Councilor Lindell there is a statement on page 2 of the HUD communications. And on page 3, it's broken down into Housing, Public Facilities and Public Service. She said she asking if we did allocate the maximum amount of 15% into the Public Service category.

Ms. Ambrosino said yes.

Councilor Lindell said then we have \$54,000 into Public Services. She asked about the 20% for administration for each individual organization.

Ms. Ambrosino said it goes toward administration and a portion of the salaries for the 3 employees who work on the CDBG, advertising to publish notices as required, and to the other activities required by HUD.

Councilor Lindell said the total CDBG grant was \$430,000.

Ms. Ambrosino said it eventually will be \$530,000, noting the \$100,000 is a little less than 20%. She said this is the reallocation that the City has received.

Councilor Lindell asked, referring to page 3, under the Public Facilities Section, how do we determine and select the improvements to be made. How do we select a specific nonprofit to receive these funds.

Ms. Ambrosino said every year the Office of Affordable Housing advertises a notice of funding available for CDBG, and as the funds allowed for the Housing Trust Fund. It is based on the applications received, and the projects. She said there were 2 applications from the Santa Fe Recovery Center and Girls, Inc. She said the Community Development Commission elected to fund those projects.

Councilor Lindell how many applicants there were.

Ms. Ambrosino said there were 10, and we were able to provide a portion of the funding, because the activities are in line with out consolidated themes. She said this is year 2 of a 5 year cycle.

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

DISCUSSION: Councilor Maestas do we have do to separate motions, one to approve the plan and one to approve the allocations PSA's for the Affordable Housing Trust Fund, or approve the whole thing.

Mr. Rodriguez said it can be done either way.

Chair Dominguez asked how difficult would it be for Ms. Ambrosino to indicate how much revenue was generated by each of the funds.

Ms. Ambrosino said she don't have that information, but she can work with Finance to get that information and provide a Memorandum with that information.

Chair Dominguez said that would be very helpful for him, just on those who are allocated from the Affordable Housing Trust Fund.

Mr. Rodriguez said he can get that information.

Chair Dominguez would also like the balances in each fund, if any.

Mr. Rodriguez said he will get that information.

Councilor Maestas said he thinks this is a great mix of funding, and he commends Ms. Ambrosino, and all those had anything to do with this plan, commenting it is very good.

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

13. REQUEST FOR APPROVAL OF EMERGENCY PROCUREMENT AND PROFESSIONAL SERVICES AGREEMENT – TESTING OF CRITICAL INTERFACES FOR NEW UTILITY BILLING SYSTEM IMPLEMENTATION; MOUNTAIN RIVER CONSULTING. (CARYN FIORINA)

Councillor Lindell said the contract amount was \$76,700, and the funding on some of this is due to the termination of someone who was the primary support person, and asked at what level do we need to fund this.

Ms. Fiorina said we're requesting this contract, perhaps half of this.

Councilor Lindell asked if there no JD Edwards representative closer to us than Idaho.

Ms. Fiorina said they have not found one closer than Idaho.

Councilor Lindell said this seems astounding.

Ms. Fiorina said the thing that is unique about this is that they have experience on this system and are specialized.

Mr. Rodriguez said JD Edwards is a very specific system. He said we are kind of locked in to working with people who can work with our system. He said it was cheap going in and it is now expensive to keep moving forward with the maintenance.

MOTION: Councilor Lindell moved, seconded by Councilor Maestas for purposes of discussion, to approve this request.

DISCUSSION: Councilor Rivera said he has had some issues with this all along. He said we knew that this advanced utility system was coming, yet we did not prepare to coordinate with the new utility company. He said because of lack of foresight, it is now it is an emergency situation and we have to fund something that is already done. He asked how and why that happened.

Ms. Fiorina said, "[inaudible] and I was notified of the City Manager's decision and had to scramble to get coverage [inaudible]."

Councillor Rivera said he recalls some discussion about whether IT was consulted in this process, and he remembers that it was, and asked Mr. Schiavo to comment.

Nick Schiavo's said the IT employee who helped us do billing each month was terminated. The main focus here is to get someone to help us do the billing every months, and this is the reason this has popped up as an emergency, and has nothing to do with poor planning.

Councilor Rivera so there have been communications, it's just the timing of the transition and the release of this one employee..

Mr. Schiavo said the bottom line is that employee was helping us every month, and he was terminated and now IT is short staffed and we need someone to help us do our billing.

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

- 14. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A GREEN COMMUNITY PROGRAM FOR THE BENEFIT OF THE RESIDENTS OF SANTA FE; DIRECTING THE CITY RENEWABLE ENERGY PLANNER TO DEVELOP AND DRAFT A COMPREHENSIVE 25-YEAR SUSTAINABILITY PLAN TO ANNUALLY REDUCE SANTA FE'S CARBON EMISSIONS AND ENERGY CONSUMPTION, AND ACHIEVE THE CITY'S GOAL OF BECOMING CARBON NEUTRAL BY 2040 (MAYOR GONZALES AND COUNCILOR IVES). (JOHN ALEJANDRO)**
Committee Review: Public Utilities Committee (scheduled) 04/01/15; and City Council (scheduled) 04/0829/15. Fiscal Impact – Yes. (Expenditure: \$12,000 FY 14/15; \$50,000 Recurring beginning FY 15/16)

Mr. Alejandro provided a copy of *Sustainable DC Plan*, to the members of the Committee. Copies of this document can be obtained from John Alejandro.

Councilor Maestas said this will tie you up for a while. He said his head is spinning over all the plans we have and the overlap and some duplication. This legislation calls for a 25 year sustainability plan as the ultimate goal to becoming carbon neutral as a City by 2040. He said there was an update by the Climate Action Task at the last Council meeting, and there were a number of recommendations for implementation, so called low hanging fruit. He said he went on line and saw that the current Climate Action Plan that was developed by the Sustainability Commission is consistent with the current Sustainability Plan. So we have a current Sustainability Plan, and we have an active Climate Action Plan

from a previous administration. We have an initial initiative from a Climate Action Task Force from the current administration. He asked how he is going to make sense of all that. He is unsure what we are doing. Are we going to render the current Sustainability Plan and Climate Action Plan obsolete and replace it with this. He asked Mr. Alejandro to comment.

Mr. Alejandro said the bottom line is the 25 year sustainability plan is designed to consolidate all the previous plans out there, noting portions have helped us get to the goals of the Resolution. He said he has hard copies of the Sustainable DC Plan which he will hand them out, noting he sent an electronic copy to the Committee. He said that way he can better explain how this is going to work.

Mr. Alejandro said in 2008 a Plan was developed by the Sustainable Santa Fe Commission, one of the recommendations of what the City should do. There are competing plans, a lot of water conservation plans, waste management plans and such which had actions and recommendations. The 2008 plan didn't established a baseline. That was the only plan ever done which was 7 years ago, and some of what came out of it is now obsolete and out of date. He has sat in a number of the Sustainability Commission meetings, and the thought has always been to revisit that plan and to bring it forward and update it. He said the Sustainable Santa Fe Commissioners have agreed to work on what you have before you to develop a new Sustainable Plan.

Mr. Alejandro said, moving to the Climate Action Task Force, the first recommendation Mayor Coss gave was related to gathering data related to greenhouse gasses and the plans to reduce those emissions and collecting data to establish a baseline. And then to take that information and develop a sound plan for the City to use to reduce those emissions. This 25 year sustainability plan comes out of the Climate Action Task Force.

Mr. Alejandro said he has been working closely with the Sustainable Santa Fe Commission to finalize that benchmark report that establishes baselines in many areas. He said that benchmark should be published in the next several weeks. He said those will be the baseline measurements by which this plan will be developed and brought forward.

Councilor Maestas thanked him for clarifying what is going to happen to the current product. He agrees the current plan needs to be updated and a lot of recommendations that came from those haven't been implemented. He said, "My issue is why are we going to have you do it, when it will occupy 70% of your time. Why couldn't we just ask the existing organizations such as the Sustainable Santa Fe Commission or the Climate Task Force to do this with your guidance and support, and was that considered."

Mr. Alejandro said this is one of the core functions of his job. And his time associated working on the plan includes his time working with the Task Force members, and the Sustainable Santa Fe Commission, and others, and going to the public and holding public listening forums, and coordinating all of that into one written document. He said he has done this in the past. He said this is nothing new to him, and he would be the central staff person working with other City staff and stakeholders.

Councilor Maestas said he thinks there needs to be a stakeholder public engagement component at the outset. He thinks there are a lot of advocates out there for renewable energy, wanting to be a part of seeing Santa Fe carbon neutral by 2040. He thinks we need to clarify the broader vision and where we are going as a City, and how to incorporate into the City process, establish a baseline, engage stakeholders and such. He said, "I really think we need to hit the reset button on that, and make sure we know what the play is and go execute it."

Mr. Alejandro said he thinks that is where they are at this point as a City at large. He said they have specific direction from the Council that we become carbon neutral by 2040, but we don't have a plan to do that. There are recommendations from the Climate Action Task Force which is to develop these goals. What is involved here is to get out new goals and strategies and the cost for us to be carbon neutral by 2040. He said his thought is to hold two public meetings in each Council District with the District Councilors in attendance so we can have a meaningful dialogue.

Councilor Maestas said he would urge Mr. Alejandro to exercise caution, including some aspects of this that could impact the community at large, and possibly limit it to the City government, noting carbon neutral would be the entire City.

Mr. Alejandro said it is for the entire city.

Councilor Maestas said we just deliberated on legislation to incorporate water efficiency at points in the Green Code, which truly was an unfunded mandate. We need to put an estimated cost on this. He imagines there could be more mandates in the Green Code. He said we need data, post empirical data, and we're not going to have a true baseline and true measure if only part of our data is based on empirical data. He wants to proceed with caution until we have the true costs in place. He said, because of the slow recovery of the recession, he doesn't want to start piling things on at this sensitive juncture of the recession. He said if you go slow and it does incorporate some of that, he thinks it's possible.

Mr. Alejandro thanked Councilor Maestas, saying they are very cognizant of those things.

Chair Dominguez said the FIR talks about 70% of his time, and asked if that is part of the \$50,000 for 2015/2016..

Mr. Alejandro that is correct

Chair Dominguez said that's not an additional budget cost, and asked Mr. Rodriguez how we will deal with that and in calculating those fiscal impacts.

Mr. Rodriguez said this raises a question, and he would encourage you to handle this differently.

Chair Dominguez asked if the new FIR form will articulate some of that.

Mr. Rodriguez said yes, and you can see the impact.

Chair Dominguez said then this is not an additional cost, it's just absorbed in the budget.

Mr. Rodriguez said yes.

Chair Dominguez asked if we get into the budget will your position require reclassification, commenting he is trying to figure about how this fits into the budget, bottom line.

Mr. Alejandro said, "I am confident I can deliver on this plan with the assistance of all of the stakeholders."

Chair Dominguez asked if he can do that on his current salary.

Mr. Alejandro said, "Yes. That's my job."

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

19. REPORT BY INDEPENDENT AUDITORS ON THE 2008 PARK BOND AUDIT. (OSCAR RODRIGUEZ)

A copy of Independent Accountant's Report on Applying Agreed-Upon Procedures, dated March 30, 2015, as a tentative and preliminary draft for discussion purposes only, is incorporated herewith to these minutes as Exhibit "2."

Councilor Lindell said she would like to reconsider the agenda. She said we found a document on our desks today. She said she would like to take this item off of the agenda.

Chair Dominguez asked if she is speaking of Item #19 and Councilor Lindell said yes.

Councilor Lindell said she would like to be able to read and study this report. She asked the reason we couldn't have had this report two days ago, and asked if it wasn't completed.

Mr. Rodriguez said he received it about 4:00 p.m., noting they had to make the presentation before the end of the month. He said he delivered it to the Committee as soon as it was received.

Mr. Rodriguez suggested that since the auditors already are here to allow them to present the information.

Chair Dominguez what he is hearing from Lindell is that she needs time to go over this document and wants to postpone to the next meeting.

MOTION: Councilor Lindell moved, seconded by Councilor Maestas to reconsider the previous approval of the Agenda, to postpone Item #19 to the next meeting of the Finance Committee on April 13, 2015, and to approve the agenda as amended.

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

17. RESPONSE TO RESOLUTION 2014-94 TO ANALYZE THE OVERALL OPERATION OF THE ONE-STOP FOR HOMELESS SERVICES AND WINTER SHELTER LOCATED AT 2801 CERRILLOS ROAD. (TERRIE RODRIGUEZ)

Items 17(A) and 17(B) were combined for purposes of presentation and discussion, but were voted upon separately.

Ms. Rodriguez noted the Resolution is in the Committee packet, noting she has listed the items in order. Ms. Rodriguez reviewed her Memorandum of March 9, 2015, with attachments, to Mayor Gonzales, City Councilors, Brian Snyder, City Manager and Oscar Rodriguez, Finance Director, in this matter. She noted the Memo recommends emergency funding. Please see this Memorandum and attachments which is in the Council packet, for specifics of this presentation.

The Committee commented and asked questions as follows:

- Chair Dominguez asked Ms. Rodriguez if she considers this to have been a productive dialogue.

Ms. Rodriguez said absolutely. She said the first meeting was very confrontational, and the neighbors were unhappy with the process she set out, and wanted to mostly discuss moving the shelter. Their primary concern was to move the shelter out of their neighborhood. She said she made it very clear that wasn't her job, that her job was to address the immediate needs for safety and they would stay there. She said by the third meeting, it was gratifying to see that the neighbors and the shelter were in the same place – they wanted to see a better system to address the needs of the homeless in the community, as well as the safety issues in the neighborhood.

- Chair Dominguez said then this was a dialogue that needed to happen, and there were two sides very apart from one another, and this brought them closer to have better dialogue..

Ms. Rodriguez yes, and she believes this dialogue needs to continue to happen, and that is one of the recommendation in the short term and it is also in the Memorandum of Agreement.

- Chair Dominguez said, so it was a good exercise, in spite of all the emails he received before the meeting, and Ms. Rodriguez said yes.
- Chair Dominguez asked if the Interfaith community agrees.

Guy Gronquist, Chair, Interfaith Community Shelter, said, "Yes. All's well that ends well."

- Councillor Rivera said some of the residents around the Shelter are concerned about the time we are recommending to extend the shelter, and the neighbors were hoping we would keep it open only until about 8:30 p.m., 9:00 p.m. at the latest. He said this is one-stop shop and asked if additional services can be moved to a secondary location for even a short amount of time. He said all they're asking is for a break for a little while. He said perhaps we could look for a secondary location for the additional services they offer. He said they also asked if perhaps the summer feedings could be moved to a different location just for the summer, perhaps in the Park or one of the churches.
- Councilor Rivera continued saying, these are their main issues and they're looking for a break during the summer months. He gave a "shout-out" to the Interfaith Community and staff, saying they have done a great job. He said when he has driven by, there were residents picking up trash and it looks much better than it has in the past. He said they deserve a pat on the back for doing a good job, and he is sure the residents see it and appreciate it as well.
- Councilor Rivera continued saying he met several weeks ago with Mr. Pino about doing some other things that were suggested, including improving some lighting outside on the lot on Harrison Road, where there may be people, some of the homeless, so nobody is run over, as well as minor sidewalk improvements. These are recommendations from the neighbors, noting a break for the summer months is an appropriate request, and instead of opening until 1:00 a.m., maybe just staying opening until 8:30 p.m. He said what Ms. Rodriguez recommended came from the overall meeting, but he is giving information he got from the business owners and neighbors right adjacent to the Shelter.
- Chair Dominguez asked Councilor Rivera, with regard to his suggestions, how are those items articulated in the agreement, or are they in the agreement.
- Councilor Rivera doesn't believe they are in the Agreement, noting the increase in service hours is in the agreement, and he feels we have the flexibility to have additional discussions with the Interfaith Shelter to discuss if we can stay open and what those costs could be.
- Chair Dominguez asked Ms. Rodriguez if she concurs that there is the flexibility to work out some of those small details.

Ms. Rodriguez said she thinks the idea brought forward to the Mayor, a group of staff and two Councilors is deserving of consideration. She does think there needs to be additional discussion with the Shelter as well the providers. It is essentially asking that food services and other services

not occur at shelter. She said that isn't a good idea for the rest of the winter, and will disrupt what has been happening there. She knows and understand that the neighbors want a break and that is a very reasonable request. She suggested we look at making those changes in the summer to give the residents a break, and look at sites for service. There are some services that could happen other places such as health care and counseling for the homeless. There are services that can happen at the ROC. One of them are the showers, and the Recreation Department has dealt with that some time by having people access showers at the recreation centers before the Interfaith Shelter started offering showers. She said the provision of clothing happens only at that site, and the meals which have been provided by the Interfaith Shelter as well. She said she would suggest further discussion if we could close the shelter for the summer months and be able to take care of the need for people to access food and other requirements.

- Chair Dominguez said he is asking, outside of those items which are explicit in the MOU, if you need more flexibility in the MOU to be able to have those discussions. He is sure the Shelter will be amenable in talking about it, but does she feel that needs to be explicit in the MOU.

Ms. Rodriguez said the MOU we were asked to do was to address the issues the neighbors were having to deal with right now, and that they addressed. She said what the neighbors are saying right now, because the services continue to be provided at that site, should be included so we can come to an agreement between the City and the Interfaith Shelter. It is in our best interest to have this shelter relevant to people that live in Santa Fe, if we can't find sufficient resources to be able to provide those services elsewhere than 2801 Cerrillos Road, then we need to do that because it is the City's agreement between the City and the Interfaith Council. She said she believes we should look at closing the shelter during the summer.

- Councilor Maestas said the matrix you set up on short term needs has helped me a lot. He said there are several needs where the City is the responsible party and we really haven't moved on those needs. For example, the sidewalks are a significant investment, and he doesn't know that Harrison is wide enough to accommodate two sidewalks. He thinks we should look at capital improvement estimates for sidewalks, and pursue reallocation of capital funding, whether it be CDBG or otherwise. There are complaints about speeding, although he doesn't know that has anything to do with the shelter, but nevertheless he thinks we should at least initiate a traffic study, commenting John Romero's shop could do that. He said he agrees that lighting is an issue, and we should come up with an estimate on that as well. He said we don't know how long that Shelter will be in operation, but he believes lighting would be a worthy capital estimate there.
- Councilor Maestas continued saying, page 2 of the matrix indicates additional patrols, noting that information was gathered by some of the residents, and he believes we should initiate additional patrols. He said perhaps there could be an *ad hoc* implementation committee to make sure each and every action is implemented on the short term needs. He said a lot of these issues stem from the frustration of the neighborhood. We have to focus on the short term needs and we could reduce a lot of emotions by everyone if we start working on the short term needs. He doesn't know if that can be incorporated in the MOU as an amendment. He said all stakeholders need to do their part because responsibility is shared among all stakeholders to implement all these short

term actions. He thinks the City should commit to its responsibility for the short term items in the matrix.

Ms. Rodriguez said the reason she did the matrix was as a way to figure out what we were looking and who was going to be responsible for what. She said the issues of sidewalks, traffic signs and lighting will be discussed at the Public Works Committee, and Mr. Pino has been working on these issues. She said he has given direction to staff to look at some of these issues. She said we are hoping if the Council accepts this memorandum as a response to the Resolution, that these items will be considered to be a part of this document to go forward. She said she likes the idea of an implementation committee to follow up. She said, "I'll just also caution that, in addition to the short term needs, a lot of the community members also said the City shouldn't put hundreds of thousands of dollars into this, because we want this shelter moved. So that was a lot of our coming up with what we were going to address in the short term."

- Councilor Maestas said, "If we are going to radically change operations and possibly relocate it during the summer, I really think there needs to be true discussion. It's easy to say we're going to relocate services, but you have to think about where and what the impacts would be in relocating the services. It may serve the purpose of the local area, but it's going to impact another area. I would just urge you and all the stakeholders to proceed with caution on that, and take a go slow approach to make sure exactly what we're getting into here. Summer is just right around the corner. If that's a desire for the summer, I think that's a really aggressive time frame, so just be careful. Again, after you identify the location then there's a public involvement process wherever we locate these services, even if they're temporary. Just a word of caution."
- Councilor Maestas said Ms. Rodriguez has done a great job. And he commends Councilor Rivera for attending all of the public meetings, noting he attended the one at the Chavez Center which was well done. He gave kudos to Terry Rodriguez and Staff, and the stakeholders who did a really good job of being so responsive to the Resolution.
- Councilor Lindell said when Ms. Rodriguez started her statement she said something about St. Elizabeth's and asked her to repeat that statement.

Ms. Rodriguez said St. Elizabeth Shelter is very interested in relocating their space to a different place. She said they would build its resources by selling their space on Alarid and on Cerrillos Road, which is Casa Cerrillos, a 28 occupant facility. They also have another facility for womens' services, and a facility for the elderly on Cerrillos, and they have transitional housing across the street from the school.

- Councilor Lindell said then they have a vision of combining all their services into one campus.

Ms. Rodriguez said yes, and the key word is campus. She said our information is a lot of service providers were saying people weren't going to the shelter, particularly youth and women, because they didn't want to be associated with people who were actively abusing substances, or the long term homeless. So they would design that facility so people wouldn't have to be interacting with

people with whom they didn't want to interact. The idea would be to have separate entrances and exits, commenting it would have to be a well thought out design and construction process.

- Councilor Lindell asked if that is something we potentially would see the Interfaith Shelter being to join, or is that a consideration, or is it too preliminary to have this conversation.

Ms. Rodriguez said it is a very preliminary conversation, but it would make sense to have winter services located in one campus which would then start that continuum of services from Human Services. The winter shelter keeps people off the street and getting to start thinking about changing their lives and accessing the services at St. Elizabeth's, which is happening now. She said 41 people who have gotten out of homelessness, came to the shelter and then connected to health care, to St. Elizabeth's shelter and have received housing at this point because of their interaction with the Interfaith Shelter.

- Councilor Lindell said that's great. She hopes that is something we can pursue, recognizing that is very preliminary. But she thinks that kind of project in the future would meet the needs of the clients and the whole community. She said we're trying to hold this together with "just glue and duct tape." She would like for us to be able to do a better job with it. She attended the first meeting, and said there wasn't very much love shown. She said Ms. Rodriguez did a wonderful job, and she is glad that we found common ground with them in the subsequent meetings and they moved along much better. She said the matrix Ms. Rodriguez put together will be very very helpful to use in the future. She thanked Ms. Rodriguez and Mr. Gronquist for participating in this process and helping us with it.

- Chair Dominguez thanked Councilor Rivera for "taking this head on," and for all the work he has done to work with the community and the neighbors and with this Committee as well. He thanked Ms. Rodriguez for being in an uncomfortable position at times, and for going through all that.

- Chair Dominguez thanked Mr. Gronquist for the services they provide on behalf of the community. He thinks we do a good job with our homeless population, commenting a lot of it is because of the work they do and their involvement in the community. He knows it's not always easy, and just opening these discussions was important.

- Chair Dominguez said he doesn't know what an organization serving the homeless should be. He asked, regarding the Day Services Program Manager and some of the other positions, if any of these are from the homeless population, and if not, why not.

Mr. Gronquist said the Kitchen Manager is an alumni of the program, and there are a number of the staff of the shelter who are guests or who have graduated. He said, "As Joe says, if we are not prepared to offer these individuals jobs, should we expect others to do so." He said they seek actively to give employment opportunities to their guests and from the guests."

- Chair Dominguez asked if the individual is the evening Kitchen Manager.

Mr. Gronquist said yes, and one of the individuals who works in the kitchen during the day is a guest.

- Chair Dominguez asked Mr. Gronquist if he sees moving to an empowerment model where you're not just hiring folks who are graduates, but also doing outreach to the homeless population to encourage them to get out of that cycle.

Mr. Gronquist said there is a template for that model and it is the Lifelink. He said several of the counselors from The Lifelink have been homeless in their past lives, and said, "I would see us following that paradigm because it can be done."

- Chair Dominguez said although he doesn't know how an organization providing services to the homeless population should be organized, he is glad to hear you are working on that piece. He thanked them again for providing services to that population.
- Chair Dominguez said he would like separate motions for 17(A) and 17(B).
- Councilor Rivera said, in light of what Ms. Rodriguez said about possibly making changes to the Agreement, based on the neighborhood recommendations, to try to do some of the things they requested, he would like to postpone 17(A) and 17(B) until the groups come together and have some of that discussion. He noted the emergency funding is only for a short amount of time and some of those things may impact the neighborhood.. He said it is important to get recommendations from the shelter perspective as well as the neighborhood perspective. He said some of these changes may not happen, but that discussion needs to continue before there can be an agreed-to, signed agreement.
- Councilor Rivera said he would like to postpone Items 17(A) and 17(B) to the next meeting of the Committee. He said there was miscommunication previously with the Mayor's staff, and they weren't invited to the meeting until the last minute, so they definitely need to be included in these discussions that take place..
- Chair Dominguez said then there is no need for emergency monies.

Ms. Rodriguez said the recommendation made by Councilor Rivera should be done as quickly as possible. She said the shelter has extended some of its hours in anticipation of these meetings, and they are underwriting those costs at this time. She said the request was to have the Shelter hours extended. She said the request is for the remainder of the funds for the winter season. The reason she has the emergency fund is to be able to cover these kinds of things. She said a small group of people met with the Mayor asking that the times not be expanded, and that services be done at locations other than at 2801 Cerrillos.

Ms. Rodriguez continued, "I would respectfully request that we look at the emergency funding to be able to finish out the winter, and use that time and the money to do what the majority of the neighbors appear to have requested, and then look at the MOU to see if it would be possible to

close it for the summer months. Because, as Councilor Maestas mentioned, that is going to take a lot of work in terms of there those services can happen and what is best for everyone involved. The group that met with the Mayor is really a much smaller group and they had concerns, but she would respectfully request that consideration of the emergency funding to be happening first."

A. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – PROVIDING IMMEDIATE RELIEF TO NEIGHBORHOOD AND BUSINESSES AND SERVICES TO SHELTER; INTERFAITH COMMUNITY SHELTER.

MOTION: Councilor Rivera moved, seconded by Chair Dominguez, to postpone Item 17(A) until the Mayor and the group that made their request and the business owners can get together with the Interfaith Shelter and thoroughly discuss the possible changes that may impact the MOU.

DISCUSSION: Councilor Maestas said, "And this is your baby Councilor Rivera, but I think the MOU as presented really memorializes and commits the City and all stakeholders to what has been agreed upon and not in dispute. I would urge the Committee to adopt this, and that we give staff direction to bring back an appropriate amendment, if any, to change the summer services or anything related to shelter operations. That way, on the record, we know that what's in the MOA is validated to public meetings and the commitments by stakeholders have been clarified, and we are all in agreement to do that. I would just urge us to adopt this and consider an amendment to the MOU once all the parties have discussed this change. And this is a very late change. I see this as progress and good will, and as a mechanism for us to really start addressing these issues as they come. I think this is kind of a curve ball and I just don't see a need to postpone. I think we should approve it, but entertain a future amendment. That's my concern."

Councilor Rivera said that would be fine as well. His concern to postpone was based on what staff was saying that there may be some changes necessary, but if that can be done through an amendment process he is fine with that as well.

WITHDRAWAL OF THE MOTION BY MAKER AND SECOND: Councilor Rivera and Chair Dominguez withdrew their motion and second.

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve Item 17(A), the MOA, as presented, providing immediate relief to neighborhood and businesses and services to the Interfaith Community Shelter, with direction to staff that if there any amendments to the MOA, those amendments should have full agreement and consensus of the stakeholders.

Chair Dominguez said Item 9 of the proposed MOA says, "Amendment. This Memorandum of Agreement shall not be altered, changed, or amended except by instrument in writing."

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

B. REQUEST FOR APPROVAL OF EMERGENCY FUNDING SOURCES FOR HOMELESS COMMUNITY IN THE AMOUNT OF \$12,900.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve Item 17(B), the request for approval of emergency funding sources for the homeless community in the amount of \$12,900.

DISCUSSION: Councilor Rivera asked how long the \$12,900 will cover the shelter.

Ms. Rodriguez said the shelter will close on May 8, 2015, so just a little over a month.

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

18. PRESENTATION AND APPROVAL OF HEALTH PLAN SAVINGS OPTIONS. (SANDRA PEREZ)

A copy of the statement for the record by Sandra Perez, Human Resources Department, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "2."

A Summary of Collective Bargaining Agreements Regarding Insurance Benefits, with attached Collective Bargaining Agreements, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "3."

A copy of *Top 10 Providers*, prepared by Aon, entered for the record by Sandra Perez, is incorporated herewith to these minutes as Exhibit "4."

Chair Dominguez he would like for Ms. Perez to make a statement, and then allow the 3 unions to make a statement if they choose. He said, although this not a public hearing, he would like to give them an opportunity to get their concerns on the record, so we can continue with deliberations. He said whatever time he gives Ms. Perez to speak, he will give the same amount of time to each union.

Ms. Perez passed out a statement that she will read into the record, which summarizes the information we gathered at the Group Advisory Committee primarily, as Chair of that Committee, noting that Vicki Gage is the Human Resources representative on the Committee, "so we thought it was best to capture everybody's feedback and how that vote went, to be entered in the record." She said in addition the written statement, she included a copy of the spreadsheet that summarizes the 3 different contracts and the specific language in those contracts regarding health care and the benefits plan, as well as copies of the contracts so you can see the actual contract language, and discussion of the effect of different pieces of the benefit plan. She said, "In the past when we paid our top providers, how those chart out, particularly in the area of alternative medicine..... And we thought it might be helpful for the Committee if we just provided those two pieces of information when we get into that discussion. I don't necessarily touch on them during my presentation, but you do have them for referral."

Ms. Perez introduced Lynette Trujillo the new Director of Human Services, who is joining us tonight and will be in attendance throughout the budget hearings. Ms. Perez said she committed to the City Manager and Ms. Trujillo that "I was knee-deep in this, so I'll see this piece out as part of the projects that I'm going to be meeting with you about."

Ms. Perez read her statement into the record. Please see Exhibit "2" for the text of this presentation.

Chair Dominguez asked, following Ms. Perez's statement for the record, if the union representatives in attendance would like to speak, noting representatives of AFSCME and the Firefighters are in attendance, but there is no one in attendance from the Police Officers Association.

Officer Pelly Hutton, Santa Fe Firefighters Association, said, I'm not going to be able to do anything *[inaudible]*, but I would like to add we were tasked to give you 4 options. We are a little overwhelmed, *[inaudible]* said we would like for you to give us options on how we could save money. He said we believe we have. We believe we have a strong wellness plan in place, and they are looking at expanding that as a way to save money as well."

Officer Hutton said he believe that there are areas of the plan that are abused, and if modified could save money. He said the employees pay money into the plan, noting it is a recruiting tool to add monetary value. He said if you tax the employee so there is more out of pocket, he has no doubt there will be pushback, so you need to consider that when you look at these 4 options, as they transition into another contract, and look at tightening some of the loopholes. He said the PD asked me to speak for them today, noting it is his birthday.

Patrick Romero, AFSCME 3999, said in 2008 the cash balance in this fund was *[inaudible]*. He said the money in the cash balance of the fund was transferred out of the fund and into the general fund. He asked how much was transferred out and what was the intent, and was it put back in. He said this fund is built with employee and City funds. He said they would like for the Governing Body to pass something that only allows this money to be spent for healthcare, and provides how to protect the \$5 million fund into the future. He said he doesn't think it is fair for the money to be used for other things. He said this fund is an asset and one of the most valuable assets. He said it is valuable to the City to have healthy employees. He asked how we are going to protect this asset as we move forward. He said there is no real, concrete agreement to accept these changes across the board, perhaps a "bit of a co-pay increase." He said there is still a lot of work to be done. He said they are in the middle of negotiations right now, noting they have more than 600 members of Local 3999. He said, "We appreciate you listening to us, we're working as hard as we can to make this fair across the Board."

Chair Dominguez thanked everyone who spoke this evening, and the Advisory Committee for the work that they did. He said this isn't a new issue, but he believes it has taken a significant leap forward, but there is a realization that something has to be done.

The Committee commented and asked questions as follows:

- Councilor Maestas said this has been quite an exercise, but it is a needed one. He hopes this will leave us to take action to make this fund solvent again. He said what we're going here is independent of the City's overall budget, because our focus is making this fund solvent which he thinks is needed. He doesn't think we should kick the can down the road. He believes we have enough information before us to make a decision to set this fund on the path to solvency. He said he also realizes that on the 5 year horizon that we're well beyond wellness in making some of the changes, noting we are looking at some changes.
- Councilor Maestas said, with regard to Mr. Romero's uneasiness about accumulating a high balance, he agrees with him. He is uncomfortable in accumulating any cash balance above \$2 million, and that's been a target of ours. He thinks we need a healthy balance so we can observe any changes in the market, commenting there may be other federal and State mandates which could impact the cost of medical and pharmaceuticals. He said, in looking at the options, he is convinced that we do need to adjust premiums. We need to keep pace with the increasing cost of healthcare, and it's going to be increasing. He has seen no projections under 5.8%. He said if we don't keep pace with the increasing cost of health care, we're going to be doing this every 2-3 years, and we will have to make major structural changes to the plan. He said the premiums are the best place to do, noting there's no disproportionate burden on the employees or the City, and we share funding the increasing cost of health care. He encourages the Committee to incorporate the element of premium changes to keep pace with the cost health care, although what that is remains to be seen although we have looked at some scenarios.
- Councilor Maestas continued, "I don't advocate changing the *pro rata*. I believe we need to change the co-pays. I myself prefer Option 2A because it's not that extreme. And when we looked at our plan side by side with the State and other cities, even with these copay changes, our plan is still very very good. The copay changes had to happen, but I think the real fix is going to be adjusting those premiums to keep pace with cost of healthcare. And I think we can either calculate the increase in premiums and project to always have a minimum of \$2 million, and maybe we can have an upper range of no more than \$4 million to \$5 million, and adjust the premiums based on maintaining a certain minimum balance. Why don't you just apply the projected in healthcare, and I think that's what they applied to the premium trends."
- Councilor Maestas said, "I offer an alternate calculation. Instead of going with the trends, that we factor in the balance and calculate the premium increase and tie it to having a minimum balance in the fund to ensure, as Mr. Romero said, we don't calculate estimates of \$18 million, which I think is way, way too high. I think it can be done and we can do it. We have the information here. I realize the unions are against any changes, but I really implore you that I think the time has come for us at this time to face the facts that we're dealing with incredible inflation costs of medicine and pharmaceuticals and medical services."

- Councilor Maestas said, “I like Option 2A, the \$860,000 savings through changes, and revise the calculation in the premium increase, not necessarily the trends, because I think the balances are much too high. I would like to tie it to maintaining a minimum balance, maybe even a maximum balance I think would be acceptable to the unions, to make sure we keep it solvent, but we don’t accumulate a serious positive balance or a serious negative balance. My goal is to come up with a scenario where we do not have any negative balances, and we have a minimum balance of \$2 million. I think this hybrid which I think 2A represents is not an excessive change in copays, and then incorporate an amendment to the premiums. I think what I’m saying too, is I’m committing, or at least advocating that the City change those premiums as needed to maintain at least a \$2 million balance. That’s precedent setting, because I think the City in the past has wanted to keep that constant for budget flexibility. I think, in our budget deliberations, we need to face facts and incorporate escalating costs in the form of contributing additional premiums as we go along to keep pace with increasing health care costs.”
 - Councilor Maestas continued, “So I think the City has an obligation to face that fact too. I think we need to face facts. We need to take action and incorporate a mechanism to keep pace with those health care costs. I think the time is now. In fact, I think we need to institute these changes before we get a carrier. It would be much better to have the changes and have the carrier implement them. The carrier can always revisit these changes and make tweaks, but I think we are beyond tweaks. So, I advocate for Option 2A, with an amended premium calculation to ensure that we have a lower balance on the magnitude of \$2 to 5 million, and that would surely reduce the premiums. I realize the challenges to future City budgets, but we’re just going to have to budget these increased premiums. I think it’s too much to fix premiums and then in another 2-3 years make these draconian changes to copays and deductibles. That’s much too unstable, I think, for the employees to deal with. Let’s take care of it, index those premiums, and a key base for the cost of health care, but maintain an acceptable balance.”
 - Chair Dominguez said he thinks everything you said is well taken.
- Ms. Perez said, “Mr. Chair, I would be remiss if I didn’t jump in here for a minute, because there’s something Councilor Maestas said in his eloquent summation of his position, and that was that he knew the unions were against changes. And I just want to be really clear that at the Committee’s direction, the Nos across the board were related to these 4 options as presented in their total picture. They were not opposed to considering any changes, they just presented these 4 options, that’s what it was. And I just want to make sure we’re very clear about that.”
- Chair Dominguez said he doesn’t want to speak for Councilor Maestas, but he understood that was the case.
 - Councilor Lindell thanked the committee for working on this. She said, “I pretty much agree with what Councilor Maestas said. I think we do have to get realistic about this. I don’t think that anyone wants to continue to have this conversation every 24 months, and having to bring it up and bring it up. It takes up a lot of time for everyone, and I do think we should do it prior to a new carrier. I think that’s important and we should make a commitment. The one place I have

possible disagreement with Councilor Maestas..... tell me where the \$2 million balance came from. Where did that recommendation come from.”

Ms. Perez said, “When we were before you last, and our packet we had put together on December 26, 2014, and we had an array of projection sheets from Aon, and we zeroed in on the option that started with a foundation of \$745,000 in savings, and then we attached it to page 39, which was one of Aon’s 5-year projection sheets that had a \$2 million, give or take, balance in 2017/2018. So all discussions and instructions to us stemmed from page 39 and go with the foundation of the savings plan for \$745,000, and take it from there. And then additional instructions came on top of those two foundation pieces.”

- Chair Dominguez said it was to allow us to establish a baseline.

Ms. Perez said that is correct. So that’s how they got the \$2 million.

- Councilor Lindell, “I’m concerned... like I said I really do agree with Councilor Maestas, but I’m a little concerned that \$2 million is a little bit low, and I did hear him say maybe \$4 or \$5 million, and we could have a catastrophic \$2 million claim. I’ve seen in my own family very very very sizeable hundreds of thousands of dollars of claim, and that’s one person. You have a sizable sample here, and I’m rather concerned, that rather than come up short... I would rather do this once and err on the side of getting it too right. We can always go backwards. It’s much harder to deal with a fund that is negative rather than one with a positive number. I would concur with Councilor Maestas, but my feeling is that we need to have a \$5 million balance.”
- Councilor Lindell continued, “And again, I thank you for the work. It is clear. I hope we can not kick this can down the road. I’m sorry, we’re all affected by it. To increase premiums, I think we need to do it prior to selecting a new carrier, and I think we have to have a reasonable balance in the fund. So, those are my thoughts on it.”
- Chair Dominguez said, “We are at the end of the road.”
- Councilor Rivera said, “I think everyone agrees that there needs to be some changes made. Sandy, I’d like to thank you for all your work, with representatives of Aon and especially the unions, specifically to member Hutton who probably has been a member of this committee since it started. You and Vicki are part of the furniture now, because you’ve been here so long. And you’ve seen many different things happen. I agree we need a fund balance and I also agree that we need to make sure that fund balance stays where it is supposed to be, and not used for everything. I think \$5 million would be a good balance, but I’m not sure we need to make it all up in year 1. So, can we take smaller steps, smaller approaches, I think we can. I like Option 2, and I think paring it down to those things that are really being taken advantage of, either by the providers or by employees. And the acupuncture and those things are extremely rich, with the copay being only \$10, it’s easy for somebody to bill.”

- Councilor Rivera continued, "I went to see a massage therapist a couple of months ago with a back problem, and I asked her when she started her business. She basically said, in not so many words that she slanted her charges to make money off these plans to sort of take advantage of it. So you come in, get a massage, you pay a copay and then they bill the insurance company. It's real easy for people. So I think having some variation, maybe Option 2, we can see how taking small steps will help us get where we want to go. I think with the economy coming back and potentially hiring more people and getting a little more GRTs may help us out as well."
- Councilor Rivera asked, on the top 10 providers list, the top one, Christus St. Vincent, is the regional medical center, so that's specifically the hospital, and Ms. Perez said yes.
- Councilor Rivera asked if those remaining are primary care providers in the Christus network, but are outlying facilities.

Ms. Perez said the remaining providers on the top 10 list would be Presbyterian Hospital in Albuquerque, Santa Fe Imaging Center and UNM Health Sciences.

- Councilor Rivera said not those. He said he is talking about the remaining providers at the bottom of the page.

Ms. Perez said it would be the remaining providers in the network with the UST Health Plan, so it could be primary care physicians, specialists, urgent care centers, other labs or X-rays. And one of the things that stuck out to us, and the reason we provided it earlier and we're providing it again, is because we have been discussing alternative medicine. And when you drop to 5th and 7th on the list, those are two alternative medicine groups or providers that are doing alternative medicine practices or massage therapy. I think it's unusual that we have an individual provider stick out among the top providers who are otherwise hospitals and things like that. And that was what was telling to us that we have a problem in that area."

- Councilor Rivera said he has glad that has been identified. This is an area where we can take steps and save a considerable amount of money, and take smaller steps. He said for many years we typically have given employees an increase of 2-3%, and then raised health care costs by 4-5%. He said he would ask that we wait for a new provider, or UHC to remain the provider, if we can make changes before any discussion happens, and asked Ms. Perez her recommendation.

Ms. Perez said, "I think the plan design is the plan design. And the carrier that is selected responds to the plan design. A big portion of what it is we're deciding on when we're selecting a carrier, has to do with how they respond to the design and how its network complements the current network, and how do you complement what we currently have. Primarily, it is about the administrative fees, and fees they're going to charge regardless of our plan design. It is also related to the insurance premiums on our stop loss, and how we have that, and what if those premiums don't increase over time. And then also ease of administration, partnership in administration, on-line capabilities, and being there during open enrollment and then after. So there are a lot of factors in selecting a carrier which don't have much to do with the ultimate plan

design. How are they responding to our emphasis on the wellness program. Definitely there's been responses to that. Some are greater than others and we're varied in how they're responding and how that works."

Ms. Perez continued, "We asked them, and put everybody on notice of the ideas being discussed around plan design, that the copays could change and other things could change. That's fine, they're just going to bill us for the difference of whatever the copay is and what they have to cover. Making decisions about the plan design now is important for open enrollment, because then the employees are faced with choosing Plan A, Plan B or Plan C based on the design changes. It's important to them to make wise choices for their own families related to that. It's happening at the same time, there will not be a train wreck I'm sure of that. You want to educate what the plan design changes are, because they are our design changes and that's what we're going to put forward, and here is the carrier that's going to provide the service."

- Councilor Rivera said then we could see significant savings in administrative fees if we decided to change carriers – on top of some of the savings we might see in one of these options, not in total form but in variations in some areas of these we could see potential savings here as well as potential savings from what we do in the provider contract.

Ms. Perez said yes, and our timeframe for that is we've narrowed it to finance, and it will be back to the selection committee April 6-7, and then we will make that recommendation to the Finance Committee on April 13, 2015, for final recommendation to the Governing Body on April 29, 2015, which would allow us to go into final negotiations on the contract and what that is and how that is stepped out, so we're looking at it carefully.

Responding to Councilor Rivera, Ms. Perez said what we're looking for tonight is, 1) To respond to the Committee's instruction on bringing you back savings within the plan design, so what we're looking for tonight from you is to decide if you're going to make recommendations to the Governing Body for changes to the benefit design we have in place, or 2) Is it going to stay status quo and continue to be under discussion until such time as you want to make that decision.

- Chair Dominguez said by not providing you with an option either tonight or the Council, what does that do to your selection process.

Ms. Perez said, "Not a thing."

- Councilor Maestas said our goal all along was to come up with design changes that would make this fund solvent prior to the selection of the carrier, and he wants to point that out.

Ms. Perez said that is correct. They wanted to coincide the two, so if employees were going to open enrollment, the education process to employees about choices would happen simultaneously. She said another important piece is the use of the flex spending account. If you make changes to the plan design, there are things that are taken away, the massage benefit for example. The employees get the massage and pay for it with their flex spending account. We

have 250 employees enrolled in a flex spending account. This is an opportunity to educate the employees about the benefits of a flex spending account. This is really the prime opportunity make these changes.

Ms. Perez said, "I think we're doing an injustice to our employees by keeping them in the dark, that the reality is \$10 copays. I'm sorry, that's not the reality. Nobody has \$10 copays. Everybody has higher copays, and at some point we're going to have to cross that bridge. We can kick the can down the road and educate the employees about the changes, but if you don't put the stake in the ground now it is not fair.

- Councilor Rivera said he would like to have a plan that the unions participate in and have options to buy into it. He said in looking at option 2, Copays, the primary care is going from \$10 to \$15, and \$10 to \$30 for specialists. He understands the system is kind of messed up, and you can't see a specialist sometimes until you see your primary care physician. You have to have a referral. He is unsure that he buys into all these changes. He wants all 3 unions to participate and to agree with the changes. He said he is unsure we've had a discussion of, for example, specialist copay from \$10 to \$20 or a variation. He said maybe there other options that be incorporated into one blanket options that everybody likes. He said it is their plan as much as it is ours.

Ms. Perez said that is the exercise that we did in December, when they came up with the a la carte menu across the board. It came back with options to you. They didn't put it in the form of the same kind of vote we put before them with the canned options this time. They did indicate the \$500,000 savings, leaning toward the \$745,000 savings was most preferable. Everyone agreed that taking only the primary care co pay to \$15 was key, a minimum change, while taking the specialist to the \$30 copay was probably liveable. But there was an option at that time that was also part of the a la carte menu which was \$15 across the board. So we have done that type of exercise. What we came back with tonight was answering the question and the direction that was given to us. So we could go back and continue to come back with other options, it's certainly doable.

- Councilor Rivera said he has a question of Mr. Hutton. He asked, what are the specifics of why you were not in favor of this plan in its total presentation.

Officer Hutton said, "I would have to call you back to our union contract, I really represent the union. And we, in our POA contract, have specific language that talks about no increase to co pays, so I have to represent that. So what we've done through the course of the years, we haven't been opposed to premium increases necessarily, but we would pick the low hanging fruit to get around minimizing the increases to the City and the employees with no change in copays. That has been my mission to this Committee."

- Councilor Rivera asked if we were to accept Option 2 tonight as the plan to move forward, your contract negotiations are occurring now, and that contract may remains as is, which calls for the lower copays. Option 2 may not be a viable option based on the Union contract, and asked if that is correct.

Officer Hutton said he does not sit in negotiations, and can't speak to that directly, but would say that would be a fair assumption. He said, as a member of this committee, and "I'm not negotiating our contract in that committee, because that isn't my job." However, he is trying to find a solution here they can accept – if we create additional programs within the plan to try to get around this, and have different options, and still keep the language intact in the contract. He said a lot of effort goes into try and keep it working. He agrees that we could sit at a table and do a menu-by-menu, menu-by-menu, item list, and say what works what doesn't work. He said that is not what they were tasked with.

- Councilor Rivera said he understands and he is just talking about current language.

Ms. Perez said she spoke with Legal about it, knowing we were coming tonight to have these discussions. And the information she received from them is, it would be different from the language in the Fire contract and the Police contract. She said basically, the bottom line is, you would be adopting something as a recommendation to go forward to the Governing Body for final adoption, in the form of an appropriation that otherwise would not fund the benefit plan in its current state. If that were to happen and the copays would be different, that would force the parties back to negotiations on this particularly piece. So it would open the door for negotiating that language, or the copay levels or whatever that means, but it would go into renegotiations for Police and Fire.

- Chair Dominguez said then for Fire and Police, those are openers.

Ms. Perez said, "That is an automatic reopener, because the appropriations to fund, basically the contract at that level, based on the way it's negotiated would not be available. And so it would immediately go into contract negotiation."

- Chair Dominguez said that is for both Fire and Police, and Ms. Perez said yes.
- Councilor said he thought the contracts were open to change in the copays if it was recommended by the Benefits Committee.

Ms. Perez said that is correct and if both parties agree.

- Chair Dominguez said, "I just want to make sure, for the record, that we're not negotiating changes."

Ms. Perez said, "You are not."

Ms. Perez said the language specifically says, "Insurance copays shall remain the same or lower unless recommended by the Group Benefits Advisory Committee and both parties agree. So if the Benefits recommended the change, if both parties didn't agree, then it would end up in impasse and arbitration."

- Councilor Lindell said in Option 2, we are increasing acupuncture, chiropractic and Naprapathy copays from \$10 to a \$30 copay. She asked if there is any data that shows that when copays for these treatments are increased that seeking for that treatment diminishes.

Todd Burley, AON, said there is data.

- Councilor Lindell said then the \$75,000 includes people who make the decision not to use these services because of the increase.

Mr. Burley said, "That is correct. It includes both the \$20 difference, as well as the difference in people not utilizing service as often."

- Councilor Maestas asked if we can we come up with a premium rate structure that is tied to a specific balance in the health fund.

Mr. Burley said, "Yes we can. I believe when we first had this 5 year projection the goal was to end up with \$2 million in the fund, thinking that would be enough for an adverse claim year. So we can certainly model that however the committee desires."

- Councilor Maestas said he would like a minimum and a maximum, \$4 to \$5 million. He said we wouldn't just predict straight out. Through the course of the year we would set the premium, and at the end of the 3rd quarter we would look at actual cost, project a balance, and that would set the premium on an annual basis.

Mr. Burley said is that is exactly what he does every year.

- Councilor Maestas said that is not what you presented here.

Mr. Burley said that is correct. He believes the last time we had several scenarios, some at a \$2 million balance at the end of 17/18, or a \$2 million at the end of 5 years. He said they can easily model changing the \$2 million to the level you want. He said premiums are calculated every year on the current information to keep the fund balance at that level.

- Councilor Maestas said the carry-over balance is \$5.8 million for the current fiscal year, so we are in a healthy starting position versus by making that up in future premium increases. This is the reason he likes factoring some kind of calculation into the premium to maintain that balance. He said, "The last thing I want to say is the copay options in 2 and 2A, were not random. As I recall, they carefully looked at comparable plans and we were still trying to remain better than the peer programs, but represent an increase to try to realize some savings in the plan. I do remember looking at each of the plans. I think these changes are made relative to the plans we used for means of comparison with ours. To me, the changes weren't random, and the changes were done very carefully relative to other plans."

- Chair Dominguez asked who sits on the selection committee for carriers.

Ms. Perez said it is the Group Advisory Committee, and each member is a member of the selection committee. In addition, she is on the Committee as a voting member, the benefits coordinator and Robert Rodarte. She said Aon sits as a subject matter expert advisor to the Committee.

- Chair Dominguez said then it is the Advisory committee as well as a few others, and Ms. Perez said this is correct.
- Chair Dominguez said, in terms of timing, I think regardless of whether we give a recommendation now, or after the carrier is selected, I think this was a very valuable process for us to go through. He said it would differ from what we did in the past in giving direction before the carrier is decided. He said he sees no harm in providing a plan after the carrier is recommended. He wants to find out more about the idea that we can't select a carrier before we provide a plan.

Ms. Perez said you can but it would start to impact open enrollment paperwork. When employees come in to think about their plan, if you are still undecided on the plan design, the employees will be enrolling based on the carrier and the possible options, but they will not have any literature about what their design plan will be. So, it is as it is today, but as it changes you will have new information that will come. She said from an administration standpoint, if you make a decision by the time you're selecting the carrier which is set before the Council on April 29th for a full presentation and decision, we can then go forward into open enrollment. However, it is pushing us tightly for publishing materials. We get our enrollment packets and our enrollment materials from the carrier, but the carrier will not know until the 29th, but they will know if they've been recommended to the Finance Committee. She said it complicates open enrollment, based on who is selected, how open enrollment is scheduled and how it's going to happen, is still to be determined.

- Chair Dominguez said then there is urgency to get the plan in place before the carrier is selected.
- Chair Dominguez said he wants to make sure we are referring to the same documents.

Ms. Perez said she has copies of the documents, but no page numbers.

- Chair Dominguez said, "Option #2, the front page is a summary.

Ms. Perez said it says \$860,000 benefit changes at the top of the page.

- Chair Dominguez asked if this is reflective of Option 2A.

Ms. Perez said yes, and the benefit changes you can see on Line 8A, Benefit Changes, \$860,000, and so those are pages 6, 7 and 8. Option 2A is on page 8.

- Chair Dominguez said then on Page 7 you have Option 2.

Ms. Perez said on Page 6 we have Option 2, and Page 7 is Option 2 Premium Flat and on Page 8 is the premium trend at the industry national average.

- Councillor Dominguez said he just wanted to be clear that if a motion is made, we understand what we're looking at. So Option 2 is flat premiums, Option 2A has trend *[inaudible]*. He said the cover sheet summary is applicable to both 2 and 2A.

Ms. Perez said, "Yes. That totals the \$860,000 in benefit changes. That is one of the ways you can get there."

MOTION: Councilor Maestas moved, seconded by Councilor Lindell, to approve Option 2A, "with the following change, that instead of the present premiums based on trends, that the premiums be set to a fixed balance of \$5 million and be calculated every year through the 5-year period, so then my motion is to approve Option 2A with the \$860,000 benefit changes in the copays, with a change in calculating the premiums to be sure that have a fixed balance every year through FY 19/20."

DISCUSSION: Chair Dominguez said he likes that motion, it's a hybrid of 2 and 2A, but the premiums are going to have to be looked at every year.

Councilor Maestas said there will have to be a full quarter calculation, look at the last 3 quarters and then project what the balance would be and that would set the premium for the next year. He said we could end up with a circumstance where there is no increase and might stay the same.

Chair Dominguez asked if Aon can provide that information.

Mr. Burley said, "I certainly can. We typically set the funding in February for the following year, using the past 12 months of claims data. If there is a shortfall in the funding, we increase the funding to make up that shortfall. If there is a positive, then the increase wouldn't be as much and we would try to hold it to the same level. He said it may not be exactly \$5 million at the end of the year."

Councilor Maestas said he is willing to say that will be approximately \$5 million.

Mr. Burley said, "I will set up the 5 year funding to show that at the end of each year it's going to vary up and down, based on the claims experience from the prior year."

Chair Dominguez said, "From what I heard from the unions that testified, my sense is that they want to be able to have some flexibility and some tweaks and change. I think, actually both Fire and Police say breaking the premium into tiers, more education of employees surrounding areas of abuse. Do we still have the flexibility to go through some more exercises, if you will, to make those tweaks."

Ms. Perez said, "I would say we absolutely do, because now we know the dollar amount that they recommended, \$860,000. This is a good menu of how you can get to \$860,000, but it doesn't mean it's the only way you can get to \$860,000. But now we know what's been adopted, because when you adopt the sheet, Option 2A is a round number of \$860,000 reduction in benefit changes. My plan is to obviously, brief the HR Director and, and with that permission, would assemble the Group Insurance Advisory Committee, explain what this Committee approved to go forward to the Governing Body on April 8th and see if we could reach some consensus on a menu of pieces making up a savings of \$860,000. They could survey their members, get [inaudible] that we could approach you at the time of going to the Governing Body, and that's next week, to be able to come forward with that final number. That would be the natural next step."

Chair Dominguez congratulated the committee, because we've taken a step forward that he's never seen happen on the Finance Committee. He said it's not the best, but certainly not the worst, but we've been able to provide a framework with direction and decisions that need to be made. He asked how Ms. Perez sees that fit in.

Ms. Perez said, "I understand, and with the active involvement of the unions and the non-union participation at the table, and Nick Schiavo couldn't say, but he indicated to me that he has gone back and started talking to the non-union employees that he represents at the table, I think that gets you that flavoring. If you recall when Councilor Trujillo was speaking about the employees survey, he was looking particularly to his experience at the State level. And when the State made changes and was changing premiums up and down, nobody asked employees what they think about this. And he felt for his fellow employees in that decision. As a policymaker in this entity, he wanted to make sure that employees at least had heard about changes that might be coming, and really had a voice in what those changes might be, and he asked if we could do some sort of survey. We said we can always do a survey. Now that we know what the direction, we will call a meeting as soon as possible, and if we think we also need to do a survey to complement it in the event the group can't get the word out we would do that to help them spread the word. I think we will be back before the Governing Body with voices of the employees this is affecting well in hand. Whether that's a separate survey, or the people representing them on the Group Insurance Advisory Committee. This really what they are offering."

Councilor Rivera said the approval of Option 2A includes page 6, and asked if those are recommended changes.

Ms. Perez said she understands that is the sheet that will go back to the Group Insurance Advisory Committee to start the discussion. And if they have other pieces from all the menu of options that we had available that would substitute one for another, as long as the bottom line does not change from the \$860,000, you would be okay with us coming back with a different array of what this looks like, if it was comparable with the individual items.

Councilor Rivera asked if we approve Option 2, which is right in front of us, it doesn't say anything about variations and it doesn't say anything about coming back with proposals from here, if the motion was to approve Option 2A which contains changes in Option 2. He said, "I just want to be sure the motion allows for that continued discussion."

Chair Dominguez said he as he understands it, the motion still provides that framework, keeping to the \$860,000. There is some understanding that copays may change a little bit."

Ms. Perez said you can't get there without it.

Chair Dominguez said, "Right. Maybe on the dominant side for copays. The way I see it as a hybrid is that Option 2 is just flat. And Option 2A is a trend, and the motion is to flatten out that trend."

Ms. Perez said, "To change the trend lower. To fit the premiums to a fixed balance of \$5 million calculated each year for a 5-year period to 19/20."

Chair Dominguez said this gives us a better outlook on its solvency, understanding this may change year to year, but it at least it established that threshold, is the way he understands it.

Councilor Rivera said, "Should the motion say that we want to look for \$860,000 in benefits and not really specify Option 2. What if they find something in Option 2 which everybody agrees to, but that isn't specific to Option 2."

Councilor Maestas said, "I think if we just focus on the savings as a goal, then I think it will open up every single copay again. I think we just talked about the sense of urgency in approving this plan design, and time it with the new carrier coming on board. That's why I made the point earlier that I don't think the copays were random, and I think they were very calculated and strategic. And I think we talked about changes after this, not now. My motion was 2A as presented with those copay changes and the \$860,000. We did talk about tweaking it going forward. The main thing is we are going to make it solvent and we have to scale back some of the benefits for the future of the fund, but we know there will be tweaks in the future. I think we need some decisions here early to keep us on task, because this has gone before the Benefits Committee and it's been there for quite a while."

Councilor Maestas continued, "I just want to state that this committee at some point, needs to revisit the scope and purpose of it. I see where the unions voted against every single option presented. I want to feel that everyone has a sense of ownership in making this fund solvent. I was a little disappointed that there was not a new option that accomplishes what we've been striving to create to make this fund solvent, at least within the next 5 years. I want to make sure the unions feel that they can think out of the box, and we can still get staff support and come up with our own brand new option that meets the general goals we had established at the beginning of this whole effort."

Councilor Maestas continued, "As I understand, Councilor Maestas, I think we have an obligation now to face up to this take ownership and do a positive solution. I want to make sure, going forward, that the committee works through the unions, the staff support is there, but that you have the freedom to come up with your own plan if you so desire, instead of the ones presented. It's easy to shoot things down. It's another to come up with an imaginative solution that you like."

Councilor Rivera said he didn't see Nos in everything the union had, but said he was reading that they were No to the entire Option 2 as presented, but they did like some things, but not necessarily everything that was in the plan. They wanted to be able to have continued discussions with unions they were able to and have those changes implemented. And then to have the new plan come forward. He said, "I'm not sure we are headed down that way. I'm not sure I can support something we basically are forcing on the unions, and feel like they are not a part in the changes that are happening. I understand where everyone's coming from and I can appreciate that, so that's where I am Mr. Chair."

Chair Dominguez asked if there is flexibility.

Ms. Perez said, "If you look at Option 1, which was leave no copay changed, the only difference between Option 1 and 2 are 4 lines: the hospital in-patient from \$250 to \$500, the lab and X-ray currently at 100% and there is no way to go a copay so you go to coinsurance, and MRI and CAT scans go to \$100 copays. We increased the copay last year for emergency room. If we take back option 2 and say if not this then what, you have the 4 lines to play with from Option 1 of leave no copay unchanged. The big shift is the \$255,000 in copay changes which were thoroughly and thoughtfully discussed with the Committee in December. There is \$15 across the board, we had \$20 on the table, and we had other things and we zeroed in at the last Finance Committee as being the ones to tie to the \$750,000 savings. The Committee in December, in talking about copays, said no. In addition, the recommendation for acupuncture was only \$15, then \$30 for specialist and urgent care and that's a bit of how we got to the \$30 on acupuncture, chiropractic and Naprapathy because they were specialists. I think there was some indication that was something they could possibly live with and get their members to agree, but nothing was taken back officially. And then the whole idea behind the massage therapy alone is that it is a huge savings. So much more variation in \$860,000 for lines that are on this chart that we can play with, but not much more than that."

Councilor Lindell said she is comfortable with the motion, but she's trying to accommodate other thoughts. She says Option 3 has copays on alternative medicine going to \$160,000 in savings with copays of \$50. She asked Councilor Rivera if he would be more comfortable with that. She said if we took copays to \$160,000 and took \$85,000 from the services copays, which would leave us having to come up with \$170,000, rather than \$255,000.

Councilor Rivera said, "No. What I am looking for is just continued discussion with the unions, and where that goes will be up to them, whether it is alternative medicine or copays or whatever they feel their membership can handle. It's not a specific area."

Chair Dominguez said he also wants that flexibility, and that continued discussion. He heard from staff that discussion is going to happen regardless of how specific we get in the plan that we decide upon, commenting that is what he would like. He wants to be sure we set parameters, and we have that framework in place where we're disciplined in providing that direction. But there is that caveat that there is going to have to be continued discussion with employees.

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

Chair Dominguez congratulated the Benefits Committee, the Finance Committee and staff for the great job.

20. DISCUSSION ON BUDGET FOLLOW-UP. (OSCAR RODRIGUEZ)

Mr. Rodriguez said there was a very good discussion at Council. He presented the plan for managing vacancies in the budget and how to proceed. He said they will take that into account as they moves forward with the budget, and said he will be talking with the department heads as to how to proceed with that.

Chair Dominguez said he asked Brian Snyder to get with Ms. Perez to refine the list of vacancy savings Ms. Perez provided in the past.

Mr. Rodriguez said they are working on that, gearing it to the actual expense in the departments, which is a percentage of what they actually spent.

Chair Dominguez said he believes we need a policy on vacancy savings. He said there is no policy at the Council that says that after the 3rd quarter that vacancy savings can be used for one-time savings, but you can't use them for expenses.

Mr. Rodriguez said he will be presenting a policy for how vacancy savings should be used to maintain a healthy ending balance.

Chair Dominguez said, "That won't get us to the promised land, although it will this year, but for sure it won't get us there after that. He said he asked Mr. Snyder to sit with Mr. Rodriguez and start laying out our strategic plan process when the budget hearings are over. He said our work isn't over and you can expect a little more work.

Mr. Rodriguez said one of the things we discussed at council meeting was revenue enhancements which got more interest. He said although the guidelines were no tax increases, there seems to be some interest in exploring that. We will develop a budget that shows this is what can do, and provide options for a tax increase.

Chair Dominguez said he is open to the discussion, but said, "I will say that without a very comprehensive, even long range plan on how to deal with revenue enhancements, I would be reluctant to jump too quickly. "

Mr. Rodriguez said planning is a much longer process. He is working on a presentation for the City Council meeting of April 13, 2015, to give you some context of how the local economies are shifting. He is working with Kate Noble and staff on a presentation to show the shifts in the local economy. He said you will see that over time land sales and property values have increased drastically as a percentage of the GNP.

Chair Dominguez would like to look at the option of flipping those and what that would look like.

Mr. Rodriguez talked about his presentation on the 13th with regard to the impact of the economy on the GRTs, to give the Committee context for long term planning.

Chair Dominguez said, "To Councilor Maestas, barring any shift in policy, with regard to the budget, he has asked the City Manager to meet with the Finance Director to plan a strategic planning process after the budget is approved.

Chair Dominguez asked if everyone is okay with the budget hearing dates. He said, hopefully, with the work we have been doing on the benefit package, and other work we've done throughout the year, our budget hearings will be much less complicated than in the past. He will work with Mr. Rodriguez on the agendas.

Mr. Rodriguez said there will be a different look to the budget, and talked about the changes that will be made.

Responding to the Chair, Mr. Rodriguez said the City Manager has been hearing department budgets last week and this week.

21. OTHER FINANCIAL INFORMATION

Mr. Rodriguez said, as reported to the Council last week, with what has come in, before making any adjustments, we are \$5.9 million above projected revenues. He said this is before they calculate vacancy savings.

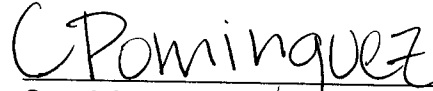
Chair Dominguez said he asked the City Manager to look at cutting contracts by 10%, noting we have done that in the past.

22. MATTERS FROM THE COMMITTEE

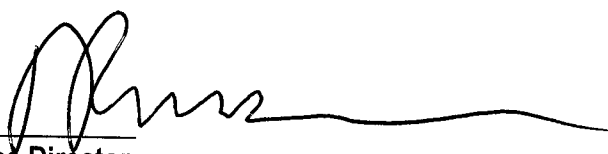
There were no matters from the Committee.

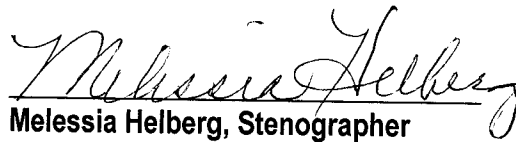
23. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at 8:45p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Oscar S. Rodriguez, Finance Director
Department of Finance


Melessia Helberg, Stenographer

MARCH 30, 2015
— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Independent Accountant's Report
On Applying Agreed-Upon Procedures

City of Santa Fe
Management and City Council

We have performed the procedures enumerated below, which were agreed to by the City of Santa Fe (the "City"), solely to assist the City with respect to determining if the City fulfilled its obligation to the citizens of Santa Fe regarding the issuance of \$30,300,000 of general obligation bonds to acquire land for, and to improve public parks, trails and open spaces for recreational purposes. The related documentation and activities covered the period from March 4, 2008 to June 30, 2014, and included 2008 and 2010 General Obligation Bond Covenants and Arbitrage Agreements and the 2008 Park Bond Implementation Plan. The following objectives were addressed:

- a) Did the City fulfill its obligation to the citizens of Santa Fe regarding the original wording put before the voters on March 4, 2008?
 - i. Shall the City of Santa Fe issue up to \$30,300,000 of general obligation bonds to acquire land for, and to improve, public parks, trails and open spaces for recreational purposes?
- b) Was the 2008 Parks Bond Implementation Plan materially implemented?
 - i. Were changes approved?
- c) A final accounting of what was spent for each project has been requested, including details. Did the City provide a final accounting?
- d) Were relevant City policies and procedures followed? Were expenditures including salaries expense within parameters of policies and procedures?
- e) Were there adequate internal controls in place to ensure monies were spent appropriately? How can internal controls be improved?
- f) Were relevant City, State, and Federal Laws followed, including ADA if specified in project?

Based on the testing performed through the procedures identified below, no specific exceptions were found relating to the broad statement presented to the voters. As it related to procedures performed to address the remaining objectives, REDW did find instances where the 2008 Parks

Exhibit 1

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Bond Implementation Plan was not materially implemented and changes were not approved. Additionally, a final accounting was not provided with details to properly assess completion of the projects. REDW also found instances where there were no policies and procedures or policies and procedures were not followed and adequate internal controls were not in place. Due to the nature of testing on a sample basis, REDW cannot assert that all laws were followed; however, for the items tested no exceptions were found as a result of applying the procedures identified below.

Overall Management's Response

Your audit of our 2008 Park Bond program and your recommendations for improving it is much appreciated. We read your report carefully and found that your findings and recommendations aptly address the situation as we know it.

From the start, the 2008 program represented a departure from the way the City had traditionally managed capital improvement projects. Until then, these projects were bid out to private contracts, with City project managers supervising the quality of their work and shepherding the projects through the City's existing processes. When the economic recession gripped the local economy and gross receipts taxes plummeted, however, the City tapped the 2008 bond program to avoid laying off hundreds of workers. The circumstances allowed little time to plan and set up the new system. The new policies and procedures to administer the capital program in this new, much more hands-on, way went up even as the at-risk workforce was switched to the bond program. Project plans, which usually included a great level of design and scope detail, were deemed complete and made part of the program even at their conceptual stage. To put the workforce to work immediately and keep the program moving forward without interruption, a general "suspense" account was set up to easily account for the workers' time and allow the project managers to subsequently determine which specific project accounts should be charged. The new way of working was launched parallel to the City's standard project management system and was never institutionalized, as everybody expected the need for it to be temporary.

As we know now, the hastily drawn ad hoc system that was put place in 2008 stayed in place. The workforce that was kept on board by the 2008 program is also still with the City undiminished. The 2008 program has become the standard for how the City manages the capital projects that are implemented with City forces.

REDW's audit provides a helpful independent appraisal of this system. The city readily accepts its findings and recommendations. It is taken as a constructive critique of the system that the City relies on to manage capital force account projects and as a clear roadmap of the changes that have to be made to ensure its efficiency, effectiveness, and transparency.

The City's management is responsible for the entity's accounting records and supporting documentation as it relates to compliance with the 2008 and 2010 park bonds.

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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) *Implementation Plan Changes, Park Visit and Budget Adjustment Procedures:* We obtained the "Draft 4" version of the implementation plan dated October 31, 2007, which was approved by City Council on June 25, 2008, and performed the following procedures:
 - a) Requested all changes made to the plan to agree them to supporting documentation for approvals.
 - b) Researched voter laws and read relevant documentation from the Attorney General on requirements for how to fulfill duties to the Public based on the bond wording.
 - c) Determined if the criteria as defined in the original bond language was met.
 - d) We selected a sample of 25 projects that included parks, trails, projects and cancelled projects to include 10 random and 15 judgmental (REDW selected 8 projects that appeared to have salary expenses with no service and material expense or an excessive amount of salaries compared to service and materials. The City of Santa Fe selected 7 projects).
 - i. If expenditures were made for improvements we verified that they were completed by visiting the site and observing the improvement; including ADA improvements.
 - ii. We determined if budget allocations and reallocations (including cancelled projects) were approved as required by the Santa Fe City Code Chapter XI Budget & Finance, 11-4 Budget Adjustments. We:
 - a. Compared the project total amounts between the master plan, which outlined a range of suggested improvements and the implementation plan which outlined the recommended improvements, to identify any total cost differences.
 - b. Verified that the approved original budgeted amounts set for each project agreed to the implementation plan and the master plan.
 - c. Compared the breakout costs from the implementation plan to the summary of revenue and expenditures prepared by the Finance Department by project to identify differences between planned and actual costs.
 - d. Compared the original budget from the implementation plan to the total funding approved through the budget adjustment process to identify differences.
 - e. Tested that all budget adjustments and transfers were supported by an approved Budget Adjustment Request (BAR) form, based on approval thresholds identified in the Santa Fe City Code Chapter XI Budget & Finance, 11-4 Budget Adjustments. We then compared those changes against the visual

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inspection of the projects to determine if the scope identified in the implementation plan was completed.

- f. Compared the implementation plan to the summary of revenue and expenditures prepared by the Finance Department to ensure that all projects were listed.

Findings and other recommendations

Changes to the Implementation Plan and Cost Overruns

Condition: The implementation plan for bond funded projects was never finalized and no formal revisions were made to the scope of work for any project. We determined during the park visits, that the scope of work identified in the implementation plan was not completed as approved by the governing body comprised of the City Council and the City Manager for 14 of the 25 projects tested. Of the 14 identified as not completed according to the implementation plan, three appeared to be mostly completed, eight were partially completed and three were not completed at all. Four of five projects identified with ADA improvements identified in the implementation plan appeared completed; however, the plan was not specific as to what improvements should be completed.

As compared to the original budget identified in the implementation plan:

- The cost of 21 of 25 projects tested exceeded the original budget.
- The cost of 10 of 25 projects tested exceeded the original budget for contracted work.
- The cost of 23 of 25 projects tested exceeded the original budget for in-house work.

For the 25 projects tested, total original planned expenditures from the implementation plan were overspent by \$917,811 and in-house performed work was overspent by approximately \$2 million. Subsequent budget adjustment requests were approved; however, changes to scope of work were not included in the requests and therefore were not approved.

Effect: The implementation plan, including costs and planned improvements, was presented and approved by Council. Subsequent reporting to Council only included budget adjustments and did not include changes to the scope of work. Projects were not completed as listed in the implementation plan and there was no comprehensive documentation to support changes.

Cause: The implementation plan was never finalized and there were no policies and procedures to address how the implementation plan was to be executed; how changes to the plan were to be documented, implemented and approved; how work were to be monitored for scope of work or cost changes; or results of the completed project were to be communicated.

Criteria: The Draft 4 version of the implementation plan dated October 31, 2007, which was approved by City Council on June 25, 2008.

Recommendation: The City should consider completing an analysis of all projects to determine if any significant improvements still need to be completed. Policies and procedures should be created and formally adopted to address how projects are to be approved, updated for changes, and monitored to ensure work is completed.

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Management's Response: Accepted. A formal program close out report should be the last step in a proper project management system. The City relies on the standard city-private contractor close out procedure to close out individual projects and, in the aggregate, bond programs. It has never instituted a comparable procedure for projects and/or programs where the City served as both the supervisor and contractor. To improve how projects are approved, updated for changes and monitored for completeness, the City will immediately institute a formal closeout procedure for each project. This will consist of a formal and written sign-off of a completed project by the City Manager or his/her designee. This procedure will be applied retroactively to all the projects in the 2008 program and presented as a final status and assessment report to the City Council by December 31, 2015 or when the last project in the 2008 program is completed, whichever occurs first.

Budget Adjustment Requests

Condition: During our testing of Budget Adjustment Request (BAR) forms, we identified several instances where the form was not properly completed to indicate approvals required by the Santa Fe City Code. Additionally, the information provided to City Council for approval of budget adjustments only included funding changes and did not include information to indicate that any changes would be made to the scope of work.

For 25 BAR forms tested we determined that:

- Eight BAR forms tested were not completed to evidence that the City Council approved the request; however, they were included in the Council packet for approval.
- One BAR form indicated that City Council approval was not required; however, the BAR amount was over \$50,000 and therefore their approval was needed.
- Four BAR forms did not include all required authorizations.

Effect: Budget Adjustment Requests were not properly completed to indicate that all authorizations were obtained as required by the Santa Fe City Code.

Cause: City personnel did not complete the BAR forms as required. Additionally, all relevant supporting documentation was not included with the BAR to indicate proper approvals were obtained.

Criteria: The Santa Fe City Code Chapter XI Finance & Budget, Section 11-4 Budget Adjustments Paragraph C., states that the governing body shall approve budget increases or decreases in revenue or transfers-in or in expenditures, expenses or transfers-out, that reflect increases or decrease in the budget that are over fifty thousand dollars (\$50,000).

Budget adjustments approved by the city manager and the governing body shall be included by fund in quarterly budget resolutions approved by the governing body comprised of the City Council.

Recommendation: A process should be implemented to ensure that City personnel complete all required sections of the BAR forms and attach all supporting documentation including the resolution detail, City Council minutes indicating approval, and other relevant information as needed.

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Management's Response: Accepted. The City already requires all budget adjustment requests (BARs) to be supported by a completed form and supporting documentation, including related City Council resolutions and minutes, before funds are transferred between business units, funds, and major capital projects. This requirement was not imposed on the 2008 park bond projects because the entire park bond program was treated as a general business unit. In this way, fund transfers between projects within the program were not seen as full transfers, although some project managers relied on BARs to track transfers between projects. At the time, this represented a new, more expeditious way of doing business. It was left an ad hoc approach, however, and never fully promulgated in the organization. As a result, there were inconsistencies in the BAR's that emanated from the program. To correct this, the City will immediately begin requiring a complete BAR with supporting documentation and Council resolution and minutes, and signoff by the City Manager or his designee before funds are transferred between bond projects.

Other recommendations

- On future plans similar to the park bond projects, the status should be clearly documented whether it is a draft or final version.
- On future plans similar to the park bond projects, a change process should be developed and documented to ensure that all changes are captured (changes to project scope of work, cancelled projects, etc.) and updated in the plan for reference.
- A monitoring and reporting process should be developed with established criteria and timelines (i.e. monthly or quarterly), with positions responsible identified. Information communicated should at minimum include project scopes, timelines and costs with status of completion and any changes needing approval. All project documentation should be maintained in a project file for ease of retrieval.
- A process to close projects should be developed. This should include evaluation of the outcome and whether the completion of the project met expectations, including financial reporting to City Council and the City Manager to ensure that public funds were spent appropriately. Close procedures should include a site visit by the project manager to ensure all planned work was completed. The project manager's visit should be documented including signoff on completed work and documentation of work not completed as planned.
- Implementation plans and/or scopes of work should have enough detail for individuals not familiar with the project to verify that the work was completed. This is critical when there are existing items of a similar nature at the park prior to the completion of the improvements. This would alleviate any issues from turnover of staffing, where new staff would have to follow through on verification due to multi-year planning and projects.
- Project names should follow consistent naming conventions throughout the course of the project on all documentation (full names versus abbreviations or alternate names), some of the issues identified include the following:
 - Genoveva Chavez vs. GCCC
 - Northwest Quad vs. NWQ
 - Acequia Trail vs. St. Francis/Cerrillos Pedestrian Crossing vs. St. Francis Crossing

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Management's Response: All six recommendations are accepted in their totality and will be immediately implemented.

- 2) *Final Accounting Procedures:* Final accounting for each project was not completed timely by the Finance Department or ever provided to Parks and Open Space Advisory Committee (POSAC) as originally requested by the scope of work. Final accounting was not provided to the REDW audit team until after our on-site fieldwork was completed; therefore, no testing was done on this data. As an alternative procedure we obtained five project summaries prepared by the Public Works department in December 2013 and examined each. We compared the Parks Advisory Committee (PAC) Recommendation which listed out what the committee recommended be completed at the location to the actual improvements made at the location and the cost.

Findings and other recommendations

Final Accounting for Projects

Condition: A final accounting was not prepared within the requested timeframe for each project, and was not prepared in a format that would allow for comparison of the original scope of work identified in the implementation plan to the work completed and related costs. For the five project summaries examined we determined that:

- Four projects had costs of actual work performed that exceeded the projected cost in the implementation plan.
- Two projects had work completed that was different from the original scope identified in the implementation plan.
- Three projects had work completed that exceeded the original scope.

Effect: City stakeholders were unable to determine if projects were completed as requested and within the budgeted costs.

Cause: There was no process to prescribe the format and information to include in the final accounting to allow for a comparison of work identified in the implementation plan to work completed and the associated costs.

Criteria: Project close out (or final accounting) documentation should be prepared to compare original costs and plans to what was actually done. This would ensure that projects are reviewed for proper completion and analysis and if projects were not completed as planned, changes were documented.

Recommendation: A process should be implemented to close out projects. This process should include the required format and information needed to compare budgeted costs and planned work to actual costs and work completed. A timeline for completing the project close out should also be documented in the policy including who this information should be presented to.

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Management's Response: A formal close out procedure is vital to any proper project management system, especially when the City workforce serves as both project manager and contractor such as the 2008 park bond projects. Until 2008 when it decided to implement the bond program primarily with City workers, the City had relied on the standard project manager-contractor relationship to lead all projects to final close out, with the contractor submitting a request for final payment after a final inspection is completed by the City. This procedure is well established and rehearsed in the organization. This is not the case for City force account projects. The City will immediately begin implementing a formal close out procedure for all force account projects. This procedure will include a comparison of budgeted costs and planned work to actual costs and work completed.

Other recommendations:

- A formal procedure should be developed to guide personnel of the steps involved in the project management process to include the following with guidelines for monitoring and signing off on completed work, which may be in the form of a schedule of values with percentage of completion or an inspection checklist for each project that identifies original scope areas and status of completion:
 - Professional services
 - Contracted work
 - Work performed by City personnel

Management's Response: Accepted in its totality and will be immediately implemented, starting with a training and communication program to guide the staff through the new procedure, form, and reporting standards.

- 3) *Vendor Expenditure Procedures:* From the sample of 25 projects identified in item 1 above, we obtained a listing of all expenditures paid through park bond proceeds and extracted all vendor expenditures to verify that monies paid for contract labor followed City policies, and City, State and Federal law, especially as in regards to nepotism or conflicts of interest. From the expenditures identified, we selected a judgmental sample of 25 vendor expenditures posted to the general ledger between October 2008 and December 2014. To stratify the sample, we selected six vendors with accumulated costs greater than \$100,000 and 16 with less than 100,000. We tested for the following:
- a) Procurement procedures were followed, including approvals and requirements outlined in the City's Purchasing Guidelines.
 - b) Purchase requisition and purchase order were properly approved, and receiving documents were signed for receipt of goods or certification to indicate completion of the work.
 - c) If the transaction was associated with a reclassification journal entry, support was maintained to indicate that reclassification was needed and appeared reasonable.
 - d) If potential conflicts of interest were identified, employee properly disclosed according to City's Code of Ethics for compliance with nepotism and conflict of interest policies. To assess for conflicts we compared employee addresses to vendor addresses and also checked for similar last names between vendor and City employees to investigate further.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Findings and other recommendations

Compliance with the City's Purchasing Manual

Condition: One of the 25 vendor transactions tested for professional services in the amount of \$23,809.36 did not comply with the City's Purchasing Manual's requirement to obtain three written quotes.

Effect: The City may not have received the best price as required in the Purchasing Manual since only one quote was obtained.

Cause: Personnel did not follow the requirements outlined in the City's Purchasing Manual, because they were following the State of New Mexico procurement code which does not require three quotes for this size of professional services contract.

Criteria: The City's Purchasing Manual section 4.1.6 Procurement Requirements, states that "purchases of tangible personal property and services, including professional services that exceed \$5,000 but not more than \$50,000, require at least three written quotes".

Recommendation: The City's Purchasing Manual should be dated for proper revision tracking and assessed to determine if changes should be made to align with the State of New Mexico procurement requirements. Alternatively, the City should ensure that the Purchasing Manual is followed.

Management's Response: Accepted. The City follows a duly approved Purchasing Manual that, while aligned with that of the State of New Mexico, sets out its own standards and procedures in accordance with its home-rule city status. The City requires all procurements to abide by the city of Santa Fe Purchasing Manual, whether individual or project-related. This manual has been under revision for the past couple of years, as some aspects of require updating to conform to the new market place and modern best practices. The City will expedite the revision process and present an updated proposal to the City Council for its approval by September 30, 2015.

Project Completion Procedures

Condition: For 18 of 25 vendor transactions tested there was not documentation to determine if goods were properly received or services properly completed prior to payment.

- Seven of 25 invoices had scheduled values and percentage of completion to show what stage the project was in related to the billing, but it did not include a reference to an inspection completed by a project manager to verify that the work was completed prior to payment.
- Three of 25 invoices did not have scheduled values and percentage of completion to show what stage the project was in related to the billing and did not include a reference to an inspection completed by a project manager to verify that the work was completed prior to payment.
- Five of 25 invoices were for goods only; however, no receiving ticket was on file to indicate goods were inspected upon receipt.

Effect: The goods or services that were paid for by the City may not have been received or completed.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Cause: Although the current process requires City personnel to note exceptions for goods not received or work not performed, there is no documented verification of good received or work performed. It is unclear if the employee actually completed the verification.

Criteria: The current policy does not address what documentation is needed to support that items were received and verified or work was performed. It was not clear on the invoices tested if employees were actually verifying that the items were received or completed the verification.

Recommendation: An inspection form should be required for all projects to ensure work was completed as specified. It should include a schedule of values and percentage of completion which can be signed off to indicate work performed and date of inspection. This form should be completed prior to authorization of payment. Receiving documentation should be submitted with invoices approved for payment with indication that items were verified upon receipt. Alternatively, verification could be documented on the invoice to indicate goods were inspected upon receipt.

Management's Response: Accepted. Proper checks and balances should be in place for all construction projects, bond-funded or otherwise. This is particularly important for projects being implemented by City workforce. The City will immediately begin implementing a procedure that will ensure all of the elements of a plan are completed as specified and goods received as requisitioned. The implementation effort will include the introduction of a new form, staff training, and posting requirements. In addition, receiving documentation will be required to be submitted with invoices approve for payment with indication that items were verified upon receipt.

Other recommendations:

- In order to complete testing of vendor transactions, we received information from multiple sources in order to obtain complete procurement documentation. A process should be established to maintain documentation to support procurement procedures in a central location to ensure consistent information and ease of retrieval.
- According to the City's Purchasing Manual, departments are not required to maintain or submit receiving documents to Accounts Payable with invoices for payment. A formal process should be implemented to consistently document that goods were verified. This could include maintaining copies of receiving documents with the invoice and payment documentation with verifications documented.
- The City should consider expanding the conflict of interests procedures included in the City's Code of Ethics to include a process for vendors to disclose potential conflicts and a process to communicate new vendors to employees to facilitate identifying possible conflicts of interest. A process should also be implemented to track potential conflicts to include a procedure to follow up on disclosed conflicts.
- The Purchasing Manual should include effective and revision dates.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Management's Response: Accepted in its totality and will be immediately implemented, starting with a training and communication program to guide the staff through the new procedure, form, and reporting standards.

- 4) *Salaries and Benefits Expenditures Procedures:* There were no capabilities to allow the City to run a report of all salaries and benefit costs charged to bond projects by employee. As an alternative procedure, we obtained a report for the period of October 23, 2009 through December 26, 2014, of all employees paid with wages posted to a suspense account, which was a temporary holding place for expenditures related to employee salaries and benefits until they could be allocated to specific funds, based on the period from when the suspense account was in effect. From this report we selected a sample of 25 employee payroll entries. Due to difficulty in obtaining relevant information needed to test employee salaries charged to the park bonds the sample was reduced to five. Of the five employees selected we were able to determine that only three of the five were actually charged to the park bond funds. For the three employees we tested that:
- a) Salaries were for direct labor on approved projects only, and no salaries were paid for ongoing operations, or maintenance which was not allowed to be charged to the bond funds.
 - b) Employee job responsibilities were in line with work done (for example not paying for an administrative secretary's salary as a direct cost).
 - c) Maintenance workers were not paid.
 - d) Pay rates were properly supported and approved.

Findings and other recommendations

Employee Wages Charged to Bond Funds

Condition: The City used a suspense account as a temporary holding place for expenditures related to employee salaries and benefits and subsequently allocated the time to specific park bond funds through a manual batch journal entry; however, the employee time was not consistently documented to support what time was allocated and that the time was for direct labor on bond funded projects. For the three employees tested:

- One employee appeared to have duties beyond park bond projects, but all time was charged to the suspense account for every pay period between October 23, 2009 to December 26, 2014; however we could not verify if all time was charged to bond funded projects or not.
- One employee's timesheet was not signed or approved; therefore, we were unable to determine that the employee's time was verified as accurate prior to payment of wages from the bond fund.
- One employee had multiple approved pay rates within the same period included in their personnel file. We were able to verify that the employee was paid the correct rate.
- One employee's position was not correct in the suspense account detail which had them listed as a library technician instead of a parks maintenance worker.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

- Two employees had been paid for comp time for the pay period tested which was charged to the park bond; however, we could not verify that the comp time was based on direct labor for a park bond funded project.
- One employee's time was not allocated to the correct bond funds based on the projects listed as worked on included on the time detail.
- One salaried employee had an additional 0.50 hours charged to the bond fund.

Effect: Due to the process in place to hold expenditures in a suspense account and subsequently allocate it to bond funds, time could not be consistently verified as accurately charged to the bond funds.

Cause: A process was not in place to outline how bond proceeds may be used to pay employee wages or how to properly document and support employee time for payroll allocation. The use of a suspense account to charge time complicated the process which resulted in an allocation of salaries and benefits to bonds that could not be supported easily.

Criteria: The New Mexico State Board of Finance Rule on Bond Project Disbursements 2.61.6.8 G (6) - Operating expenses – states that “unless expressly provided for by statute, bond proceeds may not be used to pay for operating expenses (e.g. salaries and in-house labor)”. Additionally, New Mexico Attorney General Opinions 2010-04 states, “required use of funds for the purposes specified in the ordinance passed by the governing body for issuing the bonds, the notice of election on the bond issuance and in the question posed on the ballot. It is not bound by representations of district officials and employees regarding the use of bond proceeds that are not reflected in the resolution, notice and ballot question.”

Recommendation: A formal policy should be developed to specify what wages are allowed to be charged to bond funds. Procedures should be implemented to include how time records are to be maintained to support what projects are worked on, and a process for monitoring employee time to ensure that time worked on each project was accurate with approvals from supervisors. Employee time should be charged directly to the funds and not maintained in a suspense account. Timesheets should properly reflect allocations for costs to specific projects for review and signature by supervisors and division directors. Alternatively, personnel could be assigned to specific crews that only work on certain types of projects (i.e. bond funded). Additionally, the latest formally adopted Finance Manual from December 1993 should be updated to reflect payroll procedures to support these efforts.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

Management's Response: Accepted. The City established a suspense account for the park bond program in 2008 as a means of expediting the process so it could quickly put the City workforce to work. This practice was put in place on an *ad hoc* basis until recently. The City eliminated the practice of using a suspense account for project accounting when the auditors identified it as a significant internal control issue. The City has now begun to charge staff time directly to the projects as it occurs with reconciliation done each pay cycle. We will support this change with a planned communication and training program for all of the staff involved, including projects managers, payroll, and department administration.

Other recommendations:

A process should be implemented to assure that only labor costs related to bond capital projects is charged to bond funds, which should include procedures that verify all labor costs were related to capital expenditures and not maintenance.

Management's Response: Accepted in its totality and will be immediately implemented. Although this requirement is already in place, the City will immediately launch a training and communication program to make clear to staff what labor costs can be charged to a bond project.

Changes to work plan

Due to the unorganized and incomplete condition of the documentation provided there were several items in the original scope of work that could not be addressed within the budget allotted. Below is a summary of those items. These tests could still be completed if the City felt it would be beneficial, and documentation was prepared, gathered and verified as complete in advance, and additional funding was allocated. The items removed or samples reduced were selected based on the overall value to the project and where documentation were not going to be available in an auditable format.

1. Formal changes to the implementation plan Draft 4, after City Council approval, were not tested since there was none documented.
2. Final accounting was not tested since it was not provided until the end of the audit and was not completed in a format that allowed for comparison to the implementation plan.
3. All 25 employees were not able to be selected to verify that salaries were for direct labor only on approved projects with responsibilities in line with work completed. There was no comprehensive or consistent tracking of what employees worked on. Additionally, there were no reports available that could be used to verify employee time since employee time was charged through a journal entry process each pay period. Supporting documentation in these journal entry packets consisted of approximately 100 pages of detail where it was difficult to locate the employee selected for testing. This sample was reduced to three employees.
4. A report was not available to determine who was paid out of the park bond monies; therefore, we were unable to verify that salaries were for direct labor on approved projects only with responsibilities in line with work completed. Based on discussions with various personnel, park bond monies were not spent on direct labor only.
5. E-1 system capability analysis was unable to be performed due to lack of available time.

— TENTATIVE AND PRELIMINARY DRAFT —
FOR DISCUSSION PURPOSES ONLY

6. There were not adequate controls to ensure monies were spent appropriately and a lack of supporting documentation available for us to perform audit procedures. Throughout the report we incorporated recommendations on where controls should be implemented or improved.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records or 2008 or 2010 General Obligation Bond expenditures or internal control. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Santa Fe and is not intended to be and should not be used by anyone else.

Albuquerque, New Mexico
March 30, 2015

FINANCE COMMITTEE 3/30/15 HEALTH PLAN SAVINGS OPTION

VERBAL REPORT – STATEMENT

Good Evening, Mr. Chairman and members of the Committee. For the record, I am Sandra Perez, HR Director *In Transitu*. I am here tonight to present to you four options for Benefit Changes within our Health Plan Design, in particular the Medical plan.

Following your instructions, and with the assistance of AON, Vicki Gage our Operations Manager & Benefits Manager and I put together the four options found in your packets. There are also four additional 5-year projections “information sheets” attached for general discussion with AON. These contain information addressing additional comments or questions posed by the Committee.

We met with the Group Insurance Advisory Committee to present these options and I have for you tonight the results of their opinions and preferences related to the groups they represent on the committee.

Mr. Chairman, for ease of the presentation, with your permission I would like to outline the four different savings options in your packet – and then I would like to go through the committee’s feedback, comments and final results. Afterwards, myself, Vicki and Todd Burley of AON would stand for questions. Additionally, members of the Group Insurance Advisory Committee are also here should you have questions for them.

(DESCRIBE THE OPTIONS NOW)

Each option for benefit changes is coupled with two different five-year projection sheets. The first projection sheet shows the projections for the fund balance related to keeping the premiums flat (meaning neither the city or employees will contribute any additional money above the premium rates we are currently making) and the second projection sheet reflects the fund balance related to premium increases based on projected national trends.

Option #1 – Leave no co-pay unchanged, aim for a \$2 million fund balance in 17/18. Savings \$1,040,000. (speak to 5 year projections attached)

Option #2 – Save \$860,000 and aim for a \$2 million fund balance in 17/18. (speak to 5 year projections attached)

Option #3 – Push co-pays to maximum level possible without moving to a deductible/co-insurance model, aim for a \$2 million fund balance in 17/18. Savings \$1,667,000. (speak to 5 year projections attached)

Option #4 – Move to a deductible/co-insurance model, aim for a \$2 million fund balance in 17/18. Savings \$2 million. (speak to 5 year projections attached)

Exhibit "2"

COMMITTEE PREFERENCES:

| Member | Opt 1 | Opt 2 | Opt 3 | Opt 4 | Comments |
|---------------------|-------|-----------|--------------|-------|--|
| Hutton (Fire) | No | No | No | No | There are some things to consider – but as presented no option in full is acceptable |
| Martinez (Police) | No | No | No | No | Consider breaking premium into tiers based on Income Brackets much like the SoNM |
| Romero (AFSCME) | No | No | No | No | |
| Schiavo (Non-Union) | Yes | Yes | Neutral | No | Due to subsidization by some members (low claims vs. high claims) health ins. should work more like car ins. |
| Garcia (Finance) | No | Yes | No | No | Premium tiers considered – only if pay increases are across the board |
| Gage (HR) | No | Yes 2A | No | No | |
| Total | 1 | 3 | 1 neutral | 0 | |

COMMITTEE DISCUSSION:

Hutton (Fire):

Fire membership has a feel of what's going on. There is a waste in expenditures happening in the city. Also the "richness" in the Health plan is being abused and it needs to stop. For example, changing the massage benefit to medically necessary – it would not save the \$400,000 but would save money. They are willing to talk about some changes, however, it is their Union's position that the financial woes of the city will not be falling out of the wallets of the employee's in order to make up for the decisions leading to short fallings.

Martinez (Police):

Agreed with the Fire union feelings, adding that more education of employees surrounding the areas being abused (e.g. massage) is necessary. Would like to post-pone the idea of changes till after the decision on a new carrier is made to see what they can offer – particularly in area of Wellness. Also each union should commit to having their own Wellness Coordinator to assist Sue Perry with the program.

Romero (AFSCME):

Agreed with Fire and Police. There has not been much messaging amongst his members.

Schiavo (Non-Union):

Good to have discussion around good healthy behavior. Maybe discount premiums for good behavior. ER still being used as primary care physician. In area of alternative

medicine echoes union identification of areas being abused, some of the areas of practice are beyond physical therapy and appear questionable.

Garcia (Finance):

Increasing co-pays is hitting the critical areas of employees' pocketbooks. Maximizing co-pays puts burden on the backs of those who need benefit most. A plan to increase salaries in addition to co-pays will help offset thereby not placing families in a situation where they can't afford the co-pay. This is an employees plan, our employees are an asset – having a better plan increases our assets. Employees have invested in this plan and we shouldn't penalize our asset. In the area of massage and other alternative medicine or specialty areas we should consider going back to a referral style plan vs. self refer. Give the plan 1 year to have an impact from the newly selected carrier, where we establish a partnership with the provider to create an advisory relationship with tools.

Gage (HR):

Has been intimately involved in the plan since 2000, and she as an employee also benefits from the plan. Agrees that the plan is an asset. She also knows it is wrong to say that "the city" pays the rest of the amount of a claim after a co-pay is made, its "the plan" that pays the rest. Both the employees and the city contribute to "the plan". This is the employees best asset and health plans are supposed to be there for the most catastrophic of events. Believes that staying self-funded is a good idea, should continue to invest in being self-funded and plan accordingly for the very long term. Managed right the plan creates a cash balance; much like a mutual fund it will have its highs and its lows – vs. fully insured where we pay a flat fee to a carrier period, regardless of claim activity.

Waiting won't help – education & wellness is good but there is no quantifiable data to know the impact of wellness and even if there was it would only save us 10s of thousands of dollars, it is not going to save us millions. Small changes to the plan plus steady premiums will keep this fund in tact.

Alternative medicine providers – some have taken unfair advantage of our plan and unfair advantage of our employees.

In closing, Mr. Chairman, and in particular Councilor Trujillo, I have not put out an employee survey on this information. Given the fact that the four options vary greatly, and you as a committee had yet to have a chance to review the information, particularly with the new 5-year projections for each option, I felt that an employee survey at this time would not only cause undue chaos and/or concern, it simply would not be fair to the employees or the Governing Body. After our discussion tonight, and your determinations regarding the options presented to you, I suggest that we discuss the notion of an employee survey again.

With that Mr. Chairman, I along with Vicki and Todd stand for questions.

Summary of Collective Bargaining Agreements Regarding Insurance Benefits

| | AFSCME | POA | SFFA | NON-UNION |
|---|--|---|---|---|
| Premium Cost Share Ratio | Employees pay 23.75% City pays 76.25% | Employees pay 23.75% City pays 76.25% | Employees pay 23.50% City pays 76.5% | No agreement - employees pay 23.5% and City pays 76.5% |
| Co-Pay Amounts | No language specific to co-pays | Language specifies that insurance co-pays shall remain the same or lower unless recommended by the Group Benefits Advisory Committee and both parties agree | Language specifies that insurance co-pays shall remain the same or lower unless recommended by the Group Benefits Advisory Committee and both parties agree | N/A |
| Deductibles | No language specific to deductibles | No language specific to deductibles | No language specific to deductibles | N/A |
| Covered benefits (procedures, durable medical equipment, pharmacy formulary, etc.) | No language specific to covered benefits | No language specific to covered benefits | No language specific to covered benefits | N/A |

Exhibit "3"

AGREEMENT

BETWEEN

THE CITY OF SANTA FE

AND THE

AMERICAN FEDERATION OF STATE, COUNTY
AND MUNICIPAL EMPLOYEES



Whole Agreement in Effect

July 1, 2014 through June 30, 2017

3. Four (4) hours pay at the rate of one-and-a-half (1½) times their normal rate for standby occurring on an observed holiday.

ARTICLE 31 SHIFT DIFFERENTIAL

- A. Employees who are assigned to work a shift outside the "normal" day shift shall be compensated a shift differential as stated below, regardless of a work site's hours of operation.
- B. A normal day shift is defined as a shift which begins between 6:00 a.m. to 9:00 a.m. A day shift is not eligible for a shift differential.
 1. Employees who work a swing shift shall receive an additional \$1.00 for each hour of work performed between the hours of 3:00 p.m. and 11:00 p.m.
 2. Employees who work a graveyard shift shall receive an additional \$1.75 for each hour of work performed between the hours of 11:00 p.m. and 7:00 a.m.
- C. The Employer shall not change an employee's work schedule to avoid paying shift differential.

ARTICLE 32 PER DIEM AND MILEAGE

- A. Employees required to work or travel out of town shall receive the appropriate per diem or actual expenses as provided by state law.
- B. When requested in writing by the employee at least five (5) calendar days in advance, 80% of per diem shall be paid in advance prior to the employee's travel date. All other per diem reimbursements must be paid to the employee within two (2) weeks of the written request for reimbursement.

ARTICLE 33 BENEFITS

Section 1 Medical

The Employer shall continue to offer a group medical insurance plan and shall pay 76.25% of the cost of the group medical insurance premiums for all bargaining unit employees.

Section 2 Dental

The Employer shall continue to offer a dental coverage plan. The Employer shall pay 65% of the cost of premiums for the group dental insurance plan offered by the Employer for all bargaining unit employees who choose to participate in the plan. If the plan is changed as a result of a new contract or provider, any percent of premium increases or decreases charged by the provider shall be applied proportionately to both the Employer and bargaining unit employee based on the above percentage.

Section 3 Prescription Eyewear Benefits

Prescription eyewear/contacts shall be provided for bargaining unit employees, up to one hundred seventy-five dollars (\$175) per twelve (12) month period. However, for employees in field or shop positions, such prescription eyewear must be City approved safety glasses. The City offers Vision Care

Insurance. Bargaining unit employees who select this vision care insurance shall not be eligible to receive the \$175 benefit per 12 month period.

Section 4 Maintenance of Benefits

Payment of the Employer's share of benefits shall be maintained during all approved leave, except during an extended period of leave without pay as described under Article 21, Section 9, Paragraph D of this Agreement. An employee approved for an extended period of leave without pay may choose to remain in the plan, but will have to pay the full cost of both the Employer's and employee's share of premiums. If during a period of suspension, salary is not available from a pay period to cover the premiums of any insurance coverage, the employee shall pay the full cost of premiums.

Section 5 Maintenance of Benefits Upon Termination

The employee may choose to remain under the medical and dental coverage plan at 102% of the total monthly premiums under the Consolidated Omnibus Budget Act (COBRA) provision for eighteen (18) months due to termination; twenty-nine (29) months if termination was due to disabling condition or reductions in hours; or thirty-six (36) months for spouses or dependents upon death of the employee or when dependent child ceases to be qualified as a dependent under the group health plan. The employee must pay the premium with a cashier's check to the Employer by the 10th of each month or coverage will be discontinued.

Section 6 Deferred Compensation

The Employer shall continue to provide a deferred compensation plan under Section 457(b) of the Internal Revenue Code. If at any time, the Employer makes a determination to select a new provider through the Request for Proposal (RFP) process, a Union representative shall serve on the evaluation committee.

Section 7 Workers Compensation

The Employer shall continue to provide a Workers Compensation program as provided by Resolution No. 1988-11 approved by the City Council on February 24, 1988, and in compliance with the New Mexico Workers Compensation Act.

Section 8 Term Life Insurance

The Employer shall continue to provide a term life insurance plan with basic life coverage of a minimum of ten thousand (\$10,000) dollars included as part of the medical plan and premium. The Employer shall continue to provide optional supplemental term life insurance coverage offered independently of the medical coverage based on the bargaining unit employee's salary at the rates prescribed by the insurance provider for two (2) times the employee's annual salary, with the Employer paying 60% of the cost of the employee's supplemental term life insurance premiums. Any percent of premium increases or decreases charged by the provider shall be applied proportionately to both the Employer and the bargaining unit employee based on the above percentage.

Section 9 Other Insurance Programs

The Employer shall continue to provide other insurance plans such as auto, universal life, long-term disability, cancer, intensive care, family life coverage, pre-paid legal, vision care and others. The insurance premiums shall be payroll deducted. Employees may subscribe to these insurances at the

rates prescribed by the insurance firms. Such insurance shall continue to be offered only if at least ten percent (10%) of the employees elect to participate in a particular plan.

Section 10 Premium Only Plan (POP)

The Employer shall continue to provide an optional premium only plan in which the medical, dental, life, etc., premiums paid by an employee are tax deferred. The program shall comply with all IRS rules.

Section 11 Union Representation

Each union shall participate and have one vote on the Group Insurance Benefits Advisory Committee that is composed to establish, evaluate, advise on, and recommend group medical or dental insurance plans to the City Manager and the Governing Body.

Section 12 Employee Parking

- A. The Employer shall provide, without charge to employees, parking on a first-come, first-served basis at City facilities or at parking lots identified by the Parking Division.
- B. The following parking guidelines for employees in the downtown area shall remain in effect as established:
 - 1. Employees shall park assigned city vehicles in spaces allocated or assigned by the Parking Division.
 - 2. Employees shall not park an assigned city vehicle or personal vehicle in spaces reserved for the mayor and/or city council.
 - 3. The Employer shall provide parking at no cost for the Union President and Vice President to conduct City/Union business.
 - 4. The Employer shall provide satellite parking permits at no cost to Union Chief Stewards to conduct City/Union business.

Section 13 Other Miscellaneous Benefits

- A. Employees may use their City of Santa Fe identification card to ride free on Santa Fe Trails buses.
- B. Employees shall be given a one time only 50% discount for a 15-day punch pass at Genoveva Chavez Community Center (G.C.C.C).
- C. All bargaining unit employees covered under the City of Santa Fe Health Plan, shall be entitled to utilize the G.C.C.C. at no charge, in accordance with the Wellness Program as administered by the City of Santa Fe Wellness Coordinator.

ITEM # 10-0863

AGREEMENT

BETWEEN

THE CITY OF SANTA FE

AND THE

SANTA FE POLICE OFFICER'S ASSOCIATION



Whole Agreement in Effect

July 1, 2010 through June 30, 2013

With changes to Whole Agreement effective July 1, 2010

Year number 1 of Whole Agreement

3. Employees who have completed twelve (12) years of continuous employment with the Department may use sick leave at a ratio of 1 day for 1 day of sick leave up to a maximum of 1,040 hours and an additional 1,100 hours of sick leave at a ratio of 1 day for 2 days of sick leave up to a maximum of 2,140 hours in order to realize accelerated retirement.
- B. Under no circumstances will there be a cash payment for any unused sick leave except in accordance with Paragraph F of Section 20.

Section 25 LIABILITY PROTECTION

- A. Pursuant to 41-4-1 et seq., N.M.S.A. (1978), as amended, the New Mexico Tort Claims Act, the Employer shall provide protection to employees from liability arising out of acts committed during the performance of their activities in the conduct of their office and within the scope of their duties.
- B. Legal counsel will be provided as set forth in the New Mexico Tort Claims Act, Section 41-4-1 et seq., N.M.S.A. (1978), as amended.

Section 26 GROUP MEDICAL INSURANCE

The Employer has a group medical insurance plan that is offered to City employees. The employee will be advised of the plan at the employee orientation. The Employer will pay 76.25% of the cost of the group medical insurance premiums currently offered by the Employer for all bargaining unit employees. Insurance co-pays shall remain the same or lower unless changed by the employee depending upon the plan selected by the employee or the Group Benefits Advisory Committee for city employees recommends that they be raised and both parties agree to such raise.

Each Union shall participate and have one vote on the committee that is composed to establish, evaluate, select and recommend group medical or dental insurance plans.

Specific details of the plan and cost to an employee are available from the Human Resources Department.

Section 27 WORKERS COMPENSATION

The Employer will comply with the provisions of the New Mexico Workers' Compensation Act.

Refer to Appendix C.

ITEM # 14-0183

AGREEMENT

BETWEEN

THE CITY OF SANTA FE

AND THE

SANTA FE FIREFIGHTERS ASSOCIATION

**INTERNATIONAL ASSOCIATION OF FIRE
FIGHTERS – LOCAL 2059**



Whole Agreement in Effect

July 1, 2012 through June 30, 2015

***With changes to Whole Agreement effective July 1, 2014
incorporated***

Year Number 3 of Whole Agreement

ARTICLE 345-INSURANCE BENEFITS

Section 1 – Medical Coverage

The employer shall continue to offer a medical coverage plan. The Employer will pay an amount equal to seventy six and one half percent (76.5%) of the cost of the group medical insurance currently offered by the Employer.

Insurance co-pays shall remain the same or lower unless the Group Benefits Advisory Committee for City Employees recommends that they be raised and both parties agree to such a raise.

Section 2 – Dental Coverage

The Employer shall continue to offer a dental coverage plan. The Employer will pay an amount equal to sixty five percent (65%) of the cost of the group dental insurance currently offered by the Employer. If the plan is changed as a result of a new contract or provider, any change in premiums shall be equally applied to both the Employer and Employee. A representative of the Union may participate on the proposal evaluation committee if the city considers changes in the current dental programs.

Section 3 – Retiree Medical Coverage

The Employer shall continue to provide a retiree medical coverage plan. Employees shall be assessed at three quarter percent ($\frac{3}{4}$ %) of their annual salary. The Employer shall contribute one percent (1%) of annual salaries to the plan. The Employer shall ensure the plan remains solvent and may revise the plan as necessary to ensure its continued solvency. At the time of retirement from the City, the Employee has the one-time option to enroll in the retiree medical coverage plan.

Section 4 – Term Life Insurance

The employer shall continue to provide a term life insurance plan with basic life insurance coverage of \$10,000 included as part of the medical plan and premium. The employer shall continue to offer optional supplemental term life insurance coverage offered independently of the medical coverage. The supplemental term life insurance benefit shall be based on two (2) times the employee's annual base salary with the employer paying an amount equal to sixty percent (60%) of the cost of the purchase of the group life insurance. Any percent of premium change charged by the provider shall be applied to both the employer and the employee.

Section 5 – Other Insurance Programs

The employer shall continue to provide other insurance plans, such as but not limited to, universal life, long-term disability, cancer, intensive care, family life coverage, and prepaid legal. The insurance premiums shall be payroll deducted. Employees may subscribe to these plans at the rates prescribed by the insurance providers. Insurance shall be offered or continue to be offered only if at least ten percent (10%) of the employees elect to participate with a particular firm.

Section 6 – Premium Only Plan

The employer shall continue to provide an optional premium only plan (POP) in which the medical premiums paid by the employee are tax deferred. The program shall comply with all IRS rules and any changes to those rules.

The Union shall participate on the Group Insurance Benefits Advisory Committee for City Employees or any other committee formed to establish, evaluate, select, and/or recommend group insurance coverage including, but not limited to, medical, dental, or vision plans. Each Union shall participate and have one vote on such a committee.

There shall be no alterations to the plans or programs described in the sections above prior to the consideration of and recommendations made by such a committee.

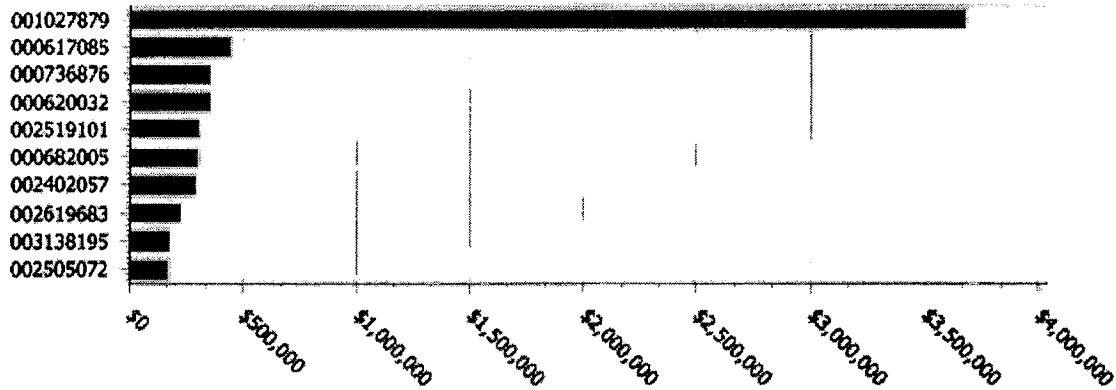
ARTICLE 350-WAGE/SALARY SURVEY

The Union shall be permitted to address in person and in writing any consultant employed by the Employer for the purpose of studying and/or recommending changes to the City's classification and compensation system.

ARTICLE 360-CITY OF SANTA FE PICK-UP OF EMPLOYEE PERA CONTRIBUTIONS

The city will pick up seventy five percent (75%) of the employee's total contribution rate.

Top 10 Providers

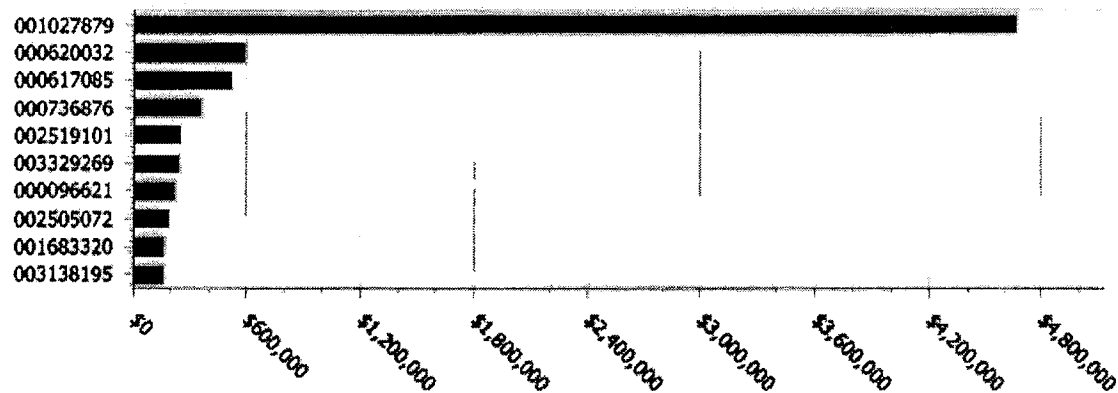


| CODE | PROVIDER NAME | NETWORK CATEGORY | PLAN PAID | % PLAN PAID OF TOTAL PLAN PAID | MEMBER PAID | # OF CLAIMS | # OF CLAIMANTS |
|---------------------|--------------------------------|------------------|----------------|--------------------------------|--------------|-------------|----------------|
| 001027879 | Christus st vincent regional m | Yes | \$3,671,438.08 | 27.9 % | \$93,674.76 | 2,964 | 1,168 |
| 000617085 | Presbyterian hospital | Yes | \$441,102.55 | 3.4 % | \$7,988.12 | 163 | 108 |
| 000736876 | Santa fe imaging center llc | Yes | \$354,599.27 | 2.7 % | \$234.68 | 862 | 542 |
| 000620032 | Unm health sciences ctr | Yes | \$352,027.92 | 2.7 % | \$7,080.40 | 284 | 86 |
| 002519101 | Brandon d taylor | Yes | \$303,801.13 | 2.3 % | \$20,428.98 | 2,359 | 211 |
| 000682005 | Northwestern memorial hospital | Yes | \$293,703.92 | 2.2 % | \$1,075.00 | 25 | 1 |
| 002402057 | Kerrilyn chew | Yes | \$287,947.76 | 2.2 % | \$30,577.32 | 3,503 | 267 |
| 002619683 | Lovelace womens hospital | No | \$223,445.33 | 1.7 % | \$965.43 | 7 | 4 |
| 003138195 | Healthfront pc | Yes | \$172,213.77 | 1.3 % | \$0.00 | 579 | 373 |
| 002505072 | Santa fe anesthesia specialist | Yes | \$163,667.65 | 1.2 % | \$390.72 | 188 | 145 |
| Remaining Providers | | | \$6,893,052.19 | 52.4 % | \$393,527.15 | 38,611 | 14,791 |

Incurred: 7/1/2012 to 6/30/2013

Exhibit "4"

Top 10 Providers



| CODE | PROVIDER NAME | NETWORK CATEGORY | PLAN PAID | % PLAN PAID OF TOTAL PLAN PAID | MEMBER PAID | # OF CLAIMS | # OF CLAIMANTS |
|---------------------|--------------------------------|------------------|----------------|--------------------------------|--------------|-------------|----------------|
| 001027879 | Christus st vincent regional m | Yes | \$4,662,906.65 | 32.5 % | \$94,031.32 | 3,081 | 1,160 |
| 000620032 | Unm health sciences ctr | Yes | \$590,737.32 | 4.1 % | \$6,625.30 | 396 | 103 |
| 000617085 | Presbyterian hospital | Yes | \$520,474.80 | 3.6 % | \$4,229.08 | 105 | 68 |
| 000736876 | Santa fe imaging center llc | Yes | \$353,181.26 | 2.5 % | \$1,280.94 | 865 | 560 |
| 002519101 | Brandon d taylor | Yes | \$247,124.26 | 1.7 % | \$15,955.00 | 1,789 | 195 |
| 003329269 | Presbyterian rust med ctr | Yes | \$235,400.91 | 1.6 % | \$7,334.96 | 83 | 50 |
| 000096621 | Kaseman presbyterian hospital | Yes | \$213,159.77 | 1.5 % | \$3,150.00 | 58 | 37 |
| 002505072 | Santa fe anesthesia specialist | Yes | \$182,145.36 | 1.3 % | \$1,588.59 | 212 | 174 |
| 001683320 | Md anderson cancer ctr | Yes | \$159,683.78 | 1.1 % | \$1,450.00 | 21 | 4 |
| 003138195 | Healthfront pc | Yes | \$158,484.92 | 1.1 % | \$0.00 | 533 | 351 |
| Remaining Providers | | | \$7,035,707.12 | 49.0 % | \$384,590.21 | 43,034 | 15,777 |

Incurred: 7/1/2013 to 6/30/2014