



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 21, 2016 – 5:00 P.M.

1. CALL TO ORDER

CITY CLERK'S OFFICE

2. ROLL CALL

DATE 3/18/16 TIME 1:35 PM

3. APPROVAL OF AGENDA

SERVED BY Ydanka Breen

4. APPROVAL OF CONSENT AGENDA

RECEIVED BY Andrew Paul

5. APPROVAL OF MINUTES:

Regular Finance Committee – February 1, 2016

Special Finance Committee – February 9, 2016

Regular Finance Committee – February 15, 2016

CONTINUATION OF BUDGET DISCUSSION

6. Update on Financial Framework. (Oscar Rodriguez)

- Effect of 2009 Water Utility Debt Refinancing
- Effect of Other Debt Refinancing

7. 2008 Park Bond Program.

- Special Auditor's Recommendations Follow-up.
- Reprogramming of Un-spent Funds. (Robert Carter)
- New Capitalization Policy

8. Consideration and Approval of Staff Recommendation to Fund Cash Deficits in Certain Funds. (Teresita Garcia)

9. Discussion on Monthly Financial Report Ending December 31, 2015. (Oscar Rodriguez)

INFORMATIONAL ITEM

10. Update on Financial Health Utility Funds. (Nick Schiavo and Jason Mumm)

CONSENT AGENDA

11. Request for Approval of Bid No. 16/18/B – Acequia Trail from Harrison Road to La Cieneguita for On Call Roadway and Trail Construction Services; Century Club Construction, LLC and Approval of Budget Adjustment in the Amount of \$41,500. (Leroy Pacheco)



Agenda

**FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 21, 2016 – 5:00 P.M.**

12. Request for Approval of Amendment No. 8 to Professional Services Agreement – Airport Terminal Expansion at Santa Fe Municipal Airport; Molzen-Corbin & Associates, Inc. (Mary MacDonald)
13. Request for Approval of Professional Services Agreement – Agua Fria and Cottonwood Drive Intersection Safety Improvements – Phase I (RFP #16/16/P); Souder, Miller & Associates and Approval of Budget Adjustment in the Amount of \$200,000 and Expenditure of Funds for the Project. (James Martinez)
14. Request for Approval of Completion of 2012 Parks Bond Projects – Patrick Smith Park Irrigation System Replacement and Turf Rehabilitation Using City Labor (In-House) Force Account Crews. (Martin Gabaldon)
15. Request for Approval of Amendment No. 4 to Capital Improvement Program Between City and Contractor – FY 13/14 Wastewater Division Publicly Owned Treatment Works Repair, Replacement and Extension Contract; TLC Company, Inc. d/b/a TLC Plumbing and Utility. (Jerry Tapia)
16. Request for Approval of Procurement Under Cooperative Price Agreement – Replacement Sewer Rodder Truck for Wastewater Management Division and Approval of Budget Increase in the Amount of \$108,241; Pete's Equipment Repair, Inc. (Jerry Tapia)
17. Request for Approval of Change Order No. 12 to Contract – Santa Fe Reservoir Infrastructure Improvements Project to Credit Unspent Alternate 1 Owners Contingency for Water Division; RMCI, Inc. (Robert Jorgensen)
18. Request for Approval of Procurement Under Cooperative Price Agreement – Twenty-Four (24) Eight Cubic Yard and Fifty-Six (56) Four Cubic Yard Front Load Refuse and Recycling Containers for Environmental Services Division; Wastequip MFG. Co. LLC. (Shirlene Sitton and Lawrence Garcia)
19. Request for Approval of Procurement Under Cooperative Price Agreements – Six (6) Automated Side-Load Recycling Collection Vehicles for Conversion of the Residential Recycling Program from 14 Gallon Bins to Roll Carts for Environmental Services Division; Rush Truck Center and Bruckner's Truck Sales. (Shirlene Sitton and Lawrence Garcia)
20. Request for Approval of Low Income Credit Policy for Water Division. (Shannon Jones)



Agenda

FINANCE COMMITTEE MEETING
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MARCH 21, 2016 – 5:00 P.M.

21. Request for Approval of Purchase Agreement – Purchase 1,059 Toilet Retrofit Credits and Approval of Budget Increase in the Amount of \$50,000; Aldea, LLC. (Andrew Erdmann)
22. Request for Approval of Grant Award and Agreement – 2015 Hazardous Materials Emergency Preparedness Grant Program for Fire Department; New Mexico Department of Homeland Security & Emergency Management and Approval of Budget Increase in the Amount of \$21,506. (David Silver)
23. Request for Approval of Exempt Procurement and Amendment No. 1 to Intrastate Agreement for CenturyLink Metro Ethernet Service at 100 Caja Del Rio and Amendment No. 2 to Building Entry Agreement at 1780 Canyon Road and 121 Airport Drive for ITT Department; Qwest Corporation d/b/a CenturyLink QC. (Renee Martinez)
24. Request for Approval of Procurement Under Cooperative Price Agreement – Upgrade City Computing Hardware Platform (iSeries) for Critical Information Systems; Mainline Information Systems, Inc. and Approval of Budget Adjustment in the Amount of \$325,000. (Renee Martinez)
25. Request for Approval of Budget Increase for Santa Fe Fire Department Wildand Division Fund to Correct Omission in the Amount of \$144,815 (Item was Approved at February 10, 2016 Governing Body Meeting. (Greg Gallegos)
26. Request for Approval of Procurement Under Cooperative Price Agreement – 2016 Ambulance Type III Ford E350 for Fire Department; Southwest Ambulance Sales, LLC. (Jan Snyder)
27. Request for Approval of FY 2016/17 Law Enforcement Protection Fund (LEPF) Application for Police Department; State of New Mexico Department of Finance, Local Government Division. (Patrick Gallagher)
28. Request for Approval of an Ordinance Amending Subsection 23-6.2 SFCC 1987 to Permit the Sale and Consumption of Alcohol at Fort Marcy Ballpark for the Bike and Brew Event and Limit the Maximum Alcohol Content of Beer to Eight Percent. (Councilors Ives and Trujillo) (Kate Noble)

Committee Review:

Public Works Committee (approved)	02/22/16
City Business Quality of Life Committee (approved)	03/09/16
City Council (request to publish) (scheduled)	03/30/16
City Council (public hearing) (scheduled)	04/27/16



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 21, 2016 – 5:00 P.M.

Fiscal Impact – No

29. Request for Approval of a Resolution to Designate Unused Space at 500 Market Station for Entrepreneurial Activities; Directing Staff to Develop an RFP to Identify a Private Sector Partner for the Space; Directing Staff to Identify and Recommend a Revenue Source for Use as Collateral; and Directing Staff to Provide an Update and Recommendations to the Governing Body Within Ninety Days of Adoption of this Resolution. (Mayor Gonzales and Councilors Ives and Dominguez) (Kate Noble and Zachary Quintero)

Committee Review:

City Business Quality of Life Committee (approved)	02/17/16
Public Works Committee (approved)	02/22/16
City Council (scheduled)	03/30/16

Fiscal Impact – No

30. Request for Approval of an Ordinance Amending Subsection 12-9-3.9 of the Uniform Traffic Ordinance Relating to ADA Accessible Parking Violations Requiring a Mandatory Court Appearance. (Councilor Lindell) (Sara Smith / Noel Correia)

Committee Review:

Public Works Committee (approved)	02/22/16
City Council (request to publish) (approved)	02/24/16
City Council (public hearing) (scheduled)	03/30/16

Fiscal Impact – No

31. Request for Approval of a Resolution Directing City Staff to Plan and Execute a Fourth of July Competitive Run on July 4, 2016, to Honor Local Veterans in the Santa Fe Community. (Mayor Gonzales, Councilors Ives, Bushee and Trujillo) (Chris Sanchez)

Committee Review:

Public Works Committee (postponed)	02/08/16
Veterans' Advisory Board (approved)	02/10/16
City Business Quality of Life Committee (approved)	02/17/16
Public Works Committee (approved as amended)	02/22/16
City Council (scheduled)	03/30/16

Fiscal Impact – Yes: The funding will come from 510400 for \$10,000.00.



Agenda

**FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
MARCH 21, 2016 – 5:00 P.M.**

32. Request for Approval of a Resolution Contributing Property and Resources to New Mexico Inter-Faith Housing Community Development Corporation for Development of the Santa Fe Arts+Creativity Center Low Income Housing Tax Credit Project Pursuant to the Affordable Housing Act. (Councilors Rivera and Trujillo, Mayor Gonzales and Councilors Ives, Dominguez and Bushee) (Alexandra Ladd)

Committee Review:

Community Development Commission (approved)	02/17/16
City Business Quality of Life Committee (approved)	02/17/16
Public Works Committee (approved)	02/22/16
City Council (scheduled)	03/30/16

Fiscal Impact – Yes: \$1,524,600 (Land Value)

33. Request for Approval of a Resolution Establishing a New Year's Event on the Plaza as an Annual Tradition as Part of the People to the Plaza Initiative. (Mayor Gonzales, Councilors Ives and Trujillo) (Rob Carter)

Committee Review:

Public Safety Committee (approved)	02/16/16
Public Works Committee (approved)	02/22/16
City Business Quality of Life Committee (approved)	03/09/16
City Council (scheduled)	03/30/16

Fiscal Impact – Yes: Expenditures = \$66,875 - comes from in kinds staffing, monies from other departments, and costs for entertainment Revenues = \$92,000 (City - \$50,000; Private - \$42,000) Revenue is from monies from other departments and sponsors. Hope to reduce costs from other departments by increasing sponsorships.

34. Request for Approval of a Resolution Directing the City Manager to Develop a Stormwater Management Program that Updates the City's Stormwater Management Policies in Furtherance of the City's Environmental Protection and Sustainability Policies and Goals. (Councilor Ives, Mayor Gonzales and Councilors Maestas, Bushee and Dominguez) (Melissa McDonald)

Committee Review:

River Commission (approved)	02/11/16
Sustainable Santa Fe Commission (approved w/amend)	02/17/16
Public Works Committee (approved)	02/22/16
Public Utilities Committee (approved)	03/02/16
City Council (scheduled)	03/30/16



Agenda

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MARCH 21, 2016 – 5:00 P.M.

Fiscal Impact – No

35. Request for Approval of a Resolution Amending the *Governing Body Procedural Rules* to Ensure a More Fair, Judicious and Efficient Public Process. (Councilor Dominguez) (Kelley Brennan and Jesse Guillen)

Committee Review:

City Council (scheduled)

03/30/16

Fiscal Impact – No

36. Request for Approval of an Ordinance Adopting a Municipal Gross Receipts Tax. (Councilor Dominguez) (Oscar Rodriguez)

Committee Review:

Public Works Committee (approved)

02/22/16

City Council (request to publish) (approved)

02/24/16

City Council (public hearing) (scheduled)

03/30/16

Fiscal Impact – TBD

37. Request for Approval of an Ordinance Amending Subsection 11-12.1 SFCC 1987 to Remove the Provision Permitting Payment to the City in Lieu of Taxes From Enterprise Funds; and Removing the Sunset Clause. (Councilor Dominguez) (Oscar Rodriguez)

Committee Review:

Public Works Committee (approved)

02/22/16

City Council (request to publish) (approved)

02/24/16

City Council (public hearing) (scheduled)

03/30/16

Fiscal Impact – Yes - According to the formula, the approximate amount the will be transferred from the Water Fund is \$4.7 million. The amounts that will be transferred from the Wastewater and Solid Waste Funds will be equal to the value of the service they currently provide to the non-utility departments, currently estimated at \$1.3 million. These estimates will be updated as part of the budget process with the benefit of a couple more months of revenue experience.

38. Request for Approval of an Ordinance Adopting a Municipal Hold Harmless Gross Receipts Tax. (Councilor Dominguez) (Oscar Rodriguez)



Agenda

FINANCE COMMITTEE MEETING
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Committee Review:

Public Works Committee (approved)	02/22/16
City Council (request to publish) (approved)	02/24/16
City Council (public hearing) (scheduled)	03/30/16

Fiscal Impact – TBD

39. Request for Approval of a Resolution Increasing the Property Tax Within the Municipal Boundaries of the City of Santa Fe. (Councilor Dominguez) (Oscar Rodriguez)

Committee Review:

Public Works Committee (no recommendation)	02/22/16
City Council (scheduled)	03/30/16

Fiscal Impact – TBD

END OF CONSENT AGENDA

40. MATTERS FROM THE COMMITTEE
41. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6521.

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
March 21, 2016**

<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 AGENDA LISTING		2-5
<u>APPROVAL OF MINUTES:</u>		
REGULAR FINANCE COMMITTEE – FEBRUARY 1, 2016	Approved	5-6
SPECIAL FINANCE COMMITTEE – FEBRUARY 9, 2016	Approved	5-6
REGULAR FINANCE COMMITTEE – FEBRUARY 15, 2016	Approved	5-6
<u>CONTINUATION OF BUDGET DISCUSSION</u>		
UPDATE ON FINANCIAL FRAMEWORK		
EFFECT OF 2009 WATER UTILITY DEBT REFINANCING	Information/direction to staff	6-19
EFFECT OF OTHER DEBT REFINANCING	Information/direction to staff	6-19
2008 PARK BOND PROGRAM		
SPECIAL AUDITOR'S RECOMMENDATIONS FOLLOW-UP	Information/direction to staff	19
REPROGRAMMING OF UNSPENT FUNDS	Information/direction to staff	19-20
NEW CAPITALIZATION POLICY	Information/direction to staff	20-21
CONSIDERATION AND APPROVAL OF STAFF RECOMMENDATION TO FUND CASH DEFICITS IN CERTAIN FUNDS	Information/direction to staff	21-26
DISCUSSION ON MONTHLY FINANCIAL REPORT ENDING DECEMBER 31, 2015	Information/discussion	26-28

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
<u>INFORMATIONAL ITEM</u>		
UPDATE ON FINANCIAL HEALTH OF UTILITY FUNDS	No Action	28
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL GROSS RECEIPTS TAX	To Council w/o recommendation	29-30
REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 11-12.1 SFCC 1987, TO REMOVE THE PROVISION PERMITTING PAYMENT TO THE CITY IN LIEU OF TAXES FROM ENTERPRISE FUNDS; AND REMOVING THE SUNSET CLAUSE	Approved	31-32
REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX	Approved	32-33
REQUEST FOR APPROVAL OF A RESOLUTION INCREASING THE PROPERTY TAX WITHIN THE MUNICIPAL BOUNDARIES OF THE CITY OF SANTA FE	To Council w/o recommendation	33-36
REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO PROFESSIONAL SERVICES AGREEMENT – AIRPORT TERMINAL EXPANSION AT SANTA FE MUNICIPAL AIRPORT; MOLZEN-CORBIN & ASSOCIATES, INC.	Approved w/direction to staff	36-38
REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – AGUA FRIA AND COTTONWOOD DRIVE INTERSECTION SAFETY IMPROVEMENTS – PHASE I (RFP #16/16/P); SOUDER, MILLER & ASSOCIATES AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$200,000 AND EXPENDITURE OF FUNDS FOR THE PROJECT	Approved	38-40
REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – 2016 AMBULANCE TYPE III FORD E350 FOR FIRE DEPARTMENT; SOUTHWEST AMBULANCE SALES, LLC.	Approved w/direction to staff	41-42

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
REQUEST FOR APPROVAL OF A RESOLUTION TO DESIGNATE UNUSED SPACE AT 500 MARKET STATION FOR ENTREPRENEURIAL ACTIVITIES; DIRECTING STAFF TO DEVELOP AN RFP TO IDENTIFY A PRIVATE SECTOR PARTNER FOR THE SPACE; DIRECTING STAFF TO IDENTIFY AND RECOMMEND A REVENUE SOURCE FOR USE AS COLLATERAL; AND DIRECTING STAFF TO PROVIDE AN UPDATE AND RECOMMENDATIONS TO THE GOVERNING BODY WITHIN NINETY DAYS OF ADOPTION OF THIS RESOLUTION	Approved [amended]	43-47
REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING CITY STAFF TO PLAN AND EXECUTE A FOURTH OF JULY COMPETITIVE RUN ON JULY 4, 2016, TO HONOR LOCAL VETERANS IN THE SANTA FE COMMUNITY	Approved	48
REQUEST FOR APPROVAL OF A RESOLUTION CONTRIBUTING PROPERTY AND RESOURCES TO NEW MEXICO INTER-FAITH HOUSING COMMUNITY DEVELOPMENT CORPORATION FOR DEVELOPMENT OF THE SANTA FE ARTS+CREATIVITY CENTER LOW INCOME HOUSING TAX CREDIT PROJECT PURSUANT TO THE AFFORDABLE HOUSING ACT	To Council w/o recom [amended]	48-55
REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO DEVELOP A STORMWATER MANAGEMENT PROGRAM THAT UPDATES THE CITY'S STORMWATER MANAGEMENT POLICIES IN FURTHERANCE OF THE CITY'S ENVIRONMENTAL PROTECTION AND SUSTAINABILITY POLICIES AND GOALS	Approved w/amendments	55-59
***** END OF CONSENT CALENDAR DISCUSSION *****		
MATTERS FROM THE COMMITTEE	Information/discussion	59-60
ADJOURN		60

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, March 21, 2016**

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 21, 2016, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Carmichael A. Dominguez, Chair
Councilor Mike Harris
Councilor Peter N. Ives
Councilor Signe I. Lindell
Councilor Renee Villarreal

OTHERS ATTENDING:

Oscar S. Rodriguez, Director, Finance Department
Kelley A. Brennan, City Attorney
Teresita Garcia, Finance Department
Yolanda Green, Finance Department
Melessia Helberg, Stenographer.

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

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

3. APPROVAL OF AGENDA

Oscar Rodriguez, Finance Director, said staff had asked to pull back Item #32, but understands there is still an interest in the presentation. He said, with regard to Item #10, this presentation was made last month to the Public Utilities Committee, and the data is outdated and is dependent on some of the conversations we will have this evening. He said Mr. Mumm will be in the audience, but not to make a presentation, and will serve as technical support to answer questions under the conversation under Continuation of Budget Discussion.

Councilor Harris asked to remove items #36-39 from the Consent Agenda and move to the top of the Consent Agenda Discussion.

Chair Dominguez said for the record, the reason Items #36-39 have been removed and moved to the top of the Consent Agenda Discussion, is that we want to have those items available to us in the context of the budget discussions we are having previous to that.

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

VOTE: The motion was approved on a voice vote, with Councilor Lindell, Councilor Harris and Councilor Villarreal voting in favor of the motion, no one voting against, and Councilor Ives absent for the vote.

Councilor Ives arrived at the meeting

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Villarreal 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

11. REQUEST FOR APPROVAL OF BID NO. 16/18/B – ACEQUIA TRAIL FROM HARRISON ROAD TO LA CIENEGUITA FOR ON CALL ROADWAY AND TRAIL CONSTRUCTION SERVICES; CENTURY CLUB CONSTRUCTION, LLC AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$41,500. (LEROY PACHECO)

12. *[Removed for discussion by Councilors Harris and Lindell]*

13. *[Removed for discussion by Councilor Harris]*

14. REQUEST FOR APPROVAL OF COMPLETION OF 2012 PARKS BOND PROJECTS – PATRICK SMITH PARK IRRIGATION SYSTEM REPLACEMENT AND TURF REHABILITATION USING CITY LABOR (IN-HOUSE) FORCE ACCOUNT CREWS. (MARTIN GABALDON)
15. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO CAPITAL IMPROVEMENT PROGRAM BETWEEN CITY AND CONTRACTOR – FY 13/14 WASTEWATER DIVISION PUBLICLY OWNED TREATMENT WORKS REPAIR, REPLACEMENT AND EXTENSION CONTRACT; TLC COMPANY7, INC., D/B/A TLC PLUMBING AND UTILITY. (JERRY TAPIA)
16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – REPLACEMENT SEWER RODDER TRUCK FOR WASTEWATER MANAGEMENT DIVISION AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$108,241; PETE'S EQUIPMENT REPAIR, INC. (JERRY TAPIA)
17. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 12 TO CONTRACT – SANTA FE RESERVOIR INFRASTRUCTURE IMPROVEMENTS PROJECT TO CREDIT UNSPENT ALTERNATE 1 OWNERS CONTINGENCY FOR WATER DIVISION; RMCI, INC. (ROBERT JORGENSEN)
18. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – TWENTY-FOUR (24) EIGHT CUBIC YARD AND FIFTY-SIX (56) FOUR CUBIC YARD FRONT LOAD REFUSE AND RECYCLING CONTAINERS FOR ENVIRONMENTAL SERVICES DIVISION; WASTEQUIP MFG. CO., LLC. (SHIRLENE SITTON AND LAWRENCE GARCIA)
19. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENTS – SIX (6) AUTOMATED SIDE-LOAD RECYCLING COLLECTION VEHICLES FOR CONVERSION OF THE RESIDENTIAL RECYCLING PROGRAM FROM 14 GALLON BINS TO ROLL CARTS FOR ENVIRONMENTAL SERVICES DIVISION; RUSH TRUCK CENTER AND BRUCKNER'S TRUCK SALES. (SHIRLENE SITTON AND LAWRENCE GARCIA)
20. REQUEST FOR APPROVAL OF LOW INCOME CREDIT POLICY FOR WATER DIVISION. (SHANNON JONES)
21. REQUEST FOR APPROVAL OF PURCHASE AGREEMENT – PURCHASE 1,059 TOILET RETROFIT CREDITS AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$50,000; ALDEA, LLC. (ANDREW ERDMAN)
22. REQUEST FOR APPROVAL OF GRANT AWARD AND AGREEMENT – 2015 HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANT PROGRAM FOR FIRE DEPARTMENT; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY & EMERGENCY MANAGEMENT AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$21,506. (DAVID SILVER)

23. REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT AND AMENDMENT NO. 1 TO INTRASTATE AGREEMENT FOR CENTURYLINK METRO ETHERNET SERVICE AT 100 CAJA DEL RIO, AND AMENDMENT NO. 2 TO BUILDING ENTRY AGREEMENT AT 1780 CANYON ROAD AND 121 AIRPORT DRIVE FOR ITT DEPARTMENT; QWEST CORPORATION D/B/A CENTURYLINK QC. (RENEE MARTINEZ)
24. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – UPGRADE CITY COMPUTING HARDWARE PLATFORM (ISERIES) FOR CRITICAL INFORMATION SYSTEMS; MAINLINE INFORMATION SYSTEMS, INC., AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$325,000. (RENEE MARTINEZ)
25. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR SANTA FE FIRE DEPARTMENT WILDLAND DIVISION FUND TO CORRECT OMISSION IN THE AMOUNT OF \$144,815 (ITEM WAS APPROVED AT FEBRUARY 10, 2016 GOVERNING BODY MEETING. (GREG GALLEGOS)
26. *[Removed for discussion by Councilor Lindell]*
27. REQUEST FOR APPROVAL OF FY 2016/17 LAW ENFORCEMENT PROTECTION FUND (LEPF) APPLICATION FOR POLICE DEPARTMENT; STATE OF NEW MEXICO, DEPARTMENT OF FINANCE, LOCAL GOVERNMENT DIVISION. (PATRICK GALLAGHER)
28. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 23-6.2 SFCC 1987, TO PERMIT THE SALE AND CONSUMPTION OF ALCOHOL AT FORT MARCY BALLPARK FOR THE BIKE AND BREW EVENT AND LIMIT THE MAXIMUM ALCOHOL CONTENT OF BEER TO EIGHT PERCENT (COUNCILORS IVES AND TRUJILLO). (KATE NOBLE). Committee Review: Pubic Works Committee (approved) 02/22/16; City Business and Quality of Life Committee (approved) 03/09/16; City Council (request to publish) (scheduled) 03/30/16; and City Council (public hearing) (scheduled) 04/27/16. Fiscal Impact – No.
29. *[Removed for discussion by Councilor Harris]*
30. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 12-9-3.9 OF THE UNIFORM TRAFFIC ORDINANCE RELATING TO ADA ACCESSIBLE PARKING VIOLATIONS REQUIRING A MANDATORY COURT APPEARANCE (COUNCILOR LINDELL) (SARA SMITH/ NOEL CORREIA) Committee Review: Pubic Works Committee (approved) 02/22/16; City Council (request to publish) (approved) 02/24/16; and City Council (public hearing) (scheduled) 03/30/16. Fiscal Impact – No.
31. *[Removed for discussion by Councilor Lindell]*
32. *[Removed for discussion by Councilors Harris, Lindell and Villarreal]*

33. **REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A NEW YEAR'S EVENT ON THE PLAZA AS AN ANNUAL TRADITION AS PART OF THE PEOPLE TO THE PLAZA INITIATIVE (MAYOR GONZALES, COUNCILOR IVES AND TRUJILLO). (ROB CARTER)**
Committee Review: Public Safety Committee (approved) 02/16/16; Public Works Committee (approved) 02/22/16; City Business and Quality of Life Committee (approved) 03/09/16; and City Council (scheduled) 03/30/16. Fiscal Impact – Yes. Expenditures = \$66,875 – comes from in-kind staffing, monies from other departments and costs for entertainment. Revenues = \$92,000 (City - \$50,000; Private \$42,000). Revenue is from monies from other departments and sponsors. Hope to reduce costs from other departments by increasing sponsorships.
34. *[Removed for discussion by Councilors Harris, Lindell and Villarreal]*
35. **REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE GOVERNING BODY PROCEDURAL RULES TO ENSURE A MORE FAIR, JUDICIOUS AND EFFICIENT PUBLIC PROCESS (COUNCILOR DOMINGUEZ). (KELLEY BRENNAN AND JESSE GUILLEN).**
Committee Review: City Council (scheduled) 03/30/16. Fiscal Impact – No.
36. *[Removed for discussion by Councilors Harris and Vigil and moved to the top of the Consent Calendar discussion]*
37. *[Removed for discussion by Councilors Harris and Vigil and moved to the top of the Consent Calendar discussion]*
38. *[Removed for discussion by Councilors Harris and Vigil and moved to the top of the Consent Calendar discussion]*
39. *[Removed for discussion by Councilors Harris, Lindell and Villarreal and moved to the top of the Consent Calendar discussion]*

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES:

**REGULAR FINANCE COMMITTEE – FEBRUARY 1, 2016;
SPECIAL FINANCE COMMITTEE – FEBRUARY 9, 2016; AND
REGULAR FINANCE COMMITTEE – FEBRUARY 15, 2016.**

MOTION: Councilor Lindell moved, seconded by Councilor Villarreal, to approve the minutes of the Regular Finance Committee meeting of February 1, 2016, the Special Finance Committee meeting of February 9, 2016 and the Regular Finance Committee meeting of February 15, 2016, as presented.

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

CONTINUATION OF BUDGET DISCUSSION

6. UPDATE ON FINANCIAL FRAMEWORK. (OSCAR RODRIGUEZ)

A copy of City of Santa Fe, New Mexico – Water Utility System Prospective Refunding/Defeasance of Outstanding Debt, prepared by First Southwest, is incorporated herewith to these minutes as Exhibit "1."

- **EFFECT OF 2009 WATER UTILITY DEBT REFINANCING**
- **EFFECT OF OTHER DEBT REFINANCING**

Oscar Rodriguez, Finance Director, introduced the new Budget Officer, Adam Johnson.

Mr. Rodriguez said he needs feedback on how to proceed with the budget with the recent refinancing of the Water Utilities debt. He last year the Finance Committee inquired about transferring the GRTs that go to the Water Company to another purpose, and Legal said that can be done. The only way this can be done is if we pay the Water Utility Division debt that was pledged by GRTs. Subsequently, the Governing Body adopted a Resolution directing staff to recommend a plan to make the water utility self-sustaining. He responded to the plan by Memorandum, and said there are a number of debts that are pledged by the GRT, and the first one we could act on were the 2006 bonds in the amount of \$34,000 in June 2016. He said he recommended that cash from the Water Fund be used to pay for those bonds, taking a significant step toward self-sustainability in the Water Fund.

Mr. Rodriguez continued, saying at that time it wasn't financially advisable due to the market conditions to pay the 2009 bonds, because the earliest these could be called without penalty is in 2019, and his recommendation was to keep funds in reserve and pay the bonds in 2019. He said once we were out of debt we could transfer that GRT capacity to the General Fund which would produce \$7.8 million in additional revenue. He said since that time, the federal rate has improved slightly, signaling that the economy had improved and rates should start to climb. He said all of this resulted in the decline in long term rates, and an increase in short term rates. He said our Financial Advisor has said it is now profitable to pay off the 2009 bonds early, bringing the \$7.8 million into the General Fund in the next fiscal year.

Mr. Rodriguez continued, saying this is good news and the City now has options to use the \$7.8 million to modify the framework the Governing Body approved last month. He would like to have this conversation with the Committee. He said the deficit is \$15 million, and the framework you chose to address the deficit was to increasing either the GRT or Property Taxes, including increase of some fees and \$4 million in cuts in operations, and enabling the Payment In Lieu Of Taxes [PILOT] or franchise of \$4.7 million. He said the \$7.8 million provides the opportunity to avoid or to eliminate some of these choices.

Mr. Rodriguez continued, saying he needs input from the Finance Committee because the budget will reflect the direction we have chosen, or we can go with the original framework. He said by paying the debt in the Water Fund we would use significant amounts of cash and pulling out the \$7.8 million in GRT revenue. He said Jason Mumm, the City's rate analyst for the past 15 years is in attendance. He asked Mr. Mumm to modify his presentation to include the new information. He said if we are using all of the cash in the Water Fund and remove the \$4.9 million in revenue. He has asked Mr. Mumm to calculate the amount of the Payment In Lieu Of Taxes [PILOT]. He said in the \$2.2 million increase in fees, Stormwater Fees are a big piece of that. The City receives \$1.1 million in Stormwater Fee revenue, which all goes to streets maintenance, with Stormwater being for erosion control so the minimum drainage function is there. He said it would take a 100% fee increase in Stormwater Fees to generate another \$1.1 million, as well as a major restructuring of that function. There currently is no administrative capacity to take that on. He said the plan to increase the fee would indicate exactly how the funds are to be used, commenting there is not such a plan in draft or close to it at this point in time. At this time he would recommend holding off on any increase of the Stormwater Fees.

Mr. Rodriguez continued, saying if we go forward with the current refinancing, the earliest we could close on the refinancing would be the end of June, and the earliest we would see funds would be in September 2016, commenting DFA requires a 3 month notice. "What you are looking at now is the reverse scenario where, instead of lowering the gross receipts in one instance and in the next instance raising it over here, we have a scenario now where you will be asked to raise the GRT at the end of this month so it becomes effective on July 1, 2016, and then abolish the other one not until June, so it becomes effective in September 2016, so it would be a lapse. I just want to put that in front of you to get you feedback on that."

Mr. Rodriguez continued, saying an important part of this that makes all of this possible is the refinancing we will be doing. He said, "It is a complicated maneuver as bond issues go. This is well above average in terms of complexity because there are so many moving parts and the consequences actually. So what I would like to do is to invite George Williford from First Southwest. He has been the City's financial advisor since 2004, and knows this quite well, so he can just walk through the basic concept of the refinancing that we're talking about."

Mr. Rodriguez continued, saying when he send out the email two weeks ago, they were thinking about repealing and having to repay the loans we have with the New Mexico Finance Authority of about \$13 million, or a little less, to liberate the GRT. He said there is a possibility that we could renegotiate the contract with NMFA and use the \$13 million to put into the financing to lower the debt service on the Water Fund. He invited George Williford, First Southwest, to walk the Committee through the concept for financing.

Mr. Williford said, "And so I will caveat all of this to say that for this to really be efficient, it will require injection and use of a certain amount of the remaining cash of the water system and so on. And that's really the case in play regardless of whether the NMFA loans remain outstanding or incorporated in the refunding/defeasance and we've got that built in. What I would like is to handout some information we put together. I'm going to walk through it if you don't mind, and I think that will be more orderly and understandable and then let you ask your questions."

Mr. Williford reviewed the information in Exhibit "1." Please see Exhibit "1" for specifics of this presentation.

Mr. Williford said in the bond payoff, \$13 million is the minimal essential contribution from the remaining funds in the Water Fund, but it is up to the Council to decide whether to use and contribute a higher amount, but he said his recommendation would be not to go beyond \$25 million.

Mr. Williford said he and Mr. Rodriguez have put two things on the back burner, given the potential to free-up the GRT and such. He said they looked at two of the senior lien GRT which funds primarily the CIP programs, which has a supplemental piece for the Convention Center. There is possibly an opportunity to refund other GRT secured issues, but this hasn't been brought to the Council.

Chair Dominguez asked if specific direction from the Finance Committee is needed to continue to move forward.

Mr. Rodriguez said there is a Resolution going through the process, directing staff to pay off or refinance the 2009 debt, and "we will go with that as the authorization. At any rate all of that has to come to the Council for approval."

Mr. Rodriguez noted there is a short window and we need to do a lot leading up to that. He said, "We're going to just proceed. If at the last meeting it seems that the NMFA isn't a possibility, we'll just go with a general bond issuance route. If it is a possibility we'll go that route, and just take direction on which route is the most feasible.

Chair Dominguez asked about the 4 month overlap, what it will mean in dollars and what does it mean to taxpayer.

Mr. Rodriguez said the Taxpayer would see a 1/4% increase for 3 months over the summer and then the 1/4% would go down September 1. He said it would mean a one-time collection of \$1.6 million to go to the Water Fund.

Chair Dominguez asked if everything we're trying to do is contingent on the NMFA deal happening, or do we have to pay that off.

Mr. Rodriguez said, "Yes. We have to liberate the promise of the GRT going to water debt. And the only way that can happen is you either pay it off, or in the case of NMFA, do approval to remove that as a lien which is locked in as part of the contract. They had indicated a willingness to do that, but that is not a condition for proceeding because the \$13 million restructure that Mr. Williford presented to you, assumes that we put at least \$13 million of cash into the deal. So we will pay off a piece of the 2009 principal, or use it to pay off the almost \$13 million that it is owed to NMFA. Either way, we can still pay it off. Obviously, if NMFA agrees to remove that lien, I would recommend we stay with that debt because it's only \$2 million and that we use the \$13 million or however much in cash the Governing Body decides to do to pay down the 2009 debt."

Responding to the Chair, Mr. Rodriguez said it is better if NMFA agrees, but it's not required, commenting that the savings are greater if we do that than going the other way.

The Committee commented and asked questions as follows:

- ◆ Councilor Lindell asked is the City able at this time, with the timetables involved, to go ahead and pursue and take advantage of unusual circumstances in looking at refinancing some of our other debt.

Mr. Rodriguez said yes, and these are the capital outlay GRT bonds, which generates about \$15 million. He said we are looking at hundreds of thousands in savings, not millions. *[Inaudible]*

- ◆ Councilor Lindell asked if that will be identified in the near future.

Mr. Rodriguez said yes, if not, it will be worked into the budget proposal.

- ◆ Councilor Lindell asked at what point in time does the Council need to make a decision on which scenarios to pursue.

Mr. Rodriguez asked, "Are you're referring to the "Hold Harmless" GRT or the general GRT."

- ◆ Councilor Lindell said she is referring to all the Water Bond series.

Mr. Rodriguez said the earlier the better. He has asked Mr. Mumm how much cash we can put into the deal, assuming we don't want it to affect rates and secondly, we don't want it to wreck the Capital Plan currently in place and anything else that is important. He said if the number turns into the \$25 million, "then I'm going to recommend to you that we go with that figure. The benefit is that the Water Fund will have a lower debt service as a result."

- ◆ Councilor Lindell asked if the Governing Body will have that recommendation soon.

Mr. Rodriguez said, "Yes and it will come before we have the next meeting, but I will send it out to you in the form of a Memo by email or something."

- ◆ Councilor Harris said he heard Mr. Rodriguez "loud and clear," on whether the bonds are issued in the public market or through the TTRF. He said the advantage is streamlining, and the disadvantage is that there is 4-6 weeks of exposure to market fluctuations. He asked, "Are there any savings associated with either approach."

Mr. Williford said, "We actually did a cost comparison of what it would require to go out into the market, all-in comprehensive, versus NMFA, and there is a cost advantage. They charge an origination fee, you wouldn't have underwriting costs and so on like that. And so there is around a \$200,000 to \$300,000, depending on issue size, cost benefit. But when we did the sensitivity as to

how many basis points rates would have to increase to offset that, it's very small. Only a 5-6 basis point increase in interest rates would more than wipe out the cost savings out. So timing is critical, and the sooner we do this, the better."

Mr. Rodriguez said it may be necessary to convene a special meeting just for this.

- ◆ Councilor Harris said, "Since the City of Santa Fe is talking with the NMFA, and seemingly this is something they might want, does the loan and the status there, does that enter into the conversation."

Mr. Rodriguez said no, it would be a separate action. He said, "They would take our request to modify our contract and us get out of the GRT lien that's in there now in April-May, so we'll know that in April. The other one is potentially, a specially convened meeting, but we have to see how all of that goes. If we could just leave it, if it's okay with you guys, we could just leave it that we'll be making that decision as the information is available. If it turns out that one can't close until July and the other can't close until June, obviously we'll come to you with the one that is most secure in hand and we'll let you know as that goes forward. In any case, it's got to come to the Council, because you will have to be approving ordinances and things like that for it."

- ◆ Councilor Ives said he has questions about the sensitivity analysis that you were running, and is unsure he fully understood the points he was trying to make, so "if you could walk me through those, and I know you had those as schedules 3 and 4 in our packet of materials."

Mr. Williford said, "The sensitivity... what we were trying to solve for there is the interest rate at which the total dollar savings would be only equal to the amount of cash invested, thinking that we at least wanted to recover the cash investment from debt service reduction. And so that should have been 3 and 4 in your book that I was referring to. And on the smaller issue size, it means that from where market rates are with what I just showed you, with respect to the \$780,000 expected savings, if \$13 million was invested. They could go up as many as 73 basis points and you should still save \$13 million through this structure and so on. And that's what I said, hopefully within the next month and a half we wouldn't see anything nearly that dramatic."

- ◆ Councilor Ives the said then the presumption is if it went above the 73 basis points, we would go negative on the amount of input, versus the savings recognized.

Mr. Williford said, "Yes sir, exactly. And that wouldn't say that the Council wouldn't want to go through with the structure, because that would still result in freeing-up the Capital Outlay GRT revenue, it's just you would be realizing less debt service savings than the amount of cash you had invested on the front end."

- ◆ Councilor Ives noted over the weekend, the Federal Reserve Chair was talking about easing its intent to increase rates, and asked if that plays into these issues here, and if it gives greater confidence that hopefully the near term impact is not likely to change.

Mr. Williford said, "As Oscar said, it's a little bit contradictory. When they raised the discount rate by 1/4%, that initially helped everything. And then longer term interest rates have actually declined, so you've had a flattening of the yield curve, and what's what's been beneficial to a structure like this where you are having to escrow based on shorter term rates, so you work them a little bit higher, and longer terms rates.... everyone's been watching what the Fed may or may not do. But they're really more tied to overall economic activity and there's really nothing that has been exerting upward pressure, at least recently.

- ◆ Councilor Ives said to be clear on the Drinking Water loans Series 2008 DWSRF and Series 2013, the 1/4% is obligated toward those measures as well currently, so that, along with whatever is not paid of the 2009 or what we would be looking to restructure with NMFA. He asked if there is a sense of how common it would be for NMFA to renegotiate and let go of a lien on the amounts we're looking at here.

Mr. Williford said, "We've talked several times. And the first answer is yes. Those are completely secured on parity with the 2009 issues, meaning they have the water revenues as well as the GRT securing those. So as Oscar said to Councilor Dominguez earlier, that lien has to be either extinguished or released. So, the models you see, just incorporate refunding of those into the overall structure. It would be a little better economically, and a little simpler, if NMFA would say yes, we can amend the loan agreements, but it will take action of their board. They said if it was in the PPRF program, it would probably be difficult. These are drinking water loans, they have a little more flexibility, so I talked as late as this morning to two of their people. They said it would really be a letter request, backed up by some substantiation of the level of debt service support and they felt like it should be approvable."

- ◆ Councilor Ives said some of their representatives attended the NMML District 2 Meeting at the Convention Center earlier today.
- ◆ Councilor Ives asked Mr. Rodriguez, "One of the items that was being considered was the potential for increasing the Stormwater Fee and I hadn't heard your thoughts on that until you were doing your introduction. And I just wanted to make sure I understood what you thought should be done at this point in time. So if you wouldn't mind just revisiting that."

Mr. Rodriguez said, "I would be recommending to you that we put resources in the budget next year to develop a plan about how that would happen. There are many possibilities, including what you mentioned in the resolution about the new legislation enabling the County, and that we get that plan in place. Both from the standpoint of the structure, the staffing and if we raise the rates, what they would be going to. And we do that before we raise the rates so we actually have a structure in place to receive the extra revenue, what you're going to do about it. That would be my recommendation."

- ◆ Councilor Ives said there was a report prepared by Public Works that identified some \$12 million in stormwater related projects, so it didn't seem we were necessarily without a plan in terms of how those types of monies could be applied. "Basically, you're saying, allocate funding toward a more thorough planning on the Stormwater front."

Mr. Rodriguez said, "As well as an institutional planning event. Would that be a utility. Would it be a new department, and what kind of people would be in there, etc. And also note for the \$12 million, for example, I guess I'm anticipating you would use part of it. If not, all or a part of the extra \$1.5 to issue debt, etc., I would strongly recommend you have a plan as to how that would work before we consider taking that to market. Obviously, you could use some of the \$1.5 million to continue to do operations, etc., which is allowed. But if the intent here is to do a more serious and full blown storm drainage effort, utilities, etc., my recommendation strongly is that I think that through completely before we launch."

- ◆ Councilor Ives said he certainly intends to do that, and he has brought forward a measure to look at exactly that, so we're on the same pathway there, noting he is curious about timing. He said we have some planning underway and his measure is designed to make it more rigorous and more meaningful across the City platform. If that plan were developed by July 1, 2016, what would be the implementation steps in process and timing of a raise in stormwater fee if we determined to move in that direction.

Mr. Rodriguez said, "First, may I just go to the original point that there would be a plan developed, having had this conversation with the Water Utility and Public Works Directors. At this point, there is not the administrative capacity to precisely produce that plan at least and implement it. Certainly you could get figures. And in fact, if the plan is sufficient to say those projects are good enough and that's where we're going to call the CIP. But the other thing, is it's not there. So I guess what I'm telling you that you would need the resources, someone that knows these things well, to come in and say this is the structure you would need and to also be able to help with this project. At this point, what you would be asking of the Water Utility with Public Works to do is an entirely new function, and I recommend that you put aside the necessary resources to get them there, so add that to the many things they're already doing. And that's my recommendation, just from the standpoint of what resources you have, etc., but that would be my recommendation."

- ◆ Councilor Ives said, "We do Stormwater, so it's not that we are without resources presumably, because it is part of our budgeting process. The stormwater fee currently goes toward cutting the salaries and expenses associated with the operation of our street which is where our stormwater runs, so we're left over with little capital to actually tackle some of those projects. So someone has obviously made it available in the 2012 bond."

Mr. Rodriguez said, "That's the recommendation, if what you're talking about here is a project, or a short list of projects that goes a different direction. But if the plan here is for a more substantial ongoing storm drainage effort where we would use the \$1.5 million to issue bonds, I would urge you to have a concrete plan, rather than just a list of projects. At this point, I would have a lot of difficulty trying to put that into a bond package or a loan."

- ◆ Councilor Ives said there was direction to work on such a plan, but doesn't know its current status, but looks forward to finding that out in Public Works.

Mr. Rodriguez said he would recommend lowering expectations on that revenue source.

- ◆ Councilor Villarreal said a lot of her questions were answered today when they went through the process to understand the nuances of refinancing. She asked at what point in time does the Council need to make a decision on the revised framework, based on this new financial scenario.

Mr. Rodriguez said, "I urgently need that input from you now, because we're framing a budget, and I would like to come to you with a budget that reflects that input and direction as opposed to making that decision on my own. I will do that, short of any direction, but that is upon us now."

- ◆ Councilor Villarreal said, "Some of the items that were on consent that we pulled, there are different scenarios and from what I understand, they are on the table because we have to consider all of them, not necessarily as a full package, but it could be individual possibilities. So what we're looking at tonight is just options."

Mr. Rodriguez said, "Yes. And the reason you see them both, and just to be sure we're talking about the same thing, we're talking about the Hold Harmless increase and also the general purpose GRT. Yes. It was never the intention that you approve both of them. As I've told this body before, I believe the market has a limit out there and the very most the market will take in terms of GRT is another 1/4%. I was only bringing those to you so you would have the option of those, but intending that you only approve one of those. And there has already been email traffic to you, the staff recommendation is the Hold Harmless increment which can stay with that. I believe the math is the same, and at least the message of why you're increasing it is because we're losing Hold Harmless. That is the purpose of what was intended. And so I would be recommending that you approve that one, in anticipation of awarding the gross receipts by the same in the water fund as soon as we're able to close in June."

Mr. Rodriguez continued, "The other resolution is the one that calls back the sunset on the Payment In Lieu of Taxes, the PILOT. When this was approved last year, the Council set a sunset for that, and so this opens this again for that to happen. We've asked the Rate Analyst what is the most, given the financial constraint in the Water Division, what is the most that could be assessed there, and I think you are going to see something in the neighborhood of 4%. So obviously that would significantly scale down the revenues we could expect from there. The framework goes from \$4.7 million from that concept, down to something very significant. \$4.7 million is equal to 4%, then 4% is equal to 1/3 of that, so you are looking at what \$1.6 millions, in that neighborhood. And so, obviously in the framework if it brings in less than \$4.6 million, then that's where the \$7.8 million of the refinancing would be put to. So I would like to hear your input there. That's some of the facts. We can't expect the 12% PILOT under this refinancing, it will be something much lower, so some of that will automatically go there."

Mr. Rodriguez continued, "There is a question of either cuts.... and I would recommend that you lower expectations on the fee increases in the neighborhood of \$1 million. So again, part of the \$7.8 million goes in. I want to know what your thinking is here. It is a little bit of money we're talking about."

- ◆ Councilor Villarreal said, "I just figured there were more things we needed to do first for refinancing that had to happen first...."

Mr. Rodriguez said that was the thinking at the beginning, but now it has all changed, and it's quite reversed, so you take action on these things and the financing comes later.

- ◆ Chair Dominguez said, "Prior to giving Mr. Rodriguez direction on what we need done with the framework, why don't you tell us where we are in terms of what you're seeing in cuts and in terms of increases. I know you've articulated now you think we should scale that down to about \$1 million, and maybe what your recommendation on how to utilize some of that money. I think, from my perspective, the lower we can bring the PILOT program, I had calling it the PILOT program, but whatever. If we can make that as minimal as possible, I think that's something that I would like, but why don't you just give us where we are now, and then we can have a discussion about what direction we want you to go in."

Mr. Rodriguez said, "At this point we have a very first cut of what the departments have submitted.... in other words this is the sort of number that comes in with the self cuts, the cuts the departments made on their own without the budget office, myself, as a measure actually pushing that further. And what we're looking at is close, is coming in with close to \$3 million in cuts, sort of automatic on their own cuts, and some of those things have been some dramatic changes. For example, the xeriscaping of the medians, which is a very significant thing for use. All that staff has paid for are temporary workers and in the CIP that is almost \$2 million in operations. The plan there is going to be to, instead of doing operations on those medians, is to do a project on the medians so they are xeriscaped throughout the City. So they will take less maintenance. And the maintenance can be done with a big machine, for example, as opposed to having a person [inaudible] at least a million in savings. It will take that temporary workforce ongoing for use when we do this major capital improvement."

Mr. Rodriguez continued, "Other things we're considering are developing plans, for example, amending the election finance ordinance. Right now there is a little contradiction that requires a minimum of \$600,000 and requires that \$150,000 be put into it every year. We are coming back to you clarifying that to say that you have to keep \$600,000 in there, should you ever get to \$600,000..... a number of other things. We are going to be imposing a much heavier vacancy allowance. I know this has caused confusion in the past. In the past the Councilors have called it vacancy savings, and I think has led to the beliefs that there is extra money out there. What this is, it's just saying we will just not be filling positions as much. And so when there are vacancies, we will assume many of them won't be filled, so there will be a higher vacancy rate as the result of this."

Mr. Rodriguez continued, "And those are just some of the ideas. There will be a reduction in hours at swimming pools, for example, reduction in hours at the GCCC, things like that. We're also looking at closing some of the libraries, some of them, all of them on Sundays or when traffic is down. There will be many other small and large changes you will be saying."

- ◆ Chair Dominguez said, "For the public to know, those details still need to be worked out, and staff is working on them, so you're not coming to us today saying that we're going to be closing programs. There are things staff is contemplating and we need to consider, in this case, in the framework of the cuts we have mandated."

Mr. Rodriguez said they are also going to be promulgating standards for City positions. For example, if the supervisor position becomes vacant, we will be looking at things like span of control, so we're not favoring positions that have a very low span of control, but filling positions quickly with an expanded span of control above 7-8 people. He said this will be leading to a reduction in staff.

- ◆ Chair Dominguez said there are 3 Councilors who have shown a lot of interest in how you deal with personnel, so be prepared for whatever questions might come from there. He asked Mr. Rodriguez if he has recommendations – should we do \$1 million in fee increases.

Mr. Rodriguez said yes, as well as the PILOT to be reduced significantly by the information we get back from Mr. Mumm. He said the balance of \$2 million would go to the property tax increases.

- ◆ Chair Dominguez would like to look to the future a little bit, because this gets us to first base, and we're also looking at changing behaviors in the community, what the constituency expects and what they pay for, versus what we can deliver. He said this framework gets us through one year, and then next year there is another \$700,000 in Hold Harmless or \$1.2 million which keeps growing.

Mr. Rodriguez said the question is down the road is if we will be here again because of the Hold Harmless or because behavior hasn't changes. He said currently the City waives fees of just more than \$1 million – parking and other fees – many fees that are waived are to pay for overtime. The fee is assessed to pay for overtime because it will take overtime by Police/Fire/Ambulance to provide the services. We will be coming to you with a plan to reduce that, or a smaller budget.

- ◆ Chair Dominguez noted we can be passing those costs to the organizations requiring those services for their events.

Mr. Rodriguez said yes, or passing on a reduced fee rather than a full waiver.

- ◆ Chair Dominguez said this is the opportunity to look to the future. He said, "Assuming we cover inflation and we have another 2% increase in GRT growth, just those two things cover the Hold Harmless impact for one year."

Mr. Rodriguez said yes for one year, and then it increases again.

- ◆ Chair Dominguez said we don't know what inflation will be in another year. He said this gives us quite a bit of breathing room, and gives us the opportunity look at figuring out how we can survive a few more years beyond the one year.
- ◆ Councilor Lindell asked if we are proposing a new proposed framework
- ◆ Chair Dominguez said Mr. Rodriguez is looking for something like that, because of the new revenue generated in taxes is being offset with \$7.8 million in the 1/4% GRT that is coming back in.
- ◆ Councilor Lindell said previously there was \$2.1 in fees, and Mr. Rodriguez said is was \$2.5 million.
- ◆ Councilor Lindell said Mr. Rodriguez is now suggesting \$1 million, and as recently as last week, we were talking about \$600,000 with the franchise/PILOT/Fee-in-lieu, whatever we want to call it. Last week it was \$600,000 and how much it is now.

Mr. Rodriguez said the framework talked about was \$4.7 million. He said, "I'm just saying it is necessarily going to have to be lower, given the new financial structure at the Water utility."

- ◆ Chair Dominguez said we received an email saying the PILOT Program potentially could go down to \$600,000.

Mr. Rodriguez said depending on where you put the \$7.8 million, it could go to zero, commenting the Governing Body has that discretion.

- ◆ Councilor Lindell said, "I'll just express my opinion that I think unless.... and we haven't seen any details, so it's pretty had to talk about this. We're just throwing numbers around at this point. But I was not dissatisfied with the framework we did pass, where we had \$2.5 million. Going to \$1 million on that.... we're trying to do better at charging fees to cover costs, and I support that, and I would like to see us continue down that road. And so for me, without seeing any details, just in terms of policy and principle, I'm not dissatisfied with where we were with the \$2.5 million. It's awfully hard to give an opinion on this without any specifics. Just in terms of policy and philosophy of it, I do think a lot of activities need to start to get closer to paying their own way."
- ◆ Chair Dominguez said we've had this discussion before, reiterating it costs money to provide the services the people expect, deserve and want.
- ◆ Councilor Lindell noted that some of those services are directed at very small populations and sometime we have to make hard decisions about the best way to spend the City's money. She said it was easier to say yes when there was a lot of money floating away, commenting it's hard to take things away once we've said yes, but "I think that's where we stand today."

- ◆ Councilor Ives said it would be helpful to have a comprehensive analysis of where all the fees are waived so we can understand better.

Mr. Rodriguez said the total overtime in the City was \$3.9 million, noting the Police was the biggest component . He said the other is snow removal almost all of which is done on overtime.

- ◆ Councilor Ives said he looking for an analysis on the fees and the overtime that gives us the idea of the significance of the lack of charges and the time and a half payments, both of which are extraordinary and not the norm in terms of where we hope to be.

Mr. Rodriguez said that is done and he will email it to him tonight.

- ◆ Councilor Ives said he would like something similar on health care costs and the implications of excise tax as the result of the Affordable Health Care Act, what those excise taxes will be and the sensible way to address them to keep the City's costs in hand. He also would like a comprehensive look at our leave policy and leave accrual, noted significant amounts have been accrued across various platforms within the City.

Mr. Rodriguez said he doesn't think either of the two numbers will matter a lot for the next budget. He said those are negotiated by the union, noting those are in the negotiation process and he doesn't think we'll be out of those negotiations in time to include it in this year's budget.

- ◆ Councilor Ives said he doesn't disagree, but believes we need a comprehensive plan for what we would do with an increase in Stormwater Fees, saying these are significant aspects of the budgeting process. He thinks having that information is the first step in making a hard determination as to the role they should play in budget considerations.

Mr. Rodriguez will get him the information, noting currently he has assigned staff to prepare the budget, and said he is forced to do triage about what they're doing. He said this information will come after they have prepared the budget.

- ◆ Councilor Ives said last year Mr. Rodriguez provided a chart on the excise taxes associated with the ACA.

Mr. Rodriguez said he can provide that information.

- ◆ Chair Dominguez asked if Councilor Lindell would like to give direction to staff.

- ◆ Councilor Lindell said, "Yes, I just want to give you some clarity that I'm asking that we stay with the framework that we were working with to look at the \$2.5 million in fees, rather than reducing it to \$1 million."

Mr. Rodriguez said, "Therefore, the corollary to that would then be that we apply the \$7.8 million primarily to the tax component and to the franchise fee component, that that's where that goes primarily. Because if you add them up, that would take care of the \$7.8 million. So I'm comfortable with that."

- ◆ Chair Dominguez said, "The idea is to continue to move with the general philosophy of the framework and as we start to get closer to the budget and during budget hearings, that if it becomes a little too putative or whatever, then we can have that discussion at that time. But, generally speaking, I think we want to continue down that path."
- ◆ Councilor Harris asked, "Mr. Rodriguez, I just want to make sure. Do you need direction tonight on what you think the cash infusion should be."

Mr. Rodriguez said, "I would like it, although you will get a budget draft with a recommendation. As much as possible I would like to present something that takes into account your purview. So, to the extent you can lend it, for example, what I've gotten so far, that's good. That does help a whole lot, and if there's more, that's better."

- ◆ Councilor Harris said, "What I heard was, again, we're back on the bonds, the water bonds, but I heard a minimum of \$13 million and really a maximum of \$25 million, to be prudent. Is that the range...."

Mr. Rodriguez said, "That's the general range. We're going to vet that with the guy that knows the most about what impact that would have on rates or not, Mr. Mumm."

- ◆ Chair Dominguez asked if \$25 million could have an impact on rates, or it may not. That's what we want to look at first.

Mr. Rodriguez noted the next meeting of this Committee is on April 4, 2016, and so that's when that decision will be made for sure. He said, "If it needs to be earlier, with your permission I would like to do that, just sort of just email it to you to tell you how it's going. But otherwise, I'll try to bring it to you on the 4th, and how much that high amount can be."

- ◆ Councilor Harris said, "I would be in favor of the lower end of the range, in terms of the cash infusion until things really settle out and keep probably more than is really necessary, quite frankly, in the Water Fund. I just think it's prudent to keep it at the lower end of the range. But I think we should wait for Mr. Mumm, as you said, to deliver his analysis and then we can provide clear direction."
- ◆ Chair Dominguez asked Mr. Rodriguez to be sure this is an action item for the Committee at the next meeting.

Mr. Rodriguez said he will do so, but if he gets the information earlier, he'll pass that to the Committee prior to the next meeting.

- ◆ Councilor Villarreal said, "Just to reiterate, I do agree with Councilor Lindell about trying to make sure we're looking at fees in the most efficient way that makes sense for the City. I do want to consider lowering the franchise fee. I always thought it was somewhat high. And you know, more than anything, it's just these GRTs, to make sure they are offsetting what we're talking about for this financial break we're getting. Because, as I've said for a while now, I am just thinking, increasing GRTs is.... it's a regressive tax, and I just keep thinking that's a possibility. But the Hold Harmless piece is something we haven't figured out when it all began, and I think that's where we need to start. So we're on the right track. I just feel like there are a lot of details... the details need to be worked out. But if this helps you, at least in moving forward, then it's a good thing. Thank you."

Mr. Rodriguez said, "It does a lot. Great. Objective achieved. Thank you."

Chair Dominguez said this was a very good discussion that needed to happen.

7. 2008 PARK BOND PROGRAM. (OSCAR RODRIGUEZ)

- **SPECIAL AUDITOR'S RECOMMENDATIONS FOLLOW-UP**

Mr. Rodriguez said he put his Memo in the packet about all the things that have been done, and other things that are going to be done, which he hopes is complete and clear to the Committee. He said, "You heard the State Auditor say at the Council Meeting, that findings they cited had been by the time they did their audit, these are things that happened pre-July 1. One measure the City has significantly changed the way it does business, there is a new reporting policy, a new Financial Management Policy, a new Capital Improvement Program, and the way we now do projects is significantly different. However, there are other things recommended to be done by the auditor that have been put in place."

Mr. Rodriguez continued, saying the most significant things have yet to be done, one of which is the programming of the unspent bond funds. The idea that 6 years after bonds are sold that there are unspent funds, is a significant weakness and a significant mis-step in the process. He said when we go out for debt, the projects the project are better scoped and can be implemented with great assurance they will be done at the most 3 years after the debt is issued. This is the proper expectation, and you have put policies in place to ensure that is happening.

- **REPROGRAMMING OF UNSPENT FUNDS (ROBERT CARTER)**

Mr. Rodriguez said the reprogramming will require a Budget Adjustment Request [BAR]. He said someone from Parks can make a presentation, or we can take questions.

Chair Dominguez said the floor is opened for questions.

Chair Dominguez asked Mr. Rodriguez, with regard to the unspent proceeds, if he is anticipating that it will be combined with the CIP program, or will it be separate.

Mr. Rodriguez said no, it will be an amendment to the CIP budget. He said in the future, any capital project activity is shown on the capital budget.

Chair Dominguez asked if the program has been developed for how the funds will be spent.

Mr. Rodriguez said yes, noting that detail is in the packet.

Chair Dominguez said the Governing Body needs to approve that program.

Mr. Rodriguez said the person who has that information is here and can make that presentation.

Chair Dominguez said no presentation is required, and asked the amount we're considering.

Mr. Rodriguez said it is \$810,000. He said it will be part of the capital budget proposal.

Chair Dominguez asked if Parks staff is here to let the Committee know if there is a reason this information isn't in the packet, noting he is hearing conflicting this from staff.

Mr. Rodriguez said, "I will take all responsibility. The buck stops here. If it's not in there it's because I somehow missed it. And we will circulate that to you immediately. I'm sure it's on its way now."

Chair Dominguez said, "Don't forget. This is part of the reason we're in the trouble we're in, in the first place."

Mr. Rodriguez said, "Well there's a longer story for that, I can assure you, but yes sir, we'll do our part."

Chair Dominguez reiterated that he wants that information in the Committee packet for the next Committee meeting.

• NEW CAPITALIZATION POLICY

Mr. Rodriguez said one of observations was that the City has a much higher threshold for capitalizing a project than is necessary. He said for land improvements, we're only calling it a capital project if the improvement itself totals more than \$100,000. He said this has been part of the policy for a long time. As a result, when the audit was done, the auditor used our own disclosure our own figure of \$2,084,000 to say that you spent \$2,084,000 in operations. He said they cited, using our own standard of \$100,000, that we missed some \$400,000 that should have been capitalized even with the higher standard.

Mr. Rodriguez continued, "That adjustment has been made in the General Ledger, so the figure of \$2,084,000 is now only \$1.7 million. He said he will be coming forward with a plan to lower the capitalization threshold to \$5,000 which is recommended in the General Accepted Accounting Practices [GAAP].

Mr. Rodriguez said, "That said, just to be totally transparent, we are going to post a notice which the Bond Counsel helped us to draft to the Securities & Exchange Commission, which requires anybody who issues bonds to post all relevant financial information in a thing called EMMA. So we're going to post a notice along with all of our financial information saying there has been audit, it found this, the figure is such and such and we're going to change our capitalization figure. And after we've done that and gone through the process, we'll re-post again what the firm capitalization figure is so that everyone is completely aware and the bond holders are properly notice. I just wanted to tell you that just so you understand what has been done in response to the 2008 Parks Program. It has helped us make major major changes in the way we do capital projects."

Councilor Ives asked if anything that is being done will help us meet the 5% threshold.

Mr. Rodriguez said, "Yes, and we'll ask our auditors to pass judgment on that and you'll get the final upshot published here."

Councilor Ives asked, within the safe harbor level, do we worry about...

Mr. Rodriguez said, "We have already asked our bond counsel for their opinion, and their advice at this point, but not is writing, is to give them the hard figures, and they will give us an opinion on any exposure we may have given that figure, so we're trying to get to that stage."

8. CONSIDERATION AND APPROVAL OF STAFF RECOMMENDATION TO FUND CASH DEFICITS IN CERTAIN FUNDS. (TERESITA GARCIA)

Chair Dominguez said this is mostly an accounting matter.

Mr. Rodriguez said, "Yes, and it's an important one, noting Ms. Garcia will be walking the Committee through this item. One of the bridging strategies used in the past was to simply run deficits in funds and let them roll any way, and we would make it up by writing an IOU to the cash pool. The deficits grew and are significant negatives right now, noting we carry them every year on our books. Every year we will be balancing those funds to get them to zero, which is part of our new way of doing business. We will ask you to appropriate money if there is a deficit so you can see what these are. These are the most significant ones. Ms. Garcia will review the funds and explaining the logic. The MRC probably never will be able to pay the accumulated deficit."

Ms. Garcia presented information from her Memorandum of March 18, 2016, which is in the Committee packet. Please see this Memorandum for specifics of this presentation.

The Committee commented and asked questions as follows:

- Chair Dominguez asked if these are every fund that has a deficit.

Mr. Rodriguez said yes.

- Chair Dominguez said, "Then the next time around there won't be mismanagement of projects. In other words, we're not going to see \$77 that was overspent because of matching funds or whatever the situation is. There will be no other fund that is in deficit after this."

Mr. Rodriguez said, "Right. And if there is, we will put in the budget and say X fund is in deficit and before you approve the budget, you need to put some money in there. This has all accumulated over the years, but every year, some of these funds like the MRC always move forward with deficit and the budget was approved with everyone totally conscious about it. That wasn't so much a staff thing, but that's just the way it was done."

- Chair Dominguez said that could speak to rates and whether or not we're charging enough.

Mr. Rodriguez said you can't solve some of these things with rates, and some of them are a matter of the rate base not being big enough, and noted his example of the GCCC.

- Chair Dominguez said part of the reason there could be a deficit at the MRC is because there isn't an appropriate rate structure for it.

Mr. Rodriguez said some of them, even if the rates were doubled, don't have the customer base to meet that.

- Chair Dominguez said he's trying to figure out what contributes to the deficits and what can we do as a Governing Body to ensure we don't continue these deficit scenarios.

Mr. Rodriguez said in some of these cases, it will be a question of accepting that these things will never pay for themselves, for example the GCCC. He said the cost of operating something like that is like the cost to operate the park. They just don't have enough traffic ever that could go through there enough to pay all of it. And you just have to accept that is going to a piece of it. The MRC perhaps the same. He said they will look at rate increases, but at some point the rates are so high that you reach a point of diminishing returns.

- Councilor Harris asked regarding Municipal GRT Railyard/General, what the deficit of \$257,472 relates to. He said there is no reason stated and asked where this deficit came from.

Ms. Garcia said this fund is generating revenue from the GRT and then it is transferred to different funds such as the Railyard or debt service. She said what happened is they transferred out more than the revenue coming in, which created the cash deficit. So if you reduce your transfers out, it will balance to zero. She said basically it's a clearing account. You record all revenue received from the GRT for that increment and then you transfer it to different funding source.

- Councilor Harris asked, "And this would just be for one year, what we're talking about."

Ms. Garcia said yes.

Mr. Rodriguez said, "One of the things the GRT goes to is to pay for the debt service associated with the Railyard. The grounds went into debt for that, so that is one of those. The other thing the City went into debt for there are the office condos where we have City facilities, so the City is paying for that debt services which was a bridging strategies. So what happened is all the money that would normally go to the Railyard activity, started to be taken out from there to pay for the debt service on the office condos on the second floor of the Railyard. And after a point, so much money was being taken out of there that it was *[inaudible]* all the costs. And there was year that the Railyard Corporation asked for an abeyance of the debt service payment which was granted. So they are going to pay that back, but it is slowly coming back."

- Councilor Harris said, "Reduce expenditures is the solution, rather than.... if I heard you correctly, you are saying much of it has been for debt service, so you can handle that. So how can we reduce expenditures if we're thinking in terms of debt service."

Ms. Garcia said, "Only a portion of it goes to debt, certain portions go to it. There was money that was being transferred to the Airport to match the Airport, there was money transferred out to the Parking Garage at one point, some of it was to pay debt, but most of it for this coming year was to pay for some of the CIP as matching for the Airport. And they have other funding. It's a mish-mash I think of fees. \$500,000 went to the Airport and another \$500,000 went to the operation of the Airport. My recommendation is they don't need the monies and don't transfer it out."

- Councilor Harris said, "I won't belabor the point, but I don't understand why they were getting the money to begin with, if this GRT stream is tied to the Railyard."

Mr. Rodriguez said, "It just turned into a source where there was revenue. For example, the City pays for its debt service for the structures there. It's at the Railyard yes, but the offices there could very well have been anywhere, so they just tapped into that. Previously, the City rented space out of the Federal Building. They moved out of there to the Railyard with the plan to save on the rent. The rent went into the General Fund and they found extra money for the rent out of the GRT from the Railyard. It just became a fund that was being tapped over time for whatever was short."

Ms. Garcia said, "It's not just for the Railyard. It's Railyard/General, so it's a shared tax and it's not just for the Railyard and it shared with the departments. And, for this one, the deficit came in June 30, 2013, it started accumulating, which means they were transferring more money than the revenue coming in."

- Chair Dominguez said, "Councilor Harris, part of the challenge has been the number of funds we have in the City, and a prize goes to that person who can reduce that number of funds by ½, right Oscar, because it becomes really an accounting nightmare and makes things much more difficult. I know that since we have a new Finance Director for two years now, we're doing a lot better. So the idea is to get some of this stuff squared away."
- Councilor Villarreal said, "This is a sobering report. It is very disappointing to me to see where we are and how this has continued to go on. And I know it's a similar point, but I guess I really do want to hear from staff to figure out how we can consolidate 400 plus funds that act as almost secret deficit funds until they're exposed like you did now, which I appreciate that you could do that. But what is the long term strategy for this."

Ms. Garcia said, "The critical point is when an item comes to Finance, that the item comes complete and accurate and the total funding is accounted for. What's been happening in the past was if somebody wanted a grant they would only budget the State or federal portion of the grant, not realizing there was a City match to it. And what would happen was that Finance and Council would approve only the funding for the federal and State portion. So when an item comes before you, it is really critical that the application and the amount the City is obligated to is included in that one fund. What was happening is that the federal or State side was approved by one fund, but not the City's match. So as the item came forward, instead of getting \$150,000, we're already \$50,000 in City match and that wasn't included in the BAR or not included in the memo that was moved forward."

Ms. Garcia continued, "And that's why some of these are negative. Because, number one, is that they bring it forward without finance review, meaning they bring it in at the last minute, and Finance does not have a chance to review and determine where the funding source is. The second is that we've had such a turnover with Finance Directors, because what is critical at the budget period, is that you take a look at what the balance is, and then at the final budget adjustment for the year, that those deficits be cleared with the cash balance that you already have."

Ms. Garcia continued, "So it's really a timing puzzle, that you need to ensure that those funds and those grants are actually in balance when you approve the budget. The 142120, which is the Railyard, they just budget more expenditures than revenue, and they transferred it out not realizing that the cash wasn't there. So those are critical items that we need to evaluate at the time that the item goes to Finance and Council, and at the end of the year when we are evaluating each and every fund – where it stands, are they going to have every receivable, meaning are they going to draw everything, are the expenditures allowed. Sometimes they'll expense something and for some reason the federal or State will disallow that cost. It's just an ongoing cleaning of the funds

to make sure that when the items are brought to Finance Council they are complete and accurate as much as possible."

Mr. Rodriguez said, "I just want to make clear, that's ostensibly how it plays out, but I do want to make clear to you that there is no good explanation here for why we have so many funds. I guess a very basic part of my job for the next year or two is to bring that wall under 100. There are many much more complicated cities that do a lot more activities because of its size, and don't need 40-50 funds, etc. We had well under 100 funds in a City of half million people at the time. I think we can do it here. One of the things we've already done to change that is to change the reason for it, and there was a reason for it. In fact if you put yourself on that side of the table you might be using the same strategy. In the past, the Council would approve money and if you didn't get the job done, then you tried to find ways to keep that in your stable, keep that with you. The practice was called carry-forward. It was approved, it didn't get done, it was just carried forward in the next year, assuming that the Council would give you the appropriation because you still had an appropriation that the Council said yes a couple years before that."

Mr. Rodriguez continued, "The fund was the same sort of strategy. Once you put it into the fund, it will survive the fiscal year. So you have the money, you could put it aside, and 3 years moves on and you can still count on that money, but somebody spends actually on the negative side. I think part of the strategy is to let everybody know that you can spend only what was appropriated that year, and at midnight June 30th, that appropriation ends. And if you need that money again, you have to come back to the Council and explain why you didn't get it done and to ask for that money again..... there was one option. The department either stops the activity or starts to go over budget, and at that point we can catch it."

Mr. Rodriguez continued, "There's real good reason, and Councilor, I will take that challenge, we will be below 100 in two years."

- Councilor Villarreal said, "It's the department's challenge to be able to close out funds that are no longer needed in that way. So I applaud you for that difficult task, but I do think we need to move forward in that direction. Thank you."
- Councilor Ives said this is the balance of June 30, 2015, so we are missing 8 months. He asked if it would be possible to get a spreadsheet showing the current deficit and for the past 5 years, how much accrued per year for each of these that are over \$100,000 or more.

Ms. Garcia said she has that list, noting one of her analyses was to determine, number one when they went into deficit. Number two is how current are they and what was the condition of funding at the time it went into the negative. She said, "A lot of it, as I said, is I did go through the grant. Number one, is that I went through to see if there was a receivable against it. So even though your financial reports may show a negative cash balance, but there is a receivable coming in. I do have that information for you, since I went back to 2008."

- Councilor Ives said he is interested in the history in the larger funds over the course of time, saying he would appreciate that information.
- Chair Dominguez said so at one point in time, there was a rationalization for having more segregation – to have as many funds as possible. However, in this day and age and the change in philosophies and the way we will operate, he thinks the comments are well noted.

Chair Dominguez Mr. Rodriguez if he needs action on this item.

Ms. Garcia said she would like direction as to whether to include these adjustments in the current year, or if cash isn't available in the current year that these are covered at the very beginning of next year before any budget is expended.

Chair Dominguez asked Mr. Rodriguez if the cash is available.

Mr. Rodriguez said, "Yes and no. We have cash in some of these funds, but we've been leaning on these funds to balance the budget, so that means there would be more money from the General Fund ultimately to cover this. What we'll try to do with the cash available in these funds, we will do a BAR to balance them this year, and at this point, I don't think there's any one for which there is not cash. Then we would balance it with money from the ending balance of the General Fund.

Chair Dominguez asked if that BAR can happen at any time.

Mr. Rodriguez said, with your permission, we would like to just take that to the City Council.

Chair Dominguez said he is okay with that, commenting we need to do it as quickly as possible. He said, "Okay, there's your direction to go ahead and send a BAR to City Council unless someone else has any other comments. Thank you Teresita."

9. DISCUSSION ON MONTHLY FINANCIAL REPORT ENDING DECEMBER 31, 2015. (Oscar Rodriguez)

Chair Dominguez said this is a good thing for the new Councilors to look at. He asked Mr. Rodriguez, "Is there anything you want to lead us to, or can I just turn it over to the Committee."

Mr. Rodriguez said, "It is your pleasure. My summary is on the front page. Basically, we are on track to receive more GRTs than we had anticipated." He said there could be extra money in the General Fund, and as you saw, we're going to use some of that to balance accumulated deficits and some other funds, so it's not like there is a whole bunch of new money. He said, "My view, generally, are of the conditions is that this would be short-lived. I think the region is starting to slow down, certainly parts of the country that look like us which is energy and federal government dependent. So I think this spurt is short lived. At least we should not be banking on it long term."

Mr. Rodriguez continued, "We budgeted an increase in revenue of 1.5%, and it seems as if it is going to be coming in about 2% above that, so it's a pretty extraordinary spurt."

Mr. Rodriguez continued, "If you put this money in equal terms of 2008, we are still way below the money that was coming in 2008, which is also the reason we got into the deficit. The money may look bigger, but the buying power is a lot less. We are projecting a cash balance of \$95 million by the end of the fiscal year."

Chair Dominguez said in the General Fund, the recreation fees were up and asked if we have any indication as to the reason.

Andy Hopkins said he thinks it is a short term blip and doesn't see it becoming a trend.

Chair Dominguez asked if it was better marketing.

Mr. Hopkins said he heartily doubts it, and said "maybe the public got the swimming bug there for a while."

Chair Dominguez said there were lots of increases, but State and other grants, recreation and franchise fees.....

Mr. Hopkins said the GCCC was closed during the month which caused a spike in attendance at the other pools which are funded by the General Fund, where the GCCC is an enterprise, so you would have seen a temporary shift there of regular swimmers.

Councilor Harris said the City is projected to have a 29% increase in gasoline tax, and asked the formula "for the City of Santa Fe in collecting Gasoline Tax."

Mr. Hopkins said there are increments of 1¢ and 2¢ received by the City per gallon of gasoline sold in the City limits, noted those are limited to be spent on streets and road construction, improvement and maintenance. These currently are put in a separate fund and shown as part of the all funds summary because this includes all funds other than CIP. He said this is one of the 400 funds which is dedicated to road improvement and maintenance.

Councilor Harris said then we're collecting 3¢ per gallon.

Mr. Hopkins said, "Yes, that's correct, for sales within the City limits."

Mr. Rodriguez said, "Since it's per gallon and not a percentage of the price, cheaper gas means more gallons being sold."

Councilor Harris said, "I know there's been a discussion in the past about Gasoline Tax, two months ago, but what is the process and is there a limit that any municipality can impose."

Mr. Rodriguez said it is 2¢. He said, "We asked Taxation and Revenue what they estimate this would be and they were saying some \$950,000. The way you raise it is you would pass an ordinance calling an election, so it has to be done by election. You pass an Election Resolution. You do an election. If it's approved, then the increment is effective."

Councilor Harris said then it is limited to an additional 2¢ increment.

Mr. Rodriguez said, "I believe you can do a smaller increment, but I believe 2¢ is the limit. This is new legislation and you can do a 1¢ and you can do up to a 2¢, but I don't believe you can break it into smaller increments such as 1½ ¢. And you can't go above 2¢ and it's all used for the same purpose."

Mr. Hopkins said, "One more thing Teresita wanted me to note for you this is a State-shared tax and is collected and distributed by the State, based on data from retail outlets around the State. This is something we could impose an additional amount, but we really have no control of the administration of the tax itself."

Councilor Ives, referring to packet page 7 funds with projected budgeted ending deficits, said the last item indicates that through June 2015 it looked as if there was a total of \$2.5 million in terms of deficit cash balances. He said, "When I look at 'this' sheet, the projected cash as of 7-1-16 Budget Basis, it is suggesting \$3.790, so it appears to have jumped up by \$1.2 or \$1.3 million over the course of this year. Am I reading that correctly?"

Ms. Garcia said, "No. What it is, remember I told you there are receivables out there is that we spend the money for some of our grants and then ask for reimbursement. So this does not reflect the receivable that is due to us. So the municipal GRT is an estimated loss and we should be able to adjust our budget to reflect the loss there. The Water Street drainage will be in my report. The property tax, that's where your revenue exceeded expenditures. The Financial Software was in my report. The Parking Violations – there are other funds that accumulate that because it's within an enterprise. So all it is a change in reporting. The MRC is that way in my Report. The Airport Funds, all these Airport Funds are receivable, grants, so currently they do now have a deficit because they are waiting for receivables from the federal government. Market Station was in my report, and the Insurance Claim Fund is just a subsidiary of our Risk Management."

Councilor Ives said he appreciates the clarity on reimbursements.

INFORMATIONAL ITEM

10. UPDATE ON FINANCIAL HEALTH OF UTILITY FUNDS. (NICK SCHIAVO AND JASON MUMM)

No presentation. Mr. Mumm in attendance to answer questions only.

CONSENT CALENDAR DISCUSSION

36. **REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL GROSS RECEIPTS TAX (COUNCILOR DOMINGUEZ). (OSCAR RODRIGUEZ) Committee Review: Public Works Committee (approved) 02/22/16; City Council (request to publish) (approved) 02/24/16; and City Council (public hearing) (scheduled) 03/30/16. Fiscal Impact – TBD.**

Mr. Rodriguez said his recommendation is to go with the Hold Harmless GRT.

Chair Dominguez said Mr. Rodriguez recommended earlier to go with the Hold Harmless GRT and not the MGRT. He asked if the new Councilors understand the difference between the two taxes.

Councilor Harris said, "Yes. That was part of the discussion I had earlier with Oscar and Mr. Williford."

Responding to the Chair, Mr. Rodriguez said whatever tax the Council chooses, that is what will be in the budget.

Chair Dominguez said he thinks we need to keep all taxes on the table in case something happens, or we get new information about what the Legislature might do with Hold Harmless.

Mr. Rodriguez said there is only a two-week window here – that opportunity expires on March 30, 2016. You could postpone it past that point, thinking you might want to raise it on September 1.

MOTION: Councilor Ives moved, seconded by Councilor Harris, to postpone this item to the next meeting.

DISCUSSION: Chair Dominguez said we want to make sure it stays alive since there are only 2 more weeks. So the motion is to postpone any action on this item to the next meeting.

Councilor Ives said if we act on these things it sounds like it will be before Council and we do have action by other committees that would move these measures on to the Council.

Chair Dominguez said this is scheduled to be heard by the City Council on March 30, 2016, so it doesn't do any good to postpone it

Councilor Ives said he thinks it's fine to have a discussion. He said at Public Works the notion was to maintain them so we could have a full discussion at Council as to what would appear to be the best course going forward, and believes that discussion will occur in any event, so he sees no harm in moving these forward because they're already on that pathway.

Mr. Rodriguez said, "So long as one of them survives."

RESTATED MOTION: Councilor Ives moved, seconded by Chair Dominguez, to approve this request as it will be heard at Council on March 30, 2016.

DISCUSSION: Chair Dominguez said it just moves it forward and doesn't indicate support one way or another that we will enact this.

Councilor Harris said he would favor a course of action to come out of the Finance Committee, rather than submitting everything *carte blanche*. He said the main thing he would want to be assured of is that a decision has to be made on March 30th.

Chair Dominguez said that is correct.

Mr. Rodriguez said absolutely.

Councilor Harris said, "For the sake of decision making, it seems to me that it is the role of the Finance Committee to understand the avenues that are available, and I'm really talking about the GRT, either the municipal or the Hold Harmless."

Chair Dominguez said we could send it forward without a recommendation and then approve, definitively Item #38, if that looks like where we are going.

Councilor Harris said, "Approve Item #36 without a recommendation, correct."

Chair Dominguez said, "Yes. send it on without a recommendation, and then take action on #38 which is the one we're looking at to absorb the 1/4¢. Kelley, is that okay?"

Ms. Brennan said, "Yes. I was going to suggest that you keep them alive, plus the ones that you are not interested in recommending as much, send those on to the Council, and recommend the one that you favor."

Chair Dominguez said, "That's the path we're on. So do you want to change it Councilor Ives, or do you want to keep it like that, you have a second."

Councilor Ives said I'm happy to amend my motion.

RESTATED MOTION AS AMENDED: Councilor Ives moved, seconded by Councilor Harris, to move this item forward to the Council without recommendation from the Finance Committee.

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

37. **REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 11-12.1 SFCC 1987, TO REMOVE THE PROVISION PERMITTING PAYMENT TO THE CITY IN LIEU OF TAXES FROM ENTERPRISE FUNDS; AND REMOVING THE SUNSET CLAUSE (COUNCILOR DOMINGUEZ). (OSCAR RODRIGUEZ) Committee Review: Pubic Works Committee (approved) 02/22/16; City Council (request to publish) (approved) 02/24/16; and City Council (public hearing) (scheduled) 03/30/16. Fiscal Impact – Yes. According to the formula, the approximate amount that will be transferred from the Water Fund is \$4.7 million. The amounts that will be transferred from the Wastewater and Solid Waste Funds will be equal to the value of the service they currently provide to the non-utility departments, currently estimated at \$1.3 million. These estimates will be updated as part of the budget process with the benefit of a couple more months of revenue experience.**

Chair Dominguez said, "So essentially, this is just giving us the ability to comply with the framework that we have approve, which allows for a Payment In Lieu Of Taxes."

Councilor Lindell said, "It does have with it a number of \$4.7 million, which that's really not where we are at this moment in time. Do we need to change that. The number is not specific in the Fiscal Impact Report, it's just specific in the caption, well not really the caption, but in the notes."

Mr. Rodriguez said, "If you could just say up to this amount. We all know now it's going to go way down now, but at this point, since we don't have that exact figure to recommend to you, if you could say something like up to that amount. And then I will recommend to you what we get back from Mr. Mumm and we can modify it obviously. The legislation just says allows to go forward like that, it would help."

Councilor Lindell said, "It does say not to exceed. Okay."

Councilor Harris said, "Yes. You have the background on this, so the final sentence in Section D provides, "...*The City may charge the enterprise fund for duly incurred non-routine costs of city services attributable to operation and maintenance...*" He asked the intent of that language, and asked Mr. Rodriguez his response.

Chair Dominguez said it is the impact on the General Fund for the rights of way. *[The Chair's remarks here are inaudible because the Chair's microphone was turned off]*

Mr. Rodriguez said, "Well, it's just rent for the use of the right-of-way. If it was a private company you would be paying the rent, so it's just based on that. A specific formula would be, we would go the same way for anyone which is what the market can bear. But the history of that is that I calculated back how much was transferred from the water company anyway, and historically been taken out. And so this was just sort of a measure to say that's how much it is and as it goes forward. In fact, I'll tell you in the budget proposal you're going to get a recommendation also for a franchise fee in wastewater and solid waste which would be equal to the value of the free service that the General Fund gets from both of those of two funds as a way to make it very transparent. Where it's headed now though is obviously going to be a much lower amount, and we'll gear it to what Mr. Mumm says."

Councilor Harris said, "In other words, I don't want to say standard language, but whether it would be applied to Wastewater or Water, this language is what you would expect to see to justify..."

Mr. Rodriguez said, "Yes. For us to come up with a formula for how much [inaudible], we would be having to recommend a whole bureaucracy just to calculate that. Let me give you an idea though, the highest franchise fee we charge a utility company in the City is 5%, and there's no formula for that, other than to say, for you to use the right-of-way it is 5% of gross receipts."

Chair Dominguez said, "There is a long history behind this, Councilor. I guess the intent of the enterprise is that the enterprise run itself and generate its fees, but we were estimating or contemplating the impact that the business would have on the General Fund. This is a way to at least recognize that."

Councilor Harris said, "I certainly think it's better language. It's really a more disciplined approach that is found in Section D, rather than fairly soon scratching D, and then you have a system where it is much broader language that you find in E. I think it is a more disciplined approach. I just wanted an explanation on that final sentence."

MOTION: Councilor Ives moved, seconded by Councilor Harris, to approve this request.

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

38. REQUEST FOR APPROVAL OF AN ORDINANCE ADOPTING A MUNICIPAL HOLD HARMLESS GROSS RECEIPTS TAX (COUNCILOR DOMINGUEZ). (OSCAR RODRIGUEZ)
Committee Review: Public Works Committee (approved) 02/22/16; City Council (request to publish) (approved) 02/24/16; and City Council (public hearing) (scheduled) 03/30/16. Fiscal Impact – TDB.

Chair Dominguez asked, "Do you want a specific amount. Do you want that 1/4¢ to be articulated clearly."

Mr. Rodriguez said, "Yes sir."

MOTION: Councilor Ives moved, seconded by Councilor Harris, "to approve this request with a 1/4%."

DISCUSSION: Councilor Villarreal said, "Just to clarify, the goal is to offset that so this particular GRT does not affect the taxpayers."

Mr. Rodriguez said, "Yes ma'am. The goal here is to avoid a tax increase which we have achieved but for the gap there in closing the numbers. So the intent is to reset, so when we lower that same GRT on September 1st this one would be in place."

Chair Dominguez said, "So there will be 3 months, assuming things go the way they are, there is going to be that 3-month gap."

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

39. REQUEST FOR APPROVAL OF A RESOLUTION INCREASING THE PROPERTY TAX WITHIN THE MUNICIPAL BOUNDARIES OF THE CITY OF SANTA FE (COUNCILOR DOMINGUEZ). (OSCAR RODRIGUEZ) Committee Review: Pubic Works Committee (no recommendation) 02/22/16; City Council (scheduled) 03/30/16. Fiscal Impact – TBD.

Mr. Rodriguez said, "This is only out there to preserve your options. At this point, the framework we've talked about seems to be well enough, unless of course, at this point you give us some direction that we should offset some of that GRT with an increase in property tax. Just keep in mind that property taxes are so low it would take a very significant increase to equal that amount. So, for example, it would take an almost 100% increase in property taxes to equal one increase in the GRT, because we only receive about \$3.5 million of property taxes. And by way of having someone to explain it to me why that happens here, I mean having a lot more experience with Southern New Mexico, where property taxes are significantly higher there and there's not as much of a tourist environment, so people have to pay their way a lot more. Tourists are a bigger part of the picture here, so as a result, it made no sense over the years, as someone explained to me, that the GRT would go up by itself, so there's no need to even increase GRT, let alone property taxes. So as a result it's gone there, and so, look at us now. If push came to shove, unfortunately if something happened, we didn't have to go there. But, push came to shove, and the second biggest tool in the tool box is ineffective. It is only 5% of the total. So we would have to do a lot of things to ratchet that up."

Mr. Rodriguez continued, "If you think that maybe we should be migrating in that direction, I think that would be a wise direction to go over time, to shift GRT to property tax, then I would like to hear about that. At this point, there are a number of programs in the budget that are very tied to that. Actually there is the Police Property Tax and the Fire Property Tax, and we'll give them a small amount, and some of those things you saw, in fact, in deficit there. And so, we could attach a program that is just tied to those different sorts of things if you so direct. I would love to get your input here."

Chair Dominguez said, "I think this is one of those issues that is tricky. I think when you just look at our general source of revenue, there is a clear discrepancy between GRT and property tax. There is a whole other debate about which properties should be paying more or less and all that other stuff. I do think that it would be wise of use to think about not only making that shift, but utilizing this as a way to secure the future, if you will, in terms of the challenges we have with the Hold Harmless and everything else, only because this is a more stable source of revenue. It's not much, but it's much more stable. Part of the challenges of gross receipts taxes is that they are regressive. However, people have more of a choice in whether or not to get one product versus the other that does the same thing. And with property taxes, you don't necessarily have a lot of those choices I guess, in terms of consumer spending. But it's an interesting discussion. I don't know if this Governing Body has the appetite to go that far and stretch the envelope, or stretch the limits, but it is on the table for discussion if you so wish."

Councilor Ives said, "I think it's prudent, as we're doing with these other measures, to move it on to Council in any event, and of course it has come through Public Works, so it is headed there."

Councilor Ives continued, "I suppose one question. I had looked at the potential for property tax a couple of years ago. It was intended to be targeted toward certain large expenditures benefitting the City. One internal to the City operations in terms of IT, and the second one dealing with the Fire station we believe needs to be built as a result of the annexation on the property near 599. And so I had proposed a two-year tax which would have brought in, at 2 mills, about \$7 million, so presumably enough to have covered the IT needs on a short term basis, as well as the construction of the fire house. Are there significant projects like that out there, the fire house obviously is still out there, that a property tax, long term or short term, could cover significantly that really are part of the significant infrastructure of the City, as opposed to a more passing opportunity for expenditure of funds, something really solid that moves the City forward in terms of its service to the citizens."

Mr. Rodriguez said, "First of all, for you to tie this to a capital project, would take a general obligation bond election, and the only way you could actually tie it. You could, by policy say this money shall go to build a fund to build a fire station, and that's something you would do here directly. Now is there anything that very discretely falls in there. I think earlier you heard the conversation about how there are these funds that brought in X amount of money, but over times we put things into them that exceeded that amount, and that's when we had the negative. In fact, in the budget proposal, you are going to see the Police and Fire property tax, and GRT tax simply put into the General Fund so there is only one Police budget and one Fire budget, so there's no place where you can squirrel any of that money. So I guess my answer to that is none precisely, but if the direction you give is something we can discretely put in there for that, I'm glad to do that. And then maybe instead of a full 1/4¢ GRT, a fraction of that could be offset with the property tax if you think that is something that would go somewhere. I understand how hard this is, as they say it's like heaven, all of us want to go there but not right now. I think, generally, everyone would agree with that. The first step is what is hard."

Councilor Ives said, "I recognize it's about 4 mills this body has the authority to impose, but I wouldn't want to go there without having specific intents for those funds at hand. And it certainly could be as simple, when we get into budget discussions of Police and Fire which constitutes some \$30 million plus in our budget every year. And the gross receipts taxes that are dedicated to those operations are significantly less than that amount."

Mr. Rodriguez said, "We considered this with the Fire Property Tax, and it brings in the money needed to replace the cars every year, for example, and so far so good. But, over time, the revenue would stay flat, but the numbers of cars and costs of cars would increase. And that's when you create the situation where you have a deficit that will surely appear. I want to avoid that. But if it was something, for example, that goes up or down according to what the property tax would bring in, yes, I would be happy to identify a couple of things."

Mr. Rodriguez continued, "May I, if I may Mr. Chair, make a recommendation here, and that is that you keep this alive, because have enough time. This doesn't have to be approved in two weeks, and has to be approved as part of the budget. What I would like to do is to come to you with some proposals in the budget for things like that to be included and to be covered solely with property taxes. And as you well know, Councilor, you brought this legislation to my attention, there is a possibility to impose a property tax to do storm drainage by this new authority that comes here. So maybe you could preserve it to go there as well."

Councilor Villarreal said, "I just wanted to agree with my colleague about having specifics about how the property tax would be used if we increase it. I think we owe it to the public to let them know how it's going to be used versus just being thrown into the General Fund to cover a deficit. And as you had mentioned, Mr. Rodriguez, that there was a percentage of property taxes, most people may or may not know this – what did you tell me, 9% of the overall property taxes go to the City. Is that the correct amount."

Mr. Rodriguez said, "Yes. It's a little less than 9% of all the property tax levied. When you look at your bill, a little less than 9% goes to the City."

Councilor Villarreal said, "But if we raise that portion, it's not going to be a huge amount we would get in revenue, so I would like it to be very specific about how we are going to use that. Thank you."

Mr. Rodriguez said, "Okay."

Councilor Harris said, "I was actually going to make the same points as Councilor Villarreal. And just to make sure, Oscar, when you talk about it, when you talk about property taxes, a 100% increase, that you make sure you are clearly focusing on the City's portion, otherwise it sounds like we're going to potentially double peoples' property taxes. And we're not doing that."

Mr. Rodriguez said, "A 100% increase in property taxes would mean an 8-9% increase in the overall property taxable, so obviously something less than that is *[inaudible]*. Again, because it's so small we run this math of small numbers and big percentage increase to get something significant."

Councilor Harris said, "Certainly a focused expenditure associated with a property tax increase, I think, is important. And then just a discussion as much as possible within our town about how the property tax is structured, asking people just to look at it. And I think they will realize that the City's portion, as you've noted, is extremely low. And I would like to continue the discussion as well."

MOTION: Councilor Ives moved, seconded by Councilor Harris, to move this item forward to the Council without recommendation.

DISCUSSION: Chair Dominguez asked if property tax can be used for operations and maintenance.

Mr. Rodriguez said, "Yes, but not a G.O. bond tax. A big no-no there."

Chair Dominguez said, "I agree with Councilor Harris that we need to have this discussion, and this community needs to have that discussion in great length and detail. It brings up all sorts of things, one of which is equity, which I really like to talk about, but that's a tougher discussion."

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

12. REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO PROFESSIONAL SERVICES AGREEMENT – AIRPORT TERMINAL EXPANSION AT SANTA FE MUNICIPAL AIRPORT; MOLZEN-CORBIN & ASSOCIATES, INC. (MARY MacDONALD)

Councilor Harris said this is Amendment #8, and although this is a small amount, it is a significant contract for professional services that would take it to a total of \$4,391,780.91. He realizes it is all for the Airport, and there are a series of 11 tasks assigned to the base contract. He asked, "In terms of the professional services that have been provided, is this the end of the road, or have all those tasks been fulfilled. Where do we stand on the overall contract. And then I'll ask about payment schedules and things like that."

[David Pfeifer's remarks are inaudible because the microphone was turned off] I think he said the contract expires June 30, 2016, it is a 4-year contract begun in 2012, with a 4-year option one year at a time.

Councilor Harris asked if all of the tasks been fulfilled.

David Pfeifer, Director, Facilities Division, said yes.

Councilor Harris asked the construction dollars associated with the tasks, just a rough dollar figure.

Ms. MacDonald said they don't have that information with them, but they can get that information to the Committee. She said, "Most of these tasks have been managed outside David's Division and have not been a part of my responsibility. We can certainly get that information for you from the Airport management office that has managed the majority of these tasks."

Councilor Harris asked, "Do you have a range estimate you think, in terms of construction dollars."

Ms. MacDonald said, "I might, if the consultant had shown up tonight, but we can certainly get those answers for you – a summary of what is going on with this contract. Many of the tasks may not have been accomplished actually. They were just authorized, preparing for getting a grant. That's what I'm understanding about how some of the larger pieces of this contract has worked. I'm most familiar with Amendments #5, #7 and #8, because they apply to the project that has been under our management, the Airport Terminal improvements. But we can certainly get you that information."

Councilor Harris said he would like a complete summary of what happened under this contract – a description of the tasks and the payment schedule associated with the tasks.

Ms. MacDonald asked, "Whether or not they were actually accomplished or just authorized."

Councilor Harris said, "The nature of the construction contracts that went out under these tasks, as well as how much has been paid to the vendor associated with the task. A task may have \$100,000 assigned to it. Was all the \$100,000 paid, based on completing the task, or was it \$50,000. I have a lot of questions associated with this."

Councilor Harris continued, "On a more detailed level, there are really 3 justifications for the amendment, TSA modifications, United Airlines modifications and some external studies. I don't know exactly how it was characterized, but did TSA and United sign-off on the plans."

Ms. MacDonald said, "TSA did approve the as-bid plans. All of the extra work we're citing are changes since the plans were bid, since we executed the construction contract. In between when we accept a bid and we start construction, we can negotiate briefly after we accept a bid, but any changes that come in after that have to wait to be a change order. In the case of these items, they involved extensive design. We're not just talking about construction support, but pages and pages of design and design details. TSA changes their mind a lot, and they have new regulations a lot. And we also had changes from one of our stakeholders that was impacted by a TSA change since they approved the design."

Councilor Harris said, "My question would be is why is the City paying for it."

Mr. Pfeifer said, "The City has agreements with TSA, United and Envoy and that money does come back into play through the leases. So it's up-front costs for us to get the project completed so they have a working airport during the construction process, and then the leases are amended."

Councilor Harris asked, "The leases are amended to reflect these costs. Is that what you are saying."

Mr. Pfeifer said, "As I understand it, yes, Councilor Harris."

Councilor Harris said he would like follow-up on that eventually, commenting he realizes that is down the road. He said, "I am struck by the size of the contract for professional services. And if I combine all the services I saw described, if I put a value to that, 15% of the construction cost, that gets me to the mid-twenties for construction activity. Perhaps things have been designed and not been built. I realize what is being built now is relatively small, \$800,000."

Mr. Pfeifer said we are talking about a runway with 15-17 inches of concrete. Those are large grants that are dealt with this kind of funding, so it is big grant money that was done back in the day. He is unsure of the dollar amounts, and doesn't have the details, commenting it was before he worked with the City. These are things he's learned from listening, but big grants were accomplished with this kind of work to redo major airport infrastructure.

Councilor Harris said he will accept that for now, but he wants Mr. Pfeifer to get with Airport management and provide a full report.

Councilor Lindell said she isn't a project manager, but she doesn't know if it is proper that when you add up the amendments it is close to \$2.1 million which is 31%. She said this increase is minimal, but some have been so sizable – increases of \$470,000. She said, "It makes it so that when we approve a contract, when we approve for services, who knows if we're even close by the end of the project to what we said we were approving. I don't think that is the right way to be doing business. Those are my comments, Mr. Chair."

Councilor Ives said he would like a copy of any report staff sends out on the issues addressed by Councilor Harris.

Councilor Ives said he hadn't heard previously that our attempt was to try to build back the lease expenditures, although that is a common practice in landlord-tenant relationships. He said, "I would love to see where we've done that. So if you do have an instance, or whatever instances exists, I would love to see that and understand that better. That's all I have."

MOTION: Councilor Ives moved, seconded by Councilor Villarreal, to approve this request, with direction to staff to get the information requested by Councilor Harris to the entire Committee membership by the time this goes to Council.

VOTE: The motion was approved on the following Roll Call vote:

For: Councilor Ives, Councilor Villarreal and Chair Dominguez

Against: Councilor Harris

Abstain: Councilor Lindell

13. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – AGUA FRIA AND COTTONWOOD DRIVE INTERSECTION SAFETY IMPROVEMENTS – PHASE I (RFP #16/16/P); SOUDER, MILLER & ASSOCIATES AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$200,000 AND EXPENDITURE OF FUNDS FOR THE PROJECT. (JAMES MARTINEZ)**

[Councilor Harris's remarks here are inaudible because his microphone was not turned on] He said something about driving the portion of the road between these two intersections. He said when we were dealing with the Gerhart Apartments at Council, he understood the monies are in place, and there is a lag between the funding of the Cottonwood intersection. He wants these projects to be considered together, if funds can be saved on archaeological clearances for example, and by bundling the two projects.

Councilor Harris continued, "What I really want to see happen is to make sure that this project in total, with the two phases, the way I see it has a sidewalk connection. That came up at the Council, the lack of sidewalks in the area, and it's a fact. There is a well worn dirt path that runs between these two intersections, and it seems to me to be relatively easy to connect the two, maybe a certain portion of it happens now, and then when South Meadows is complete they can make that connection. And I would also, at that time, like to see what it would take to provide a sidewalk connection from the bridge to the sidewalk already in place at the Camino Real school. So that's how I would like to see the project defined, not only for vehicular traffic, but pedestrian traffic, that allows all of the people, children particularly, to get from Cottonwood to the new school. Do you see any problems with that, Mr. Romero."

John Romero, Director, Traffic Engineering Division, said "As far as this specific project is concerned, it will be difficult for us, if not impossible, to increase the scope beyond what was approved by the Federal Highway Administration. The money for this project is specific safety money, and there is a specific scope of work as to what that money can be used on. As far as bundling it with the other project, again, if we bundle them with the other project, South Meadows, and South Meadows would have to follow the Federal Review Guidelines, and for lack of a better word, it would taint that project. When we do the South Meadows project, assuming that is 100% City funds we can definitely look at elaborating the scope to provide sidewalk and all those types of things. But I do think it would be wise to keep this project separate and to increase the South Meadows scope as opposed to this one."

Councilor Harris said that is fine and he doesn't want to get in the way of this project, commenting he wants to see it move forward. He said when he says bundling, he is speaking of the way projects are organized and the organization of the source of funding. He reiterated that doesn't want to complicate matters for South Meadows, but he really wants Mr. Romero to think of the whole stretch from the Cottonwood Intersection all the way to Camino Real Academy for vehicular as well as pedestrian traffic. He said he will monitor this over the next two years, but said, "I just want to give you a heads up now, and that's really all I'm doing."

Mr. Romero said he will look at it when we look to approve this year's capital budget, and see if we need to amend the number given for the South Meadows Intersection to include the added scope.

Councilor Harris reiterated he is just talking sidewalks, commenting it looks to be no more than ½ mile between the two intersections and the grades aren't difficult and it looks to him as if it is entirely achievable.

Councilor Ives said this appears to be a contract for \$48,180, exclusive of GRT.

Mr. Romero said that is correct.

Councilor Ives noted that the BAR is requesting to move \$200,000, and he is trying to reconcile the difference.

Mr. Romero said, "In federal funding, we have the revenue coming in from FHWA. It's a total of \$200,000 for design and right-of-way, and then later we will also be submitting a BAR for the \$1 million for construction from Federal Highways, and that's revenue in."

Councilor Ives asked, if we only need \$48,000 for the design....

Mr. Romero said, "Right now, we did an RFP for phase 1, 2, 3, and 4 of design. And to break that up, Phase 1 is basically an alignment study, and that's all we're looking to contract with them for now, even though the RFP allows us to... we're going to come back to you with premeditated amendments to this contract. The reason we're having to go through Phase 1 first, is there are two options we're going to look at. One, is placing a roundabout at the existing location and two, is realigning Cottonwood Road to intersect with Fairway Bridge. We have to see not only public involvement, right-of-way, and all that type of stuff, but if it's feasible. So which one we pick is going to decide what Phases 2 and 3 of the design services are, and we'll be able to negotiate at that time the cost to do those designs and that likely will add up to \$200,000."

Councilor Ives said then the answer to the question is this is simply an expediency so we don't have to do repetitive BARs in the future to move the balance of the WIP funding for design into our WIP Design account.

Mr. Romero said, "Yes. I guess so. So the way we feel is we're getting this revenue source, so budget it all in there that way so we have it in our checking account, we know how much is in our account to build toward."

Councilor Ives said if it's dedicated for those particular purposes, "I don't have a problem with that. I was just curious, because there was a \$150,000 difference."

Mr. Romero said this is 100% State and federal money, so it is reimbursable budget. So after we pay the consultant, we get the money back.

Councilor Ives said, "I would hate to see it to be used as a reason to over-spend or to spend more than we have do on a particular phase, so hopefully, the \$200,000 will cover all of the design work."

Mr. Romero said, "Yes."

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

DISCUSSION: Chair Dominguez said as you've heard, we don't want to see this on the deficient side the next time we get the list of projects in deficiency. He said, "And as Councilor Harris said, anything that we can do to make things a little cheaper, or efficient is the right word."

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

26. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – 2016 AMBULANCE TYPE III FORD E350 FOR FIRE DEPARTMENT; SOUTHWEST AMBULANCE SALES, LLC. (JAN SNYDER)

Councilor Lindell said this is a request to replace an ambulance that has less than 55,000 miles on it, which doesn't seem like a lot of mileage on a vehicle and doesn't seem particularly old. She asked if we could use this vehicle for two more years.

Jan Snyder said, "It will be placed in reserve status. By the time it is approved, and purchased the ambulance it will be another year old, and will have another 18,000 to 20,000 miles on it, which will come into play with the vehicle plan presented earlier last year, which would be replacing front line medics every 6 years and placing them in reserve status every 10 years. It is very concurrent with the Department's Apparatus and Fleet Plan. Ambulance miles are very different from personal vehicle miles, in terms of the mileage, how they run and it starts to show wear and tear way before our personal vehicles would. It is very much in tune with the Apparatus Plan and what we have been doing for years in trying to keep good apparatus on the streets."

Councilor Lindell said it appears it gets about 11,000 miles a year. She asked if we have other ambulances with more miles.

Mr. Snyder said no, this will be the next one to be replaced.

Councilor Lindell asked if the ambulance is not operating – is it not okay.

Mr. Snyder said it operates fine.

Councilor Lindell said we're trying to stretch our budget as far as we can and this isn't a small amount of money to replace the vehicle. She said by the time it's all said and done, it is almost \$125,000, which is a lot of money. She said we aren't flush with money and asked if we can hold off this purchase for a year, and if so, we should do so, commenting we need to use these items as long as we possibly can. She said she doesn't want to use them to the point that we don't have equipment, but at this point it doesn't sound as if we're placing people in danger by using this vehicle.

Mr. Snyder said, "With the Department's Apparatus and Fleet Plan we're trying not to get to the point where we have vehicles on the road that are in such disrepair that it's uncomfortable for patients or unreliable. We established that plan trying to just slightly ahead of that curve, managing our own budget, when we created that Apparatus Plan. I could sit there and show you everything that is needed for 10-15 years, so I can budget our money very well in that 10-15 year timeframe whether it's ladder truck, an engine or an ambulance. We try not to push the limit too much. It's not something you buy off the street. It takes 8-10 months to get these vehicles. It is just our way to plan. Not that it matters in this conversation or not, but we've asked for another one in the next budget cycle to keep in tune with what we've been doing. However, if you would wish we don't do that, it's obviously something we will take into consideration during the budget talks."

Councilor Ives said the Memo says, *"The older one will be placed into reserve status and provide an adequate backup and additional medical unit as the Department implements future plans and programs."* He asked how we realize that future today and move toward an ambulance based fleet for the 10,000 plus medical calls you are doing.

Mr. Snyder said, "Something we're actually working on right now Councilor, we're done in multiple fashion, as of two weeks ago, the Fire Department has implemented some changes in our dispatch protocols, trying to get ladder faster trucks, and keep the bigger trucks parked. It was a policy that we did with the RECC and the County Fire Department and such. It's not really contractual, almost strictly policy we've implemented internally. As you know, we're in negotiations with the union, and we have several articles that also would hopefully cover it, but again, it's up to negotiation. So we're trying. We've read the Resolution, we're trying to address all the items. We're trying, but unfortunately some of them are going to have to be negotiated."

Councilor Ives said, "Understood. And I know you have a challenging task there, but I think it's one we hopefully all can rally around, because I actually think it results in better service to the people of Santa Fe. For those Councilors who weren't paying attention as closely last year as you are now, we did authorize purchase of a new Quint."

Mr. Snyder said, "We got an engine last year. There was a ladder truck or a Quint two years ago."

Councilor Ives asked the price of each of those.

Mr. Snyder said, "Our current fire engines are about \$425,000 apiece, the Quints are pushing \$980,000. It will be \$1 million by next year, with the natural inflation."

Councilor Ives said in 2015, the Department responded to 19 structure fires, and there is some debate about how you generate that number, which is a fairly low number. He said the majority of the calls end up being medical response calls and the protocols have been to roll one of the larger vehicles on those calls with an ambulance. He said to save the wear and tear on the large vehicles, we're less frequently sending the \$1 million truck or the \$500,000 truck, to move to a fleet that's better geared toward the responses and work of the Fire Department. He is glad to hear that is being done. He would love an email with regard to the protocol changes so he understands them.

Mr. Snyder said he will do so. He said, "We like our plan, and we hope we get it. Again, it has to be negotiated."

MOTION: Councilor Villarreal moved, seconded by Councilor Ives, to approve this request, and "as an addition would just ask that again, rather than reserve status, making it active in terms of response that efforts be put toward that which you are doing, and again, I applaud those efforts."

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

29. **REQUEST FOR APPROVAL OF A RESOLUTION TO DESIGNATE UNUSED SPACE AT 500 MARKET STATION FOR ENTREPRENEURIAL ACTIVITIES; DIRECTING STAFF TO DEVELOP AN RFP TO IDENTIFY A PRIVATE SECTOR PARTNER FOR THE SPACE; DIRECTING STAFF TO IDENTIFY AND RECOMMEND A REVENUE SOURCE FOR USE AS COLLATERAL; AND DIRECTING STAFF TO PROVIDE AN UPDATE AND RECOMMENDATIONS TO THE GOVERNING BODY WITHIN NINETY DAYS OF ADOPTION OF THIS RESOLUTION (MAYOR GONZALES AND COUNCILORS IVES AND DOMINGUEZ). (KATE NOBLE AND ZACHARY QUINTERO). Committee Review: City Business and Quality of Life Committee (approved) 02/17/16; Pubic Works Committee (approved) 02/22/16; City Council (scheduled) 03/30/16. Fiscal Impact – No.**

[Councilor Harris's remarks here are inaudible because his microphone was turned off]

Mr. Quintero said it is 7,942 sq. ft. exactly.

Responding to Councilor Harris, Mr. Quintero said this is unimproved space. There are no age factors, no build out, it's an empty shell.

[Councilor Harris's remarks here are inaudible because his microphone was turned off]

Mr. Quintero said staff has been working with various private sector partners that have shown interest in the space. He said a while back a financial firm was interested in the space. He said each time we consult with the private sector, the immediate costs come to HVAC and the actual build-out which is \$250,000 to \$750,000. He said it is finding a suitable partner to work with the City to leverage private financing for the use of that space.

[Councilor Harris's remarks here are inaudible because his microphone was turned off] He said something about wanting to know how this would be structured.

Mr. Quintero said, "What our hope is, the previous private sector partners we've worked with have shown that interest to use to that space to both build it out and have a rent system to the City, so we wouldn't be incurring cost in that sense. Another part I would like to bring up, just to build from your statement, is that this space has now been built out with fiber and now has gigabyte speed connection so it offers a new competitive asset it didn't have before, specifically, for post-production, anything with heavy data that is going to be moving across fiber networks. So it makes it a more attractive space and finding somebody to have a satellite office like Pixar or a post-production agency. It varies upon the business. Our hope is to designate this space for entrepreneurial activity to increase foot traffic, interest in the community and the surrounding neighborhood to have a designated space where they can have unbelievably fast internet speed. It also provides a co-working option, so that's another element. There are a lot of different elements we could add to this, but we need to find a suitable private sector partner to help build it out first."

Kate Noble, Interim Director, Housing and Community Development, said, "A point of clarification, the previous model, which I think Zach explained reasonably well, was the idea to get a private sector partner who would pay the lump sum up-front costs of doing the HVAC, electrical and build-out needed to occupy the space. And the City then would work on some sort of deferred rent, so the private sector partner would pay for the build-out and the City then would have a payoff over time in the form of rent going to pay off the cost of the build-out. I just wanted to say, in response, Mayor Gonzales had asked us to have this Resolution drafted in response to a lot of entrepreneurial interest in the Railyard in an aggregating space that would bring folks together, particularly the fast broadband speeds that Zach mentioned."

[Councilor Harris's remarks here are inaudible because his microphone was turned off] He said something about that contradicting the statement identifying the revenue source to use as collateral.

Ms. Noble said she is trying to find the source of the language. She thinks it's the and/or leverage for private financing of the build-out of the space, develop a financial model for a sustainable low risk operation, thus the second half of the close which they have focused on. She said, "I cannot speak to where the language recommending a revenue source to use as collateral came from or what was intended there."

[Councilor Harris's remarks here are inaudible because his microphone was turned off]

Ms. Noble said, "We haven't looked at what sort of terms this would be. The idea would be to develop an RFP and if there was a revenue for use of the space from someone charging rent for co-working, for offices, for whatever it might be, we might look to have some sort of lease payment and income to the City from that, and therefore a shorter period of deferral. But I think the idea is for us to try and find a private sector partner and work on figuring out terms that would be mutually agreeable."

[Councilor Harris's remarks here are inaudible because his microphone was turned off] I think he asked the Chair the process to move forward and if the lease would come back to the Finance Committee.

Chair Dominguez said we could ask for the lease to come back to this Committee and asked the amount we are looking at.

Councilor Harris said it's not identified.

Chair Dominguez said, "We could ask for the lease to come back here. So much of this is, I almost want to say conceptual. It's the toss the fishing line out there and give them the authority and ability to toss that fishing line out there to see what potential there is. But I think we can bring some of that back to us."

Councilor Harris asked what has been past practice, and what is required. *[Councilor Harris's remarks here are inaudible because his microphone was turned off]* He said something about being uncomfortable with what Ms. Noble can't explain that is out there in terms of collateralizing certain revenue streams.

Ms. Noble said, "The reason this has no fiscal impact is that it is simply a designation that would signify intent. We would bring back the lease. The Governing Body would need to adopt and accept the particulars of that lease and approve that and the operating plan for the space. This is simply directing us to draft an RFP to do the work, but it is not moving forward with a private sector partner. We would bring that through the usual approval process and have the Governing Body have final approval because we would anticipate it being worth more than \$50,000, what we were doing. So the full Council will need to approve any particulars that we come back with as the result of doing the work that is directed in this Resolution."

Chair Dominguez said, "So there isn't a protocol *per se*, as long as it meets procurement guidelines, but we can certainly with the Railyard, we can do whatever you like."

Councilor Harris said, "I do see the caption says, '*...Directing Staff to provide an update and recommendations to the Governing Body within 90 days...*'"

Chair Dominguez we can add language that is very specific and prohibitive that says, before any commitments are made, any agreements are signed and after 90 days, staff has to bring that to us.

Matt O'Reilly said, "If there is a private sector partner found to move into this space, or a partner is found to move into the space, pursuant to this Resolution, my office would help Kate and Zach craft an appropriate lease agreement, whatever that might be and it would come through the normal City process, which is through Public Works Committee, Finance Committee and then to the Council. In this case, more than likely the lease agreement probably would require an Ordinance to be adopted, pursuant to State law, because the value of this space would be over \$25,000. So that would be the normal process for doing this."

Chair Dominguez said the idea is we need to instigate activity, so this is an attempt to do this.

Councilor Harris asked Mr. O'Reilly if he is familiar with all of this.

Mr. O'Reilly said he has not been involved with the development of this Resolution.

[Councilor Harris's remarks here are inaudible because his microphone was turned off]

Mr. O'Reilly said, "Probably not a good idea."

[Councilor Harris's remarks here are inaudible because his microphone was turned off] He said something to the effect that since nobody can defend the language, he sees no reason for it to be in the Resolution – '*Identifying a revenue source to use as collateral and/or leverage.*'

Mr. O'Reilly said, "Well, if I could just make a comment generally. Kate and Zach are correct that up to this point, the people that have been interested in this space, the only options available to the City have been to say, great, we'll lease the space, but you'll have to build it out and do all that work yourself. It is essentially what I call a cold, semi-dark shell. It's got some lighting, but not full lighting. We've had the

space appraised. We have a pretty good idea of the market value rent as it is today. But because we don't have a funding source to build it out and we're expecting a potential tenant to build it out, in my opinion that has limited our ability to lease this space by about a factor of 10. It eliminates about 90% of the potential tenants out there, because we now need a tenant who is willing to spend \$400,000 to \$700,000 up front. So, it limits us to a tenant maybe who has money to spend, and wants to spend it for some reason, but takes out all the other potential tenants who don't have that kind of up-front money. So this Resolution would help, because it would allow staff, is my understanding, to go out and try and work a little bit harder than we have to try and find someone where this could work. In terms of the financing and the leveraging, I can't speak to that."

Councilor Harris asked if there is a market to sell this space and can it be sold.

Mr. O'Reilly said the space can be sold.

[Councilor Harris's remarks here are inaudible because his microphone was turned off]

Mr. O'Reilly said, "The space is part of the City's condominium. The City condominium is about 21,400 sq. ft. This is a space that staff refers to as the boneyard. It is where we store stuff, or have stored things in the past. It wasn't part of the space that was built out for City offices. It was intended to be used for something else in the future. As some of the Councilors know, there is a foreclosure action happening right now in Federal Court, or in Court, along with a Federal Bankruptcy proceeding. It is unclear what is going to happen the building that houses this condominium unit, but I wouldn't be surprised if the property is foreclosed upon that the forecloser, the lender, wouldn't seek to sell it. And it wouldn't surprise me at all that a potential buyer would want to buy the entire building, including our condominium unit. That, I think is a very good possibility. But all of that is up in the air. We don't know the status of either the foreclosure or the bankruptcy at this time. I think it doesn't hurt a thing at all for use to be pursuing other options with the space."

Councilor Harris said, "I guess Chair.... I would agree. I think we can pursue it. I would suggest we strike the language that nobody can explain or where it comes from. And it seems that the answer to the question about the process from here on out, would certainly give the Council and various committees plenty of time to respond. And I think, the scenario described by Mr. O'Reilly for this building is probably a real possibility, but it's hard to say when it would be on the courthouse steps quite frankly.

MOTION: Councilor Harris moved, seconded by Councilor Ives for purposes of discussion, to approve this request, and striking lines 20 through 23 on page 3 of the Resolution.

DISCUSSION: Ms. Noble said, "I would recommend to strike the language which begins 'recommend a revenue source to use as collateral.' The language could then continue, 'City Staff should identify and/or leverage for private financing of the buildout of the space and develop a financial model...' and keep some of that language that is there." She said 'revenue source to use as collateral,' is the language we don't know the origin of.

Councilor Ives suggested language: *"BET IT FURTHER RESOLVED; City staff should identify opportunities for private financing of the buildout of the space and develop a financial model for a sustainable, low-risk, operation of the space in partnership with the private sector;"* He said this seems to be a reasonable compromise which eliminates the funky language which we are all unclear what it means. It allows staff to evaluate the opportunities. He said a number of organizations have expressed interest in the space, nobody has come forward to the point of contracting. It is just sitting there not generating revenue for the City.

Councilor Ives continued, "If we can, through this measure, find more and better and creative ways to look at purposing this space so it becomes productive, that I think is great. The only concern I had at all was the mention of the \$750,000 the City might put in, because that is \$94 and some cents per square foot, which could be challenging to recoup from folks. And if it's looking like a coworking space that is actively used, they could make significant money because each person's hourly is relatively low. But if it's continually used and if there is a rate per hour that is higher than what is available, you could recognize and realize some significant revenue. I think it's great to explore those options, but we'll take a long hard look if it's going to be \$750,000 to develop it."

Councilor Ives asked the square footage of the City space that was developed.

Ms. Noble said it is 14,000 sq. ft.

Councilor Ives said he thinks the City spent \$1.4 million developing that property.

Ms. Noble said the empty space is at the north end of the building over the REI.

Councilor Ives said, "The improvements we've done with Santa Fe fiber is one of the spaces that is benefitting significantly from the \$900,000 the City put into laying fiber optic line to increase speeds around Santa Fe and will have beneficial effects. This space, they're talking about a gigabyte speed which doesn't exist in many other places in Santa Fe."

FRIENDLY AMENDMENT: Councilor Ives suggested changing the language on page 3, lines 20 through 23, so that it reads: *"BET IT FURTHER RESOLVED; City staff should identify opportunities for private financing of the buildout of the space and develop a financial model for a sustainable, low-risk, operation of the space in partnership with the private sector;"* **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

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

31. **REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING CITY STAFF TO PLAN AND EXECUTE A FOURTH OF JULY COMPETITIVE RUN ON JULY 4, 2016, TO HONOR LOCAL VETERANS IN THE SANTA FE COMMUNITY (MAYOR GONZALES, COUNCILORS IVES, BUSHEE AND TRUJILLO). (CHRIS SANCHEZ) Committee Review: Pubic Works Committee (postponed) 02/08/16; Veterans' Advisory Board (approved) 02/10/16; City Business and Quality of Life Committee (approved) 02/17/16; Public Works Committee (approved as amended) 02/22/16; and City Council (scheduled) 03/30/16. Fiscal Impact – Yes. The funding will come from 510400 for \$10,000.**

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

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

32. **REQUEST FOR APPROVAL OF A RESOLUTION CONTRIBUTING PROPERTY AND RESOURCES TO NEW MEXICO INTER-FAITH HOUSING COMMUNITY DEVELOPMENT CORPORATION FOR DEVELOPMENT OF THE SANTA FE ARTS+CREATIVITY CENTER LOW INCOME HOUSING TAX CREDIT PROJECT PURSUANT TO THE AFFORDABLE HOUSING ACT (COUNCILORS RIVERA AND TRUJILLO, MAYOR GONZALES AND COUNCILORS IVES, DOMINGUEZ AND BUSHEE). (ALEXANDRA LADD) Committee Review: Community Development Commission (approved) 02/17/16; City Business and Quality of Life Committee (approved) 02/17/16; Public Works Committee (approved) 02/22/16; and City Council (scheduled) 03/30/16. Fiscal Impact – Yes. \$1,524,600 (Land Value).**

A Memo dated March 21, 2016, to the Finance Committee, from Kate Noble, Interim Director, Housing and Community Development Department, regarding FIR for A+CC Resolution – Donation of Land at Siler Road site, is incorporated herewith to these minutes as Exhibit "2."

Responding to the Chair, Councilor Harris said this item is being postponed.

Chair Dominguez said it is on the floor for action.

Councilor Harris said he thought we were just going to have discussion at this point.

Chair Dominguez said it is on the floor, so we can take whatever action is necessary.

Ms. Noble reviewed her memorandum of March 21, 21016. Please see Exhibit "2" for specifics of this presentation.

Ms. Noble noted this Resolution is not the mechanism for land donation, but something they worked on with their partners Creative Santa Fe. She said if it is the will of the Governing Body, there is a strong intent to make a donation, but another mechanism would be brought forward for the ownership to occur, more like a closing with a lot more detail. She noted the bullets on page 2 are things needing to be done, and Public Works could put an estimated dollar figure on those in time for consideration at the Council meeting on March 30, 2016, noting those are for equipment and activities currently on the site.

The Committee commented and asked questions as follows:

- Councilor Harris said, "I want to make sure I understood. These bullet points represent the work package, the things that would need to be done. What I heard you say is Public Works would put a dollar figure to these prior to the March 30th meeting."

Ms. Noble said that is correct.

- Councilor Villarreal said, "So there is stuff for removal, but there are also items that will be arriving, 30,000 new recycling carts are supposed to be stored on this location.

Ms. Noble said, "Yes, that is the indication from our Environmental Services Division, that they are expecting 30,000 new recycling carts and had plans to put them on this parcel."

- Councilor Villarreal said, "I'm just thinking that since there is this timeline we're working toward, that probably wouldn't be an issue because wouldn't those be distributed at a certain time before any of this would happen."

Ms. Noble said, "I can't say what the timeline for the distribution of those carts can be. We can look into that with Environmental Services, but I don't know.

- Councilor Villarreal said, "So that would be another point that you would have some solution for next week."

Ms. Noble said, "Yes. In your packet there was, although the suggested amendment for the, '*Be It Further Resolved, that City staff shall work to relocate any City uses currently housed on the parcel of land to adjacent locations,*' what we would do is work to bring you an estimated cost of relocation of these activities for the March 30th City Council meeting. And I think, subsequently we would work on a plan for the timeline for that transition."

- Councilor Lindell said, "So, I'm pretty familiar with the yard where the paint shop is and the sign shop is. I'm a little bit unclear. Are we looking at property. I thought we were looking at property that is vacant property. Why are we moving those."

Ms. Noble said, "My understanding is we're not looking at vacant property. We are looking at property that has these uses on it. Alexandra was not well, so I asked her to go home and take care of herself. Alexandra did walk the site with Public Works and Public Utilities staff on Friday afternoon and took an accounting which you see in the Memo, the result of the information she gathered there."

- Councilor Lindell asked, "I wonder how I got the idea that we were always talking about vacant property."

Daniel Werwath said, "What we're talking about is all non-permanent structures. So apparently, the sign shop reference is a covered shade structure that has some sort of equipment associated with it, which to me looks more like a large pop-up tent. That is I believe what is being referred to there. There is a mobile/modular building that is located on the parcel we're talking about. Those have been there all along, but there are no permanent structures, other than the scoria retaining structure, which is a cement pad with retaining walls."

- Councilor Lindell said, "The sign shop is in a building with a cement floor and garage doors."

Mr. Werwath said, "The reference to the equipment in relation to the sign shop is an outdoor shade structure, not the actual sign shop which is located adjacent."

Ms. Noble said, "The sign shop is actually run by the Traffic Division, and we still have our Traffic Division director here, so he can speak to what is there."

John Romero, Director, Traffic Engineering Division, said, "So, our sign shop is a building. It's where our offices are and where we house our striping machines, things of that nature. But this is our yard where we store material, we clean our striping machine, so the infrastructure we have there, although minor, it is there. We do have a canopy and we store our paint there, so we still have that same amount of space to so somewhere else. We do have somewhat of a septic tank, I guess you call it. And so what we do is we flush out striping truck that goes into the septic tank. Once it fills up, we have to dig it out and dispose of it accordingly. So we have that, we have water, we have electricity. So it may not be a covered area, but it is an area that is utilized by our guys for painting operations. That is specific to the paint portion of the yard that my group uses."

- Councilor Lindell said, "I guess this comes as a sizeable surprise, this list. This is not an inexpensive list, and I can't, of course, begin to put a price on it. But it's just really surprising to me, and I think that the price tag on completing all these bullet points is going to be a number that is.... I'm just really shocked by it, to tell you the truth. And we just got this Memo this afternoon, so it will take some time to put some numbers on this. So, at this point I'll yield the floor, and think about this some more."

- Councilor Ives said, "Most of this is clearly just an area which we have used for storage over time. And when I read the Memo, it suggests that the relocation would happen no sooner than April of 2017. No..."

Ms. Noble said, "The indication is even later than that."

- Councilor Ives said, "We've talked about making better use of our properties. This seems to be an effort to try and accomplish that. How much acreage do we have adjacent to this that is not proposed to be conveyed. Matt."

Ms. Noble said the entire Siler property is close to 50 acreage.

Mr. O'Reilly said, "The total combined acreage of all City-owned parcels in the are is about 53 ½ acres."

- Councilor Ives said, "So it might be as simple as moving it off this property onto our adjacent property, so perhaps not that great or significant an endeavor. We would have the beneficial effect of moving it back from the frontage on Siler Road, which is probably not a bad idea esthetically. It sounds like there is plenty of time to do it, and I imagine a lot of what's there now would be used between now and that point after April 2017, when this would be happening. So by attrition and simply storing additional materials in a different spot on our site, I would imagine a significant portion of this gets accomplished, just by doing it intelligently in that way."
- Councilor Harris said, "So, I realize what this is about, and I think there would be time, certainly, to define and take care of these issues. It is money. And so the starting point for me, or I want to talk about is where it says, '*...the City will provide to the Project the donations as described above in an amount equal to at least ten percent (10%)...*' Now in reviewing the information, it was my understanding, to position yourself in the best possible light in order to get the tax break, that a contribution from a municipality, the City of Santa Fe, would need to be 10%. So why wouldn't the language read, instead of equal to at least 10%, no more than 10%. Again, in the packet it looks like it's \$1,925,100, the land plus the various waivers. If, in fact, that is capped at 10%, we're looking at a \$20 million project, the cost associated with this work is probably the lesser amount of that, but it still would add to it. Anyway, why would we cap this at 10% instead of saying at least 10%. It's just open-ended."

Ms. Noble said, "I believe that language was drafted to make sure that the City hits the 10% mark in order to maximize the points for the tax credit. Because if we went to 9.8%, we wouldn't get the points in the Income Housing Tax Credit Application. So we need to be at least 10%."

- Chair Harris said, "But no more than. It could be capped at 10%, it could say at least, but no more than, 10%. This is a significant contribution. I realize it's been worked on for a while, and I also want to say it's consistent with what I would like to see happen, or what's starting to happen in that part of town. But, again, I'm relatively new to this. To see that level of dollar contribution, equivalent to \$2 million is, given all we've talked about for the last several hours, significant. If it moves forward for further consideration, I would propose that we say 'at least,' to meet the standard that you are looking for, but no more than 10%. I wouldn't see any reason to go over the 10%. What are your thoughts on that Ms. Noble, or Mr. Werwath."

Mr. Werwath said, "I think there are a lot of variables we don't know at this point, including the value of the land as appraised within 6 months of their application. Beyond the land donation, the only other contribution from the City is fee waivers, and the fee waivers are allowed by right for affordable housing development. And so if you were to limit it to something less.... right now the \$2 million figure is representative of a best estimate of staff's analysis of the value of the 5 acre parcel. And so to drop below that would be to reduce the development site which starts to impact the overall feasibility."

Mr. Werwath continued, "The other thing I would note is that while tax credit scoring is perhaps the most practical issue we're dealing with, every bit of contribution to the project allows us to serve lower income people, and that's the ultimate goal here. So, every bit of contribution is money that we don't have to make up in debt service, which means we can elect and commit to serve lower income people over the life of the project. In this case, aiming for people down to 30% of median income, which is an individual working full time, earning less than the Santa Fe Minimum Wage. That's our goal. So I guess practically, what I'm saying is that putting an arbitrary 10% cap on it would greatly impact project feasibility from the point of view that you would essentially be limiting the amount of land that we wouldn't know until an appraisal was done, that can't be done until within 6 months of application. And so in this case, this contribution and that number that you see is a best guess, with a large chunk of it being land. There is no practical way that I could see that you could limit that contribution of 10% and have us move forward with a feasible development."

- Councilor Harris said, "Well I think it would mean you would go to other sources.... there's not a lot of detail here, I'm sure you'll appreciate that. There's no *pro forma*. There's no kind of even conceptual solution. It's a wing and a prayer quite frankly."

Mr. Werwath said, "The value represented in the FIR, the \$2 million contribution, is either land or fee waivers. So if we capped it at 10% and fee waivers are allowed by right under Ordinance for affordable housing development, what you're saying is you would be then asking to be paid for the rest of the land."

- Councilor Harris said, "If that's the way the numbers worked out. Yes."

Mr. Werwath said, "I would just say that greatly impacts the feasibility, both as the overall project and ability to serve low income folks in this particular instance."

- Chair Dominguez said this is good discussion for our new Councilors, because this is a project that's been around for some time now.

Mr. Werwath said it has been around for 4 years.

- Chair Dominguez said, "But I know that part of the challenge is.... besides not having an FIR on what it would cost to do some of these things, it's not that we're going to be asking that we move the sign shop in two weeks."

Mr. Werwath said, "No. And to clarify just a couple of points on that. I apologize that this feels sprung on Councilors. It was sprung on us as well. We're, to the extent practical and allowable under law, willing to help assist with costs associated with this. I can't actually get answers on that until after the current tax credit scoring round is over, because I have a project in first going currently, and so I can't answers from MFA until that process is done, because it's a black until that decision is made."

Mr. Werwath continued, "We met with the previous Environmental Services Director on May 29, 2015, and walked the site and discussed the possibilities of having to relocate that stuff. She noted that it was a big endeavor, but it was actually an opportunity to better organize activities over there and move certain activities that maybe aren't the best fit for that location. And she seemed generally enthusiastic about it, and then she retired. It feels a little sprung on us too as something that, at this late stage, especially after having already gone through the Public Works Committee, where presumably, this would have been a topic of discussion, is sort of challenging for us. And so I apologize that we are not as prepared as we would like to be, and being able to say what things we can pay for, for instance, as part of an allowable development cost under the legal constraints that we're operating."

- Chair Dominguez said, "I think, and I don't want to speak for the Committee, but it seems to me there might be a limit that would be prohibitive for us to be able to continue further if it's going to cost us \$3 million to do some of this. So I guess what I'm saying is that we need to at least give staff the opportunity to get us this information so things can move forward."
- Councilor Lindell said, "Just a couple of quick things. I do want to see this move forward. I'm concerned for the developers and I'm concerned for us when things come up that no one is expecting, and we need to put numbers on them and kind of regroup a little bit. One thing that I saw in here, Daniel, that kind of gave me a little pause, was did we ever think about this very last paragraph that talks about how those yards start operating at 2:00 to 3:00 a.m. in the morning, and how disruptive that might be to people. I never thought about that."

Mr. Werwath said, "It's certainly been on our mind from the beginning because this is locating a residential project in what is an industrial neighborhood and is devotedly industrial at all hours of the day and night. And from our point of view, we understand, as project developers that this is, in some ways, an incompatibility of use. And the way we intend to deal with that is that it is an opt-in scenario. And the types of people that we hope to attract, those individuals and families, to this project are the types of people that make noise and do these things. And certainly, it provides a special challenge in design and segregation of uses. For instance we could put a building of musicians next to where the heavy equipment is going to be running at three in the morning. There are ways around this. But the biggest, number one thing is that it's an opt-in scenario for people live in this project, and they know from the outset that we get to be noisy here, but so does everyone else."

- Councilor Lindell said, "I think I would like to see this move forward. I would like to see it get to Council, but of course, we need the detail of this."

MOTION: Councilor Lindell moved, seconded by Councilor Harris, to move this item forward to the City Council without recommendation, with direction to staff that we get that detail prior to the Council meeting.

DISCUSSION: Councilor Harris said, "If the credits are granted, that wouldn't be known until sometime in 2017."

Ms. Noble said this is correct, noting it is around May 2017 when the awards are announced.

[Councilor Harris's remarks here are inaudible because his microphone was not turned on]

Ms. Noble said, "No. I don't believe that is in the Resolution. The understanding with the developer has always been that this is contingent upon the awarding of low income housing credits. And I believe what is needed is site control in order for the application for the Low Income Housing Tax Credits to go forward, but that they would be contingent upon that award."

Councilor Harris said, "As I said earlier, I'm very much interested in seeing a redevelopment of the area. These folks have been working on it a long time. I don't want to stand in the way of that. But I would also want to be sure, and perhaps this comes up at the Council level, that a little over a year from now if those credits aren't extended, that you go back to the drawing board on this parcel. I think it's a good parcel to be developed, or sold or whatever it may be, but I think in some fashion we should go forward with that understanding, a pretty clear understanding."

Chair Dominguez said, "So I think you have direction, enough context here kind of what we're looking for, what we need. It sounds like there is a willingness to keep move forward, that there is due diligence that needs to happen, and we probably need that information by the next Council meeting."

Councilor Harris said, "Right. Some sort of *pro forma*, identify soft costs, you know the categories, hard costs, how many square feet you are going to build, put a factor to the square footage."

Chair Dominguez asked Mr. Werwath if he can provide that information, "I don't want to say a *pro forma*."

Mr. Werwath said, "We have a very broad *pro forma* that we have used to this point. But because so much of this remains to be planned, we don't know, for instance, the exact square footages. As soon as the site control agreement is effected, we're going to roll into what amounts to about a \$300,000 outreach effort that focuses on design. And so, intentionally, we don't know specifics about the sizes of units. And so there is a certain level of detail there that's impossible to know at this stage. There is a general *pro forma* that I can say the units are going to be around 1,000 sq. ft., they're going to be around X dollars per square foot, there's going to be this much in soft costs, that kind of stuff, but it's certainly not something I would want entered into the record at this stage, because we're 6 months from having hard and fast numbers. It's a little chick and egg here. We've been waiting for a long time for the land to be donated so we can move forward with this level of planning."

Councilor Harris said, "I still think it's a useful exercise Daniel to, not only for purposes of demonstrating to the Finance Committee and the Council kind of where you're headed, but some assurance there is a measure of control. And actually what I would suggest is crafting a *pro forma*.... and I don't know. The 10% is factored against what. Total project cost."

Mr. Werwath said, "Total development cost, yes."

Councilor Harris said, "Land, all soft costs, hard costs, GRTs. So I would like to see a *pro forma* that really.... and you are welcome to use what is identified in the FIR here, basically \$2 million. I would like to see what that looks like, rather than having it just more open-ended. Again, it's something I think needs to be demonstrated."

Mr. Werwath said, "And trust me, that kind of budget breakdown has been shared in multiple instances as we were talking about this project with the Council over the last 3 years. So I do have something I can share with you. I would just add the extreme caveats that there's a lot to be figured out here, so we don't know yet. But it's based off a typical tax credit development project."

Councilor Harris said, "The big caveat, of course, is award of the credits. So I mean, to still submit and have a discussion document, and I know, I'm sure you would have submitted something previously to the Council for them to review. I haven't seen it, so if we could do it once more with feeling I would appreciate it."

Mr. Werwath said, "Absolutely and I would add that what we're requesting is a contingent site control agreement to satisfy MFA and that we would make it contingent, not just on the securing of tax credits, but the securing of all financing needed to construct the project, which is both private mortgage financing and long term financing."

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

- 34. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO DEVELOP A STORMWATER MANAGEMENT PROGRAM THAT UPDATES THE CITY'S STORMWATER MANAGEMENT POLICIES IN FURTHERANCE OF THE CITY'S ENVIRONMENTAL PROTECTION AND SUSTAINABILITY POLICIES AND GOALS (COUNCILOR IVES, MAYOR GONZALES AND COUNCILORS MAESTAS, BUSHEE AND DOMINGUEZ). (MELISSA McDONALD) Committee Review: River Commission (approved) 02/11/16; Sustainable Santa Fe Commission (approved w/amend) 02/17/16; Public Works Committee (approved) 02/22/16; Public Utilities Committee (approved) 03/02/16; and City Council (scheduled) 03/30/16. Fiscal Impact – No.**

Councilor Harris said, "My comments are two-fold. I saw language in the Resolution that says drawing against the Water Fund, but more important are the points Mr. Rodriguez made in discussion of the fee structure. Yes, we can raise a fee structure and generate \$1.5 million, but not without any real purpose for that as well as not having the resources. And I took him to mean the human resources to effectively implement it. It seems to be premature to move forward with this."

- ★ Councilor Ives said, based on prior discussions, the intent is to do that significant planning process and call for the City to become much more organized with an eye to using techniques, green infrastructure, looking at methodologies coming into play nationally dealing with stormwater, and changing some of the attitudes of moving it as quickly into the River as possible and not make it work for us. It's really an effort to figure out how we can make it work for us to the greatest extent

possible and slow it and allow it to infiltrate and use it to water using green infrastructure, and then do that planning. This is very in with what Finance Director was calling for, which is a more robust, fully integrated stormwater plan, noting the initial evaluations can be done by staff. He said if there are RFP's, Ordinances and funds, those would be coming back to the Finance Committee and other Committees for further consideration and the actual allocation of funding.

- ★ Chair Dominguez said then what Councilor Ives is saying is that he wants staff to determine whether staff has the capacity to come up with a plan.
- ★ Councilor Ives said it is set out in items #1-10 on pages 3 and 4.
- ★ Chair Dominguez said he read that, noting on lines 20-23, it provides, '*...under the guidance of the City Manager, City staff is directed to research, evaluate and report on stormwater management policies that:*' do Items #1-10. He said the title of the bill calls for the development of a stormwater management program.
- ★ Councilor Dominguez continued, "On the one hand we're asking staff to look at pulling together policies that do #1 through #10, which I think is appropriate. But to actually develop a stormwater management program I think is a little bit different."
- ★ Councilor Ives said it is an effort to figure out ways to make stormwater work for us to the greatest extent possible, and in addition, to use more modern approaches to stormwater than simply constructing drains that move it directly to the River.
- ★ Chair Dominguez said this needs to be done if we are to promote sustainability, protects the environment, and all of those things. He wants to make sure we are clear the direction we're going and what we're asking staff to do. He said staff works very hard and will do everything we want them to do, he doesn't want to short change them in being able to get the product we need to have an impact.
- ★ Councilor Villarreal said, "I may have the same concerns about this Resolution, but the overall concept of what we need to do to move forward is absolutely correct. It's the right direction we need to head in terms of green infrastructure and looking at ways to better utilize not just the stormwater fee, but also elaborating beyond the street paving and, as I understand, gutter maintenance. And that's not a bad thing, it's just based on what we have in terms of capacity for our current staff that does that work. So, I guess what I would want to see, because it is talking about developing a program and the points they would like to include to look at developing this, is that there should be an FIR. That indicates what kind of staff will be needed to make this happen, because I'm sure you all, in your capacity would not necessarily want to take on another role which would be a stormwater plan. So I guess I want to hear from you what your thoughts are about how to move this program forward with your current capacity, and what the next steps would be – if that means a staff person we hire and the other funding mechanism we've been talking about. I foresee using the Water Fund for this particular purpose because it's connected to the whole intention of what we're looking at when we think of future infrastructure that's more sustainable."

Mary McDonald said, "I don't see a conflict with what Oscar Rodriguez put forward in this Resolution, because this is really asking staff to come back to you with an assessment when we've researched and evaluated what is currently being done and how we move forward. So I actually don't think this is a conflict. I think it's right in line and will help move us forward in this direction. And if you look at FIR, in Section #3 I kind of outlined where we might end up finding some of our fees – where it might end up going. So this is talked about quite a bit as this Resolution has moved forward. And I feel as though, again, we're coming back to the City Manager and saying, this is what is being done, this is where duplication of efforts might be happening, and we can actually save money. I think we're really looking holistically at what is there and then coming up with a plan."

- ★ Councilor Villarreal said, "I yield to my colleagues so I can read this section again. Thank you."
- ★ Councilor Lindell said, "I have a couple of concerns about this, and one is that part of the caption talks about environmental protection. And I have a great concern that we have no idea how many properties along the Santa Fe River have either holding tanks or cess pools, and there's lots of them. And we don't have any coordinated effort.... it seems to me that should be a major undertaking to identify them. We also don't have a mapping of our stormwater system, and we don't have a complete and total mapping of our sewer system or sewer lines. I've just been working with a constituent that we don't know where the sewer lines are. We don't know who is on the sewer line. We don't know who isn't on it. This couldn't be any closer to the River. It's on top of it. And the idea of having either holding tanks or cess pools. If a holding tank gets full, it overflows. Cess pools, that's a terrible right alongside the River. We need to be sure there is some part of the policy that we don't put any more cess pools beside the River. It doesn't make any sense to do that."
- ★ Councilor Lindell continued, "And the coordination, somehow between Wastewater or Public Works and Land Use, that if someone wants to go in and do an addition on the property, we've got to find a way for them to hook onto a sewer line. We just cannot continue to expand this way. Talk about a lack of environmental protection. I just went to a property Friday afternoon. It has a holding tank that couldn't be more on the River. And the Water Department doesn't really know if it was a holding tank, if it's a cess pool, they're not sure where the sewer line is, what the hookup to that would be. I mean, I think to do to stormwater without adding into it the component of also the sewer lines is leaving out a really major part of the equation that has the potential to be very damming for us. That's my comments to it."
- ★ Councilor Harris said, "Well, we're going to be hearing, before too long, a response from the various departments. And I guess as part of that, it should tell us where they stand in terms of the work load and if they have the capacity to take on what is a pretty significant effort to develop a plan. There's one work item in here, #8, '*Develop a thorough and mapped understanding of the current stormwater system...*' I don't know if that is something.... I would assume you would go outside for services to do that, but I don't know."

Ms. McDonald said, "Currently, we do have some data for stormwater systems. So what this is saying is we need to look at what we have existing, compile it and see what's missing, and where we need to go next. And there are different ways we can do this. This is not saying that City staff needs to do that. It's saying we need to look at what is being done. We need to map what is existing. But, I do think you're correct, that we may want to go outside in terms of building that forward."

- ★ Councilor Harris said, "With the exception of that #8, I do believe you would go for outside services most likely. There is a lot of work, not only for Public Works, but coordinating with our departments. It just seems to me we're so close to seeing the budgets and the personnel that are going to be coming out of the departments that are mentioned, that it's worthwhile to wait to get some sort of notion if they have the capacity to handle this."

- ★ Councilor Harris continued, "And the other thing I would say is everything that's gone on before... I'm glad you pointed out the third section, because the first paragraph seems to be what you are proposing to do now, it seems to me. In the second paragraph, the findings of the preliminary report. It seems like you're talking about the preliminary report, developing a plan and that will develop recommendations that may require additional funds, as noted on page 3 where it recommends coming from the City's Water Fund. I just don't see any reason to include that language in there, given everything that's gone on with stormwater. That's what's happened so often before that I don't think we want to do that any more."

Ms. MacDonald said, "I think this is in your packet. At the Public Utilities Committee meeting that was changed. That was just a misunderstanding I think. But on page 3, on this, I think it's in your packet with proposed amendments from Councilor Ives, it says on page 3, line *delete City's Water Fund and insert in lieu thereof Stormwater Section Funds.*"

- ★ Councilor Harris said he doesn't find that.

Ms. MacDonald said it's in the packet, after the Substitute Resolution, and then the old one is there. She didn't attend that meeting, but Leroy Pacheco was in attendance.

- ★ Councilor Harris said he sees it now, and thanked her for the correction.

Councilor Ives said, "I agree with Councilor Lindell's remarks that wastewater is always a significant issue. It is a different regimen than stormwater *per se*, and we've tried in the Resolution to do as much as we can to address the wastewater issue by talking about... you'll see the amendments that were made on page 2 of the Resolution, the underlined language beginning on line 6. So we're talking about trying to understand total maximum daily loads. This morning in talking with people at the Water Company, we are likely to see our permit handled in certain ways that allows temporary parameters into our discharge permits. This measure is asking that we figure out what those total maximum daily loads are and get more vigorous in how we consider that." He said they talked about the need for a plan, and staff believes it has the capacity to do what they're called on to do. And if it involves bringing forward measures to engage people to do more that will be part of what they bring forward. He thinks this topic is sufficiently

important that we need to get ahead of it for the next season of potentially significant rainfall in Santa Fe. He said he spoke with Public Works staff who advised that the response time and cleanup from storm events has resulted in significant overtime hours. The lag time is due in part that we haven't aggressively gone after stormwater to figure out what we can do to make it less destructive and beneficial to the City. He said "Events are getting bigger, more destructive, and now is the time to start tackling this issue, commenting some staff are eager to move forward."

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

VOTE: The motion was approved on a voice vote, with Councilors Ives, Lindell and Villarreal voting in favor of the motion, no one voting against and Councilor Harris abstaining.

END OF CONSENT CALENDAR DISCUSSION

40. MATTERS FROM THE COMMITTEE

Chair Dominguez apologized for the lengthy agenda, commenting the Committee did very good work today.

Chair Dominguez said he may switch the order of the agenda to move through consent calendar items sooner on the agenda and move budget items to the end of the meeting.

Chair Dominguez asked the Committee members to look at their calendars, because the budget hearings are scheduled for the week of April 25, 2016. He will be working with staff to finalize the dates as we get closer to April, noting there will be 2-3 days of hearings.

Councilor Villarreal said she would like to get the Committee packet a little earlier, perhaps by Thursday or earlier on Friday.

Chair Dominguez said so much of it is the timing and logistics.

Mr. Rodriguez said it would expedite things if we could submit the packets electronically. He said he can send the packet to her on Thursday, and then a hard copy on Friday. He would like to go on an as preference basis with regard to receiving a printed packet or an electronic packet, so they won't give the Committee a printed packet unless it is requested specifically. He said they still will be printing the packets because some people want a printed packet, reiterating it can be delivered electronically on Thursday.

Marco de Waart, IT, said the packet can be viewed on the website under the Finance Committee where there is a live feed of the agenda and packet.

Mr. Rodriguez said the process currently is designed around the printing of the packet, and described that process.

Responding to the Chair, Yolanda Green said another issue is that people don't timely submit items for the packet, which causes a delay.

Councilor Villarreal said in her opinion items not timely submitted shouldn't go in the packet.

Chair Dominguez said he will send out an email tomorrow reiterating the timeline for submitting items for the packet.

Councilor Ives and Councilor Lindell said they would like a hard copy of the packet for the time being.


Councilor Villarreal said she would like to be able to highlight things in the packet on her iPad and said she would contact Marco off line as to how to get that capability.


41. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 9:45 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Oscar S. Rodriguez, Finance Director
Department of Finance


Melessia Helberg, Stenographer

City of Santa Fe, New Mexico
Water Utility System
Prospective Refunding/Defeasance
of Outstanding Debt

Prospective Refunding/Defeasance of Water System Debt

- Primary purpose: release pledge of 1/4 % capital outlay GRT
- Debt issues involved (see attached detail by maturity):

Issue	Principal Amount	Callable Beginning
Series 2008 DWSRF	\$ 10,516,155	Anytime
Series 2009A	\$ 13,520,000	6/1/2019
Series 2009B BAB	\$ 41,890,000	6/1/2019
Series 2013 DWSRF	\$ 2,296,682	Anytime
	<u>\$ 68,222,837</u>	

- The savings and impact shown herein do not reflect the benefit of the availability of over \$7.8 million GRT revenues each year.

Prospective Refunding/Defeasance of Water System Debt

- Use of cash (at least equivalent to DWSRF loans) provides significant net annual debt service savings.
- Projected debt service savings (based on current market interest rates):

Cash Used	Annual	Total (through 2039)
\$ 13,000,000	\$ 785,000	\$ 18,000,000
\$ 20,000,000	\$ 1,225,000	\$ 28,000,000

(See attached Schedules 1 and 2)

- Annual and total debt service savings would be increased somewhat if NMFA approved removal of pledge of capital outlay GRT from 2008 and 2013 DWSRF loans.
- If \$13 million cash used, interest rates could increase 73 basis points (.73%), and debt service savings would at least equal cash used.
- If \$20 million cash used, interest rates could increase 122 basis points (1.22 %), and debt service savings would at least equal cash used.

See attached preliminary key event comparison.

Detail Summary of Refunded Bonds

Maturity 6/1	Series 2008		Series 2009A		Series 2009B		Series 2013	
	Principal	Interest Rates	Principal	Interest Rates	Principal	Interest Rates	Principal	Interest Rates
2017	\$ 716,122	2.00%	\$ 805,000	3.25%	-	-	\$ 107,260	2.00%
2018	730,481	2.00%	830,000	3.50%	-	-	109,405	2.00%
2019	745,127	2.00%	860,000	4.00%	-	-	111,593	2.00%
2020	760,067	2.00%	895,000	4.00%	-	-	113,825	2.00%
2021	775,306	2.00%	930,000	5.00%	-	-	116,102	2.00%
2022	790,851	2.00%	975,000	5.00%	-	-	118,424	2.00%
2023	806,708	2.00%	1,025,000	5.00%	-	-	120,792	2.00%
2024	822,882	2.00%	1,075,000	5.00%	-	-	123,208	2.00%
2025	839,381	2.00%	1,130,000	5.00%	-	-	125,672	2.00%
2026	856,211	2.00%	2,435,000	5.00%	-	-	128,185	2.00%
2027	873,378	2.00%	2,560,000	5.00%	-	-	130,749	2.00%
2028	890,889	2.00%	-	-	2,440,000	6.00%	133,364	2.00%
2029	908,752	2.00%	-	-	2,535,000	6.00%	136,031	2.00%
2030	-	-	-	-	2,630,000	6.20%	138,752	2.00%
2031	-	-	-	-	2,740,000	6.20%	141,527	2.00%
2032	-	-	-	-	2,850,000	6.20%	144,358	2.00%
2033	-	-	-	-	2,965,000	6.20%	147,245	2.00%
2034	-	-	-	-	3,080,000	6.20%	150,190	2.00%
2035	-	-	-	-	3,205,000	6.20%	-	-
2036	-	-	-	-	3,335,000	6.20%	-	-
2037	-	-	-	-	3,470,000	6.20%	-	-
2038	-	-	-	-	3,610,000	6.20%	-	-
2039	-	-	-	-	9,030,000	6.20%	-	-
	<u>\$10,516,155</u>		<u>\$13,520,000</u>		<u>\$41,890,000</u>		<u>\$ 2,296,682</u>	

Callable:

Anytime

6/1/2019

6/1/2019

Anytime

Schedule 1 - \$13 Million Contribution¹

¹ Preliminary rates, subject to change.

Year	Refunded Debt Service	Existing Debt Service Reserve Fund	New Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	4,263,449	-	3,474,980	788,469
2018	4,262,323	-	3,477,450	784,873
2019	4,263,309	-	3,476,050	787,259
2020	4,263,947	-	3,475,700	788,247
2021	4,263,185	-	3,474,150	789,035
2022	4,261,724	-	3,471,400	790,324
2023	4,263,013	-	3,472,800	790,213
2024	4,261,803	-	3,466,800	795,003
2025	4,263,094	-	3,473,600	789,494
2026	5,511,636	-	4,722,600	789,036
2027	5,514,929	-	4,729,350	785,579
2028	5,266,973	-	4,478,350	788,623
2029	5,263,169	-	4,477,100	786,069
2030	4,328,544	-	3,538,350	790,194
2031	4,328,446	-	3,538,600	789,846
2032	4,323,743	-	3,538,000	785,743
2033	4,319,435	-	3,524,800	785,513
2034	4,153,183	-	3,362,200	790,983
2035	4,149,014	-	3,361,600	787,414
2036	4,144,403	-	3,351,600	792,803
2037	4,139,141	-	3,347,400	791,741
2038	9,408,017	5,275,230	3,343,600	789,187
2039				
	\$ 107,526,794	\$ 5,275,230	\$ 84,109,880	\$ 18,141,685

Average Rate of Refunded Bonds 4.03% *

True Interest Cost (TIC) on Refunding Bonds 3.31%

Net Present Value Savings \$ (578,133)

Percentage Savings of Refunded Bonds = (.847%)

*Net of credit payment on 2009B BAB issue.

CITY OF SANTIAGO, N M

Schedule 2 - \$20 Million Contribution¹

¹ Preliminary rates, subject to change.

Year	Refunded Debt Service	Existing Debt Service Reserve Fund	New Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	-
2017	4,263,449	-	3,036,869	1,226,580
2018	4,262,323	-	3,033,100	1,229,223
2019	4,263,309	-	3,035,500	1,227,809
2020	4,263,947	-	3,035,850	1,228,097
2021	4,263,185	-	3,035,150	1,228,035
2022	4,261,724	-	3,028,400	1,233,324
2023	4,263,013	-	3,038,200	1,224,813
2024	4,261,803	-	3,035,600	1,226,203
2025	4,263,094	-	3,036,000	1,227,094
2026	5,511,636	-	4,279,200	1,232,436
2027	5,514,929	-	4,288,200	1,226,729
2028	5,266,973	-	4,039,950	1,227,023
2029	5,263,169	-	4,036,950	1,226,219
2030	4,328,544	-	3,097,200	1,231,344
2031	4,328,446	-	3,092,200	1,236,246
2032	4,323,743	-	3,089,200	1,234,543
2033	4,319,435	-	3,087,800	1,231,635
2034	4,310,313	-	3,077,800	1,232,513
2035	4,153,183	-	2,924,400	1,228,783
2036	4,149,014	-	2,923,200	1,225,814
2037	4,144,403	-	2,918,200	1,226,203
2038	4,139,141	-	2,914,400	1,224,741
2039	9,408,017	5,275,230	2,901,600	1,231,187
	<u>\$ 107,526,794</u>	<u>\$ 5,275,230</u>	<u>\$ 73,984,969</u>	<u>\$ 28,266,595</u>

Average Rate of Refunded Bonds

True Interest Cost (TIC) on Refunding Bonds

Net Present Value Savings

Percentage Savings of Refunded Bonds = (.939%)

* Net of credit payment on 2009B BAB issue.

4.03% *
3.31%
\$ (640,311)

Preliminary Key Event Comparison

Event	City Issue Bonds in Public Market	City sells Bonds to NMFA PPRF	City sells Bonds to NMFA PPRF (Potential)
Finance Committee	March 21	March 21	March 21
NMFA consider release of GRT pledge on DWSRF loans	April 28	April 28	April 28
NMFA approve purchase of City issue	N/A	April 28	April 28
Council approval of publication	April 13	May 11 or May 25	May 11
Bond pricing	May 10	June 22*	June 14 or June 15*
Council adopt Ordinance and approve sale	May 11	June 22**	June 14 or June 15**
NMFA board approve sale of bonds	N/A	June 23	June 15 or June 16
Closing	June 14	July 26	June 29

* Pricing of PPRF bond issue by NMFA.

** Would require special Council meeting; regular meeting scheduled for 6/29.

City of Santa Fe, New Mexico

memo

Date: March 21, 2016

To: Finance Committee

Via: Kate Noble, Interim Director *KN*
Housing and Community Development Department

From: Alexandra Ladd, Special Projects Manager *AL*
Housing and Community Development Department

Re: FIR for A+CC Resolution – Donation of Land at Siler Road site

BACKGROUND

The "Arts + Creativity Center" (A+CC) is envisioned as a facility that offers both affordable rental housing, as well as commercial and retail space for creative businesses. Integral to the success of this project will be the award of Low Income Housing Tax Credits (LIHTC), made more likely if the City donates the development site. Securing tax credits has the potential to leverage up to \$13 million of development financing into our community.

Resolution No. 2014-13 directed City staff to work with Creative Santa Fe to identify building sites appropriate for developing the project. Once a site was identified, (a portion of the City-owned Siler Road complex), Resolution 2015-24 was adopted which clarified the process for staff to determine appropriate criteria for making a land donation, as well as developing a legal mechanism in compliance with the New Mexico Affordable Housing Act or the Local Economic Development Act.

On July 29, 2015, the Governing Body approved donating a parcel of land for the project during Executive Session, contingent on the developer receiving funding through the LIHTC program. The proposed resolution clarifies the intent of the Governing Body to support the NMIF application for LIHTC funds, both through the donation of a project site and associated development fee waivers. The objective is for the City to donate 10% of the project costs in order to make the application competitive.

ITEM AND ISSUE

The FIR for the Resolution estimates the value of the property to be donated and the value of the fee waivers that would be granted by the City. However, there are several relocation

EXHIBIT "2"

costs associated with the donation that were not considered. The parcel currently acts as a storage and staging area for several City operations which would be need to be relocated elsewhere on the Siler Road site. This relocation would happen no sooner than April of 2017, if the project is funded.

Affected departments include: Public Works (Traffic, Streets/Maintenance) and Public Utilities (Environmental Services, Wastewater), and Parks and Recreation. Consultation with staff identified the following as having potential costs and other logistic factors associated with relocation:

- Signage/paint shop (includes paint storage, water connection for flushing, and underground flushing mechanism);
- Signals equipment and materials (includes electrical receptacle and street light);
- Sewer drop (needs access to sewer line) and splitter box;
- Storage space for 300 dumpsters and 2000 carts (roughly 30 – 50% of area);
- Equipment owned by Parks, LOCALS that was already relocated from Food Depot site (includes 3-room office module building and three cargo containers);
- Cinder pile and impermeable barrier that goes underneath;
- Stockpiles of materials for streets including impermeable barriers;
- Lighting equipment and materials;
- Preparation of new site: fencing for safety and security, site work, environmental compliance activities (cleanup and disposal of old mill leftovers) and prairie dog study.

Other factors noted by Environmental Services staff include:

- the CNG Slow Fill station will be built this summer which will also cause some displacement of existing uses;
- Trucks are parked in the affected area during winter for block heaters which means the new location will need electrical service;
- 30,000 new recycling carts are on line for delivery so the future site needs to accommodate cart distribution and operation, including storing several thousand carts and creating a new cart maintenance area.

There was further concern from staff that city operations, which begin between 2:00AM and 3:00AM are not compatible with residential uses. This includes noise of heavy equipment and back up alarms and poor air quality from dust, fumes, and garbage.