



Agenda

SPECIAL
FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
FEBRUARY 9, 2016 – 3:00 P.M.

ALL MEMBERS OF THE GOVERNING BODY ARE INVITED TO ATTEND

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

CITY CLERK'S OFFICE

DATE 2-5-16 TIME 3:00SERVED BY Isolanda PuenRECEIVED BY Gabille P**CONTINUATION OF BUDGET DISCUSSION**

4. Consideration and Approval of Framework for Closing the City's Structural Operating Deficit and Providing Direction to Staff for Preparation of FY 2016/17 Budget.
5. Request for Approval of FY 2016/17 Budget Development Calendar. (Andy Hopkins)
6. Request for Approval of a Resolution Providing Guidance on the Structure of the Budget of the City of Santa Fe and Certain Reporting Requirements. (Councilor Ives) (Oscar Rodriguez)

Committee Review:

Public Works Committee (no recommendation)

01/25/16

Finance Committee (no action taken)

02/01/16

City Council (scheduled)

02/10/16

Fiscal Impact – No

7. MATTERS FROM THE COMMITTEE
8. ADJOURN

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

**SUMMARY OF ACTION
SPECIAL FINANCE COMMITTEE MEETING
Tuesday, February 9, 2016**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
<u>CONTINUATION OF BUDGET DISCUSSION</u>		
CONSIDERATION AND APPROVAL OF FRAMEWORK FOR CLOSING THE CITY'S STRUCTURAL OPERATING DEFICIT AND PROVIDING DIRECTION TO STAFF FOR PREPARATION OF FY 2016/17 BUDGET	Approved w/Chair's amendments	2-8
REQUEST FOR APPROVAL OF FY 2016/17 BUDGET DEVELOPMENT CALENDAR	Approved	8-10
REQUEST FOR APPROVAL OF A RESOLUTION PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS	Approved	10-16
MATTERS FROM THE COMMITTEE	Information/discussion	16
ADJOURN		16

**MINUTES OF THE
CITY OF SANTA FE
SPECIAL FINANCE COMMITTEE MEETING
Tuesday, February 9, 2016**

1. CALL TO ORDER

A special meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 3:00 p.m., on Tuesday, February 9, 2016, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

OTHERS ATTENDING:

Oscar S. Rodriguez, Director, Finance Department
Kelley 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

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

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

CONTINUATION OF BUDGET DISCUSSION

Chair Dominguez thanked everyone for attending this meeting. He said the Finance Committee and members of the Governing Body have spent many hours considering our budget, the challenges we have and the actions that we need to take. He said he hopes everyone has had the opportunity to review the information that has been distributed to the Committee and made available to the public.

Chair Dominguez said at this meeting, at the very least, he would like to get a framework approved and moved forward to the City Council for consideration tomorrow evening. He would like to have at the maximum a total of a one hour debate on the framework and the Resolution on structure. He said the Committee has been provided with all frameworks and policies.

4. CONSIDERATION AND APPROVAL OF FRAMEWORK FOR CLOSING THE CITY'S STRUCTURAL OPERATING DEFICIT AND PROVIDING DIRECTION TO STAFF FOR PREPARATION OF FY 2016/17 BUDGET

A copy of *Dominguez – Lindell Compromise Framework*, with attachments, including the Dominguez-Lindell Substitute Resolution, is incorporated herewith to these minutes as Exhibit "1."

A copy of *Framework for Closing the Deficit*, is incorporated herewith to these minutes as Exhibit "2."

Chair Dominguez said, "On the table are 5 proposed frameworks and 4 policies. One of the frameworks is the one the Finance Chair proposed about a month ago, maybe more; another is one that Councilor Ives proposed. There is a compromise framework that both Councilor Ives and I worked on. There is a framework that Councilor Maestas has proposed as well. And lastly, a framework that both Councilor Lindell and myself have worked on."

Chair Dominguez continued, "I just want to say that all of these frameworks all have some different aspects to them. I just want to thank the Committee and staff for the work they've done to get us this far. I have to tell you that I do support the Dominguez-Lindell framework [Exhibit "1"] for a number of reasons and I'll get to that in a few minutes."

Chair Dominguez continued, "Before I do that though, I just want to explain to everyone what that framework is. Basically it is \$6.3 million in new revenue, \$3.8 million which is equal to a 1/8¢ gross receipts tax increase and \$2.5 million in collections and fees which is something that's been kind of floated around during the Committee process for a while now. It asks for \$4 million in cuts and \$4.7 million in franchise fees."

Chair Dominguez continued, "And I just want to explain real quickly why I support this framework. Number one, I guess is the GRT increase which is the big elephant in the room. And I must say that, what we must do is we must move ahead to remedy this deficit. That is first and foremost. And yes, tough decisions are always going to have to be made, but the consequences of not doing anything, or delaying this, I think are irresponsible, and quite frankly in my opinion, they are very unacceptable. The other reason I support this is because it frees up 1/4% GRT in the year 18/19, for the Governing Body to either give it back to the public, or to use it in the General Fund as it was originally intended to be in the first place."

Chair Dominguez continued, "There are \$4 million in cuts. I think that is something the public is asking us for, and we need to work hard to make sure we continue to provide efficient government, always work to do things better and so that's part of what that's asking for. And I guess the most important thing is that we will not have to borrow money from the Water Department. That's something the public has absolutely said that they are opposed to. And so that's part of what this framework will accomplish."

Chair Dominguez said, "Before I turn it over to the rest of the Committee, depending on what motion is made, a couple of conditions here that I would like to have verbatim in the record, Ms. Helberg, if we can. *With regard to cuts, I want the minutes to reflect that it means first to try to achieve this number through attrition, then efficiencies, then cuts in service. And second, any new fee or tax revenue that should come from a policy change above the revenue target, should count against the amount in cuts proposed.* In other words, if we come up with a new fee or change current policy in a way that will bring in new revenue, then the \$4 million will be less. And so I would just like whoever makes the motions to consider those things."

Councilor Lindell said, "I would like to thank everyone for the work they've done on these different frameworks, particularly Councilor Dominguez for working with me for a number of hours on this one. When we started working on this and looking at each other and saying we're going to try to close this structural deficit in a year rather than extending it on for more years, it seemed like a radical idea to both of us. But in working at it, and sitting down and looking at it, putting numbers together and going through all of it, it really does seem like the prudent thing to do."

Councilor Lindell continued, "I think in terms of taking monies from the water fund, we did that last year and then we passed a Resolution and said that it was a one time thing and that we weren't going to do that again. So I think it was very very important that we kept to our word with that and that we came up with a framework where we did not take those monies from the water fund again. And I think was also important that we didn't borrow money from the water fund, even though some of the frameworks had a proposal to borrow where the repayment was with some interest. I think this framework that we have proposed gives everyone an opportunity to participate in this new budget. I think everyone will have an opportunity to come up with efficiencies. Probably, everyone will have an opportunity to give a little something up, that includes all of the public, and I know that we can do this. If we dig in together, we can get this done. It won't be painless, but we have spent ourselves into this \$15 million hole, and we have to get out of it. It is not sustainable to continue the way we have been doing this. It's the City's checkbook and we have to be responsible with it."

MOTION: Councilor Lindell moved, seconded by Councilor Rivera for purposes of discussion, to approve the proposed framework called *The Dominguez-Lindell Compromise Framework*, for closing the City's Structural Operating Deficit, with the Chair's proposed language."

CLARIFICATION OF THE MOTION/FRIENDLY AMENDMENT: Chair Dominguez asked if that includes 17 and 18 in the framework. Councilor Lindell said, "No. 17 and 18 are eliminated as well as asking for the, what you read into the record was for the Resolution." Chair Dominguez said, "No. It will be for the framework." Councilor Lindell said, "Ms. Helberg, also in that motion the two items the Chair suggested are to be included. Is that acceptable to you Councilor Rivera." Councilor Rivera said, "Yes." **THE AMENDMENT WAS FRIENDLY TO THE SECOND AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE GOVERNING BODY.**

DISCUSSION ON THE MOTION AS AMENDED: Councilor Maestas said, "I want to commend you guys for coming up with a framework. And it incorporates I think some of the framework that I had proposed, the additional collections and fees, not borrowing from the Water Fund was also part of my framework. The only element of this framework I can't support is a tax increase. I think my framework had.... when we have looked at the status of utilities, we all understand that when a utility is publicly owned, it still, I think, realizes the same benefits as if it was private – occupying our right-of-way, access to equipment to make repairs and pavement cuts. But there's also, I think, utility services that are being provided, that aren't being paid for by certain aspects of general government. And I know in Solid Waste, and I believe Wastewater alone there was \$1.2 million in free services provided to the general government. And the Franchise Fee, I think, I had included Solid Waste and Wastewater in addition to Water Franchise Fees. And I know we haven't developed that policy yet, and I hope we do before we get to budget hearings, but I believe my framework called for \$5.9 in Franchise Fees and I know this only has \$4.7 million."

Councilor Maestas continued, "The only other issue that I have, is that I think there's a lot that needs to be done to look at cost reductions through efficiencies. I think that target \$4 million is a lot, and it is a really good target, but I think there is more than \$4 million that we can find in cuts, but I wouldn't advocate doing that in the first year. And then I think the ability to increase collections in fees can be higher. I believe my framework was higher than \$2.5 million. I think we just need to work a little harder at solving this situation without raising taxes."

Councilor Maestas continued, "And another issue I have is that we are dealing with a deficit that goes back until 2008. And in all the information we have, we haven't raised taxes since 2006, that was 10 years ago. And so raising taxes to address what I call a legacy deficit, we're going to be in the same position that we were only that we will have addressed a legacy deficit. We won't have any opportunities to fund other needs that we know we have. We haven't quite quantified them and I asked for amendments in the resolution that was being circulated. I am losing track of all the documents that we're considering. But if we're going to raise taxes I think we not only need to look back and address this deficit, but look forward. We were engaged in a discussion over basic equipment for snow and ice control. And we have a fleet of 10, we only can afford 4 new trucks. The remaining 6 are 20-25 years old. They are unreliable. That's just a symptom I think of some of the needs we have today in going forward."

Councilor Maestas continued, "And if it's going to take us another 10 years to raise taxes, we're facing another 10 years of stagnation. I think if we're going to go there through the budget process, we ought to identify additional critical needs associated with Public Safety, Annexation and a lot of the commitments the City has but is unable to meet. So only under those circumstances would I be willing to consider any kinds of tax increases in looking at our current needs going forward. Because again, I don't think the City or our community can wait another 10 years and watch a stagnating government kind of hobble along. So I think it would be best for us to look at cuts first and balance this budget in the interim, and through the course of the next year, we can identify other, more comprehensive ways to right-size our government and enjoy a greater savings, so I can't support the taxes."

Councilor Maestas continued, "And then I guess I would yield the floor for now Mr. Chairman, by just talking a little bit about defining the problem. I think right now, Oscar, what's our projected end of year revenues in the General Fund."

Mr. Rodriguez asked, "End of the year ending balance."

Councilor Maestas said, "Yes, the project balance relative to the budget. I know we're running about \$2.5 million...."

Mr. Rodriguez said, "Yes. We were saying about \$3 million more than what was budgeted because of higher GRT and lower expenditures at this stage, by the end of the year."

Councilor Maestas asked, "Okay now tell me where we're running in terms of expenditures relative to budget."

Mr. Rodriguez said, "We're running about 3% below."

Councilor Maestas asked how much that is in dollars.

Mr. Rodriguez said, "Almost \$3 million."

Councilor Maestas, "So, we're over in revenues \$3 million and we're under expenditures by \$3 million."

Mr. Rodriguez said that is correct.

Councilor Maestas said, "This is a \$6 million swing there. Let me finish. All I know about is the additional Hold Harmless of \$660,000, but that's \$2.4 million, let's just say take off the \$660,000. So what I'm saying Mr. Chair, is our picture is getting brighter. And if we can hold our budget to actual levels and realize that savings, and revise our projections to reflect actual this year, you're looking at a difference of about \$4 million and that will cover the \$3.8 million in tax increases. So what I'm saying is, if we forego the tax increases, freeze the budget at the actual levels that we are projected to have and amend our revenue projections, assuming that it continues. Well look. If expenditures were projected to be at budget, if revenues were expected to be at budget, then I would say, wow. We're not getting any help in terms of actual revenues, and actual reductions in expenditures."

Councilor Maestas continued, "But we have a \$4-5 million swing here in a surplus of revenues and cost reductions and expenditures, and I don't think we ought to brush that aside, I think that should be considered. I think we should be conservative, but this could at least help us defer any tax increase until we can conduct some real well thought-out, right-sizing, look at all of our fee structures, the enforcement behind the fees, look at right-sizing the organizational structure in the City. There's so much we can do, but we can't do all that between now and July 1. So I can't support the tax increases, but I really think we ought to consider this huge net difference between projected reduction in expenditures and projected revenues above budget."

Councilor Maestas continued, "And that could save our bacon in terms of down the line avoiding a tax increase. And then, through the budget hearings as well, we can hear from staff what we need to cover public safety for annexation. What do we need for all of these other critical needs. We have needs in facilities we have a quarter of a million dollar backlog in street improvements. We don't have adequate equipment for basic snow and ice control. So that would be my recommendations to the Committee at this point, but I support the rest of the framework, Mr. Chairman."

Chair Dominguez thanked Councilor Maestas "for your thoughtful comments."

Councilor Rivera said, "The first question I had was in regard to this document that I believe you put out.. I don't know Brian, do you want to answer this... but when we're talking about cuts is that specifically personnel cuts, or what is included in cuts."

Mr. Snyder said, "Yes, it would a number of... anything would be in cuts. It would be just a reduction in expenditures. So it could be cuts. It could be cuts in personnel, cuts in services. Anything to reduce our expenditure line item."

Councilor Rivera said, "So it's not formally and completely cuts in personnel. That's not what we're talking about here. Is that correct."

Mr. Snyder said that is correct.

Councilor Rivera said, "So, when you're looking for \$4 million in 2016, to \$5.3 million, it's not an additional \$5.3, it's...."

Chair Dominguez said, "For clarification, Councilor Rivera, those two columns are eliminated from the motion."

Councilor Rivera said, "All right. The 17 and 18."

Chair Dominguez said yes.

Councilor Rivera said, "So that takes that out of it. The next question is on page.... and by the way, I think this is a great compromise that you are asking. I support it. Obviously on page 5, Item F, I still have issue with taking two specific departments like the Fire Department and the Transit Department and looking at them specifically, and getting to the point where we're kind of micromanaging them to look at cuts. I feel if there were specific savings that could be made, that those departments could come up with those savings on their own, if that's what they were looking for. But again, I think it's a good enough document that it's not worth that much argument. I just wanted to put my comment out there."

Chair Dominguez said, "Councilor Rivera, just real quick, we'll get to the Resolution after we take care of the motion on the framework. That is actually going to be Item #6, the specifics. But I agree with you."

Councilor Rivera asked if the Chair would like for him to wait to discuss this when we discuss the Resolution on this, and the Chair said yes.

Councilor Rivera said, "With that, I will say that I agree with Councilor Maestas, with increasing GRT and decreasing expenditures, that it looks like we're going to be in a good position. But I believe the framework is strong enough that it least gets us going. And if we realize those savings that Councilor Maestas is talking about, that we can address them throughout the budget process as we go. So, overall, I support the framework."

Councilor Trujillo said, "Being that I got this yesterday, I was able to review it last night. Thank you and Councilor Lindell for the work you did, because it is good work and starts the process. I am very intrigued as to what Councilor Maestas just mentioned, and I would like to understand it. Difficult decisions have to be made though, and unfortunately one of the frameworks here is an increase of the GRTs. I don't think it's something anybody really wants to do, but it is something that has to be put on the table. We were very fortunate over the years not to have all these tax increases. I think past Governing Bodies haven't been able to do that, but as Councilor Dominguez always says, we are kicking the can down the street, and that needs to stop. I do support the framework, but as Councilor Rivera said to you, I think we can incorporate some of the things Councilor Maestas said during the budget process, and maybe we won't have to do the tax increase. That's all I have to say Mr. Chair. Thank you."

Chair Dominguez said, "A couple of final comments. This framework is intended to be just that, a framework. It doesn't mean that it is not flexible, or it can't change, or if something else comes up and there's another solution to resolve some of these problems that we can't incorporate them into that, but it is a framework. It is a roadmap, if you will, that gets us down the road. And I must say, I just have to say this publicly, and for the record. This community has made lots of sacrifices in the past. Over the course of how many years, we've made plenty of sacrifices. City employees also have made many of those sacrifices. To think that we have not done our due diligence in the past to make cuts is not fair, because there have been sacrifices that have been made."

Chair Dominguez continued, "Past governing bodies have contemplated raising taxes in the past, and we haven't done it, because we didn't have the political will, or because a particular Councilor was able to give a great speech and convince everyone not to do that. But at some point, we have to recognize the fact, if we want to provide the high level of services that this community deserves and wants, that means we have to have some cash to make that happen."

Chair Dominguez continued, "I hear what you are saying Councilor Maestas in terms of the long term, and I'm not sure if you're suggesting that we raise taxes even more at this juncture, but that's kind of what I hear, because that's kind of what it's going to take. We can only trim government so much before it starts to impact the taxpayers and the services they expect, demand and want, and that they pay for quite frankly. So I think the framework is, really in many ways in some instances, has been due a long time. And that is in the form of that new revenue."

Chair Dominguez continued, "I've been on the Governing Body now for 10 years, and every budget cycle, every time we go into the budget, there's always this demand to cut, and we need to cut and we need to continue to cut. And when someone says, well let's raise some revenue, that all of a sudden is taken off the table. And it's not fair to the employees. And it's not fair to the public, because at some point sacrifices need to be made and not just by employees and the public, but by this Governing Body as well. And that's one of the tough decisions that I think hasn't been made in the past. We've made tough decisions to cut in the past, but what we haven't done is we haven't made the tough decision to raise new revenue. And with that, let's go ahead and have a roll call vote, Ms. Helberg."

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

For: Councilor Lindell, Councilor Rivera and Councilor Trujillo.

Against: Councilor Maestas.

5. REQUEST FOR APPROVAL OF FY 2016/17 BUDGET DEVELOPMENT CALENDAR. (ANDY HOPKINS)

A copy of the *FY 2016/17 Budget Calendar* is incorporated herewith to these minutes as Exhibit "3."

Chair Dominguez said, "That's going to be good for staff, because now they have something to work on, but the next thing is the Calendar. And I want to apologize to staff because you are two weeks late in working on the budget because this Governing Body or this Committee hasn't been able to get past this point. And so with the motion we just made and with the approval of this Calendar we can take off and get things done."

Andy Hopkins, Budget Analyst, presented information regarding this matter, saying it was an oversight, and they meant to put it on the last Agenda for approval, noting at this point the approval is a formality, because they already have training scheduled for tomorrow and Friday.

Chair Dominguez asked the reason approval is requested on the Budget Calendar itself.

Mr. Rodriguez said it so the public knows the schedule as well, noting a lot of the dates also are invitations to the public to review the calendar. He said, "I think it's a very basic step in transparency here, so everybody knows when things are going to happen."

Councilor Maestas asked, "The \$15 million deficit, that number doesn't include any additional funds for staff to consider or for you to consider in the budget. So what was the reason for the delay. I guess to make cuts, if we didn't identify additional revenue sources."

Mr. Rodriguez said, "Yes sir. I think the Chair would agree, unless I heard differently, this was going to be very different in the budget. Now I think we're all on the same page, and we're going to try and produce a budget that meets this framework."

Councilor Maestas said, "But we're still looking at, essentially, flat budgets and there's not going to be any real increase."

Mr. Rodriguez said as explained in the past, there is nothing that is a flat budget. There is inflation, so even if it's the same money, it actually costs something. He said, "And one thing is going to be very different, and I'll just follow up to your observation earlier about higher than budgeted ending balance. I have been communicating that to you for some time, and I recommended that we use that to put into the Capital Improvement Program. So it's those resources that you've plowed into capital improvements that eventually will be used to make improvements." He gave the example of the funds for the new accounting and Land Use Software that will be funded from the cash that seems to building up in the ending balance right now.

MOTION: Councilor Lindell moved, seconded by Councilor Trujillo, to approve the proposed FY 2016/17 Budget Calendar, as presented.

DISCUSSION: Councilor Rivera asked, since we're looking to do quite a bit with this budget, there is only a 4-5 day period before Council to review it all, make changes during that week, decide what we're going to do, and then it goes to Council for the first reading. He said, "There's nothing in between there to address any changes, or address any issues that may come up. I don't know if Andy or Oscar want to address this, but from March 2nd to the 25th, there's 23 days. And is that all that is needed for Finance Department review."

Mr. Rodriguez said, "Yes sir. Normally, we have a little more time and I cut a week of that off, and that's because, well, there are a lot of moving parts that have to be put together. One of the things we plan to put together are recommendations for major policy changes we have to bring to you so we can achieve these things."

Councilor Rivera said, "And then there's another 18 days in preparation of presentation material for the Finance Committee. Are all those days needed as well."

Mr. Rodriguez said, "Again, this is two weeks less than what we normally use. Having done this one time before, I can tell you each of those days are very very busy, just focusing on the budget."

Councilor Rivera said, "I am concerned that really this leaves little room for the Finance Committee to review everything that is presented, make any changes we may have staff come back to us with, potentially, additional changes or additional information before it actually makes it to Council. So, I'll just leave that for the record."

Chair Dominguez said, "That's a fair observation. I think that certainly we will be flexible as we get closer to the end of April through May, or through the end of May, to make sure we have enough discussion."

Mr. Hopkins said, "These are only sessions for the Finance Committee review that are currently scheduled. There is, of course, room to schedule additional meetings as time permits for all the Councilors' schedules on the Finance Committee. But, as of now, this is kind of a general framework. Of course it's expected that, as we go along, there may be some changes in the schedule, including additional meetings of the Finance Committee to consider. So this is just a preliminary schedule in that respect. There is nothing saying that we can't expand the time that Finance has to review it before it goes to Council, or anything like that. This is your preliminary timeframe."

Mr. Rodriguez said, "Actually addressing Councilor Rivera's observation, I want to clarify, and I apologize if it's not clear enough. The intention was a week after April 4th, after the City Manager has corrected our budget. That's when we begin to print to you guys information that starts to get to you at that point. And so, obviously, we can schedule some other times there, but we were thinking that's when we start getting the hard copies, or at least the 20 copies of the draft."

Councilor Rivera said, "So starting April 4th [*inaudible because two people talking at the same time*]."

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

- 6. REQUEST FOR APPROVAL OF A RESOLUTION PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS. (COUNCILOR IVES). (OSCAR RODRIGUEZ) Committee Review: Public Works Committee (no recommendation) 01/25/16; Finance Committee (no action taken) 02/01/16; and City Council (scheduled) 02/10/16. Fiscal Impact – No.**

A copy of a Legislative Summary for the Resolution on Budget Guidance, with the attached Substitute Resolution, FIR, and Original Resolution, is incorporated herewith to these minutes as Exhibit "4."

A copy of Resolution No. 2015-110, sponsored by Councilor Joseph M. Maestas, adopted by the Governing Body on December 9, 2015, is incorporated herewith to these minutes as Exhibit "5."

Chair Dominguez said, "This is intended to be the legislation that gives direction to management in how it is supposed to address both revenue and cuts, generally speaking. There's 3 versions out there. There is one that both Councilor Ives and myself worked on, which I believe he has endorsed the one that Councilor Lindell and I have kind of narrowed it down to [Exhibit "1"]. And then Councilor Maestas has his piece of legislation on the table as well. Some of the stuff that Councilor Maestas has asked for are in the one that Councilor Lindell and I have worked on. I'm not quite sure how the Committee wants to go through these. For all intents and purposes, the legislation does reflect the framework that was approved, but there are opportunities for us to have some debate, and maybe to change some of the language and citations in the legislation if we want to do that."

Councilor Rivera, referring to page 5 of the Resolution, beginning on line 5, said, "So, again, not to belabor the point too much, but where we're singling out two departments to really look at. And I know it's calling for an evaluation and report, but we could do this with every department. Just eliminating it, or stopping where it talks about '*...take home vehicle policies and practices*, and leaving it there would be good. But I think it's a good enough Resolution that I'm not going to harp on it too much."

Councilor Rivera continued, "Also on page 5, Item (c). When you guys were discussing this, the 1-2 mils for the property taxes, was there any discussion of what the property tax is. Was there any going to specific departments like those mentioned on the front to provide basic services, or is it just a general 1-2 mils."

Chair Dominguez said, "I think it was just intended Councilor, to have it in there, generally speaking, to have the flexibility we need to apply it however we need to apply or want to apply it at some point."

Councilor Rivera said, "So, I'll just say this for the record is that I would support it, 1 to 2 mils, more specifically again because it's going to be something that will be affecting everybody. If it went to really those basic services which are provided to everybody which are identified on page 4. Number 6 talked about Public Safety, Public Utilities, Public Infrastructure specifically those as we move on in discussion, we can have those a little bit further."

Councilor Rivera continued, "The last thing I had a question on and want to talk about, was on page 6, Item 10 [line 13] where it says, '*Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services....*' I think, if I'm not mistaken, and I don't know if there's anybody from the City Attorney's Office here, or maybe Brian might know – is there language in the individual collective bargaining agreements that address privatizing of services."

Mr. Snyder said, "I can't speak to each of the contracts individually. I know from sitting on the management team with AFSCME, there may be some language in their contract. I'll see if I can get more specifics and get it to you."

Councilor Rivera said, "I don't want to have staff to waste a lot of time in exploring or looking at privatization if it's really not allowed within the collective bargaining framework, or in the contracts themselves. So if we can just look at that before we have staff take a look at any of those. And with that, Mr. Chair, that's all I have. I had no real recommendations for changes. I made my comments about my concern about that, but I really think overall, it's a good Resolution and I appreciate the effort put into it."

Chair Dominguez said, "I'm going to try to track some of these potential changes to maybe put some language in there that might work for everyone as we go through, so I'll do that."

Councilor Maestas said, "I'm a little confused. We were working with one Resolution which was Councilor Ives' Resolution, and there was another Substitute Resolution where he had signed on as a sponsor. And last week we were given instructions to provide comments by 4:00 p.m. on Friday, which is what I did. And I spent a lot of time on that. And now we're moving to yet a third Substitute Resolution which is not even on the caption for today's meeting. So what are we working from. Are we working on Ives' Resolution still."

Chair Dominguez said, "As I mentioned before, all pieces of legislation are on the table for consideration. So you can advocate for yours, and you can even make a motion to get yours approved, and if there is a second, then we move in that direction. Or I guess we try to work together to blend it all in. As I mentioned before, some of the stuff Councilor Lindell worked on, incorporates some of your language in there, but obviously not all of it. So fatal."

Councilor Maestas asked, "Can we act on this, because..."

Chair Dominguez said, "I asked staff about that last week, and I was assured that we could."

Councilor Maestas said, "I think Substitute Resolution #3, still has gross receipts taxes and property taxes in there, which my changes did not have that. Also, my comments on Resolution #2, which was Ives-Dominguez, asked that the Resolution we passed as a Governing Body back in December, Resolution 2015-110, asking for efficiencies comprehensive across the board, and we don't have any results from that. And I think that's another reason why I'm taking this position, because this was still, I think early enough, prior to the policy process to yield some results and give us some ideas of where we can realize some efficiencies. So yes, I'm just trying to get my bearings straight here. So everything is still alive, #1, #2 and #3. Is that correct. I mean, Ives-Dominguez is #1. My comments on Ives-Dominguez I guess is #2, and then the Lindell-Dominguez is #3."

Chair Dominguez asked if he is looking at the spreadsheet.

Councilor Maestas said, "Yes. Thank God, somebody at least did a comparison of all pieces of legislation."

Chair Dominguez said, "You're welcome. And it's only because I couldn't understand how to continue, so I went through the exercise myself to do that, with Jesse's help."

Councilor Maestas said, "That's all I had Mr. Chair. I mean, I can't support it. I mean it's consistent with the framework and I can't support that framework as it is. Because on page 5, #8, #8(a) and #8(c) call for an increase in gross receipts, an increase in property taxes. And I would have been happy to provide comments on this, even track changes, but there was just no time. I thought I abided by the direction of you to submit comments."

Chair Dominguez said, "And I just want to thank the Committee for doing that. This isn't an easy process and there's always going to be, as we even saw today, last minute changes and tweaking of language and all sorts of things. And so, in many ways.."

Ms. Helberg asked for clarification from which Resolution Councilor Rivera was quoting.

Councilor Rivera said, "It was the Dominguez-Lindell Resolution."

Chair Dominguez said that was part of the Dominguez-Lindell Framework.

Councilor Trujillo said, "I guess the one by you and Councilor Lindell is the one that is on the table, because it's what we're having the discussion about. I would consider that the one between you and Councilor Ives would be dead, as well as the one by Councilor Ives as well. Because, as you told me just now, you said Councilor Ives supports your bill. Right. I just want to get clarification. Are the two dead. The only ones I see right now that are technically alive are the one that you and Councilor Lindell had, and Councilor Maestas' right now. Those are the two I think we should be discussing and scrap the other 3, because it is confusing."

Chair Dominguez said, "So the only reason they're still on the table Councilor Trujillo, is because there has been no motion to either approve or reject any of those pieces. So they're still alive until the is some action taken on either one."

Councilor Trujillo said, I just see right now is that the discussion has been centered on yours and Councilor Maestas'.

MOTION: Councilor Trujillo moved, seconded by Councilor Lindell, to kill the original Resolution proposed by Councilor Ives and the Ives-Dominguez Substitute Resolution.

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

Chair Dominguez said, "Now on the table, are still the Maestas Substitute and the Dominguez Substitute."

Chair Dominguez said, "I want to go back to what Councilor Rivera was talking about in terms of the Fire Department and the Vehicle Take Home Policy or policies. Can you tell me what page that's on, Councilor Rivera. It's Item F on page 5, starting on line 4. One of the things we can do is put in there, as an example, looking at the creation of a City-wide motor pool, so on and so forth. I think the bottom line is that staff is going to be required to look at things across the board, and it's not going to be limited to those

that are explicit in this document. That's really going to be the bottom line, but if we want to give them more direction and be a little bit more clear about looking broadly across the table, and not just at these items, we can do that."

Councilor Rivera said, "The Vehicle Policy should be across the entire City, not specific to two departments I would think. So, I would think if they would identify potential ways to save money through these, if they would then present that through the process, but I'm not sure it should really be us pushing in a specific direction. But again, I think we need to move forward, and I think this is a good enough document, that I'm okay leaving it in and we just move forward. I think we're okay. I think it is important that we move forward, and I'll ask appropriate questions when the time comes."

MOTION: Councilor Lindell moved, seconded by Councilor Trujillo, to approve the Substitute Resolution introduced by Councilor Dominguez and Councilor Lindell, providing guidance on the structure of the budget of the City of Santa Fe and certain reporting requirements.

DISCUSSION: Councilor Maestas said, "Just one comment. I think maybe if we can ask staff to do what was done two years ago. And they gave us a kind of supplemental list of their needs. It wasn't incorporated into the budget. And they obviously have to be critical needs. And I know we have critical needs. And I want us, if we're going to go there and raise taxes, we ought to look at everything and not just this 10 year or 8 year legacy deficit. I think it's our job to address the current needs as well, and this framework doesn't do that. And if we're going to go there and raise taxes, I strongly, strongly recommend that we assess the current needs as well, in addition to addressing this deficit."

Councilor Maestas continued, "And I think if we can do that in the course of at least the budget, I think the community might think differently about your decision to raise taxes, and I think it's going to be substantial. Because again, as I pointed out earlier, this is not an easy decision, but I don't think we're addressing everything we need to right now. And it's not going to be easy to come back next year when we find out what these future needs are to raise taxes again. It's just not realistic, and I think it would be wise for us to do that. And I know Oscar you have concerns about taking your eye off the deficit and looking at current needs, but I think we need to consider everything."

Chair Dominguez asked if we have the list from last year. He said, "The Councilor is right. We can raise taxes even more if you like Councilor Maestas, to really get to all of those critical needs that the entire City has, because that's the magnitude of the dilemma that we're faced with. We are not going to reach all the needs the City has that have been articulated in the past by eliminating those needs through cuts, I guess. If you want, do we still have that list from last year."

Mr. Rodriguez said, "Yes sir, we do, but we have been trying to change our budgeting process completely, what's proposed, and then we have two budget processes – the Capital Budget and the Operating Budget. And our call to the departments are give us your needs there, and so we will consider all of the critical needs there, and that's the plan that comes forward to you, as opposed to give us a list that's on the site. I think that would be, at least from my standpoint, that would be a very hard benefit to communicate to the departments. Cut, but give me this list on the site."

Chair Dominguez asked Councilor Maestas if he wants that same list.

Councilor Maestas said, "I see nothing about all the needs they are deferring. It is not inconsistent with them submitting a budget that meets this framework."

Chair Dominguez asked, "So, we have our capital budget. Right. And some of the critical needs that are in there from last year, a lot of them were capital. But there are also some operational budget critical needs. And some of those critical needs may be, staff is going to come back and say, well I really need 5 more positions for whatever function it is they're working on. I'm just trying to get some clarification on what you mean by critical needs and what you want from staff."

Councilor Maestas said, "Well two years ago, I remember I added up all the requests that weren't in the budget by each department, and I thought it was, Brian, wasn't it like \$8-10 million. It probably was a lot more than that. And you know, we weren't in a position to really evaluate the needs since we didn't have the budget to address them. But, if we're going to go and raise taxes.... what I'm saying Mr. Chairman is, I'm not afraid to make these decisions, but in my opinion, we need context, and we don't have context. The only context we have right now is the deficit. We don't have context in term of what the current needs are. We don't have context from Resolution 2015-110, that directed the City Manager to identify efficiencies and cost reductions. You know, it's not about making the tough decisions, it's about having the proper context. I know we're not going to have all the information, but all we have is the context of the deficit. And I'm saying if you're going to take this big step, I think we need to look at current needs. That's all I wanted to say."

Chair Dominguez said, "Well thank you. Let's see if we can't get the list we provided last time, and maybe that will help. I think, in terms of context, Councilor Maestas, I hear you, I understand what you're saying. But I feel like I have been debating or considering the context for 10 years now. There's a lot to it and we can continue to ask questions.... there's just a lot to it. We'll go ahead and get that list from the last time around. If we can just make sure the Committee gets before we even get to budget hearings. And if there's more that we need to expand on, we can go that route."

Councilor Maestas said, "Mr. Chair, look, I just want to, just for the record, state that even though maybe it's obvious to many people that we can't make up this deficit with cuts.... But going through the proper sequence of thoroughly identifying all the cuts and putting a number on that, and then collectively coming to the conclusion that we can't balance the budget with cuts. I think that still goes a long ways, I think, in the eyes of our community. And we didn't do that, and we had that opportunity to do that."

Councilor Maestas continued, "And then the other thing, Mr. Chair, is I want my comments in the record on the Ives-Dominguez bill that we killed. I at least want those to be in there, because I think there is some other cost reduction proposals in there that didn't make it into the Dominguez-Lindell Resolution."

Chair Dominguez said, "I think we'll still be able to get some of that done during the actual budget process. We can go down the road on some of those items at that time. So we can do that. But in terms of wordsmithing the piece of legislation.... we have a motion on the table right now. Okay."

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

7. MATTERS FROM THE COMMITTEE


Chair Dominguez thanked everyone for being here this afternoon and for the work they've done thus far, although there is still a lot more to do. He thanked staff for their work in getting us here, saying, "Thank you Yolanda. Anybody else from the Committee want to make comments. No. Okay we will move to adjournment."


8. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 4:00 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Oscar S. Rodriguez, Finance Director
Department of Finance


Melessia Helberg, Stenographer

Dominguez – Lindell Compromise Framework

(all amounts are approximations)

Deficit closed by end of FY 2018/19

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Deficit at July 1	15.0	0.0	0.0
New Revenue *			
Tax Blend (GRT & Property)	3.8	3.8	3.8
Increased Collections & Fees	2.5	2.5	2.5
Cuts *	4.0	5.3	6.3
Franchise Fee *	4.7	4.7	4.7

* Cumulative

Exhibit "1"

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Carmichael Dominguez

Councilor Signe Lindell

A RESOLUTION

**PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF
SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the
City's annual planning processes; and

WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the
City of Santa Fe; and

WHEREAS, the annual budgeting process should promote the ability of the Governing
Body to make policy priority choices for programs and funding each fiscal year; and

WHEREAS, changes are required in the annual budgeting process to ensure that the
budget is properly balanced and the goals set forth above are realized; and

WHEREAS, the City Finance Department has advised the Governing Body that in the
next fiscal year, 2016-2017, the City faces an estimated \$15,000,000 budgetary shortfall, and
needs to correct some prior practices (inappropriate allocation of City labor charges, bridged
expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued

1 over a series of years; and

2 **WHEREAS**, the estimated budgetary shortfall does not incorporate any additional, vital
3 needs that have been deferred for many years and continue to increase; and

4 **WHEREAS**, meeting these additional, vital needs is substantial and include public
5 safety, community development, infrastructure, and quality of life facilities, services, and
6 programs; and

7 **WHEREAS**, these additional, vital needs are critical to establishing a thriving economy
8 and community with a high quality of life; and

9 **WHEREAS**, preliminary analysis of City staffing levels suggests that those staffing
10 levels are higher than in cities of comparable size, operation and structure; and

11 **WHEREAS**, the Governing Body needs to provide guidance on solutions to these
12 identified budgetary challenges.

13 **NOW THEREFORE BE IT RESOLVED THAT** the annual City of Santa Fe Budget
14 and the annual budgetary process shall be guided and governed by the following policies and
15 reporting requirements:

16 1. The City Manager shall, with policy guidance from the Governing Body, bring
17 forth a one year plan to eliminate the budget deficit estimated at \$15,000,000 using a
18 combination of spending cuts and revenue enhancements.

19 2. The City Manager shall analyze and compare comparison cities staffing, service
20 and expenditure levels to those of the City of Santa Fe, on a department by department,
21 division by division level, and present the findings of such a comparison within 45 days
22 of the adoption of this Resolution to the Governing Body.

23 3. Each City department and division will prepare and present performance
24 indicators to be used to assess annual performance within the department or division and
25 to allow for strategic budgetary policy considerations.

1 4. The City Manager shall identify and recommend specific cuts in positions,
2 expenditures and enhancements in revenues and potential fee increases, resulting in
3 attaining a balanced budget after one year, specifically considering among other matters,
4 the following:

5 a. Establishment of a reasonable charge to the City's utilities, similar in
6 nature to a utility franchise fee;

7 b. Necessary cuts or realignments of staffing levels utilizing
8 attrition and reassignment wherever possible;

9 c. Cost reduction opportunities in the procurement of equipment, products,
10 services, and supplies that includes in-sourcing, more economical
11 procurement instruments, outright elimination, etc.;

12 d. Continued delivery of necessary services to those youth and seniors
13 living in poverty;

14 5. Recognizing that based on preliminary work performed by the City Manager in
15 evaluating its staffing levels and the fact that employee expense equals approximately
16 80% of the City's annual budget, reductions in the number of City positions and/or the
17 expenses associated therewith will be a necessary part of the reduction and elimination of
18 the budget deficit, the City Manager shall bring forward a plan for reasonable reductions
19 in staffing levels, maximizing reductions through attrition, while ensuring that base
20 services are maintained at acceptable levels of service. Said plan shall additionally look
21 at early retirement incentives, and reductions in health plan coverage to ensure that health
22 plan excise taxes are minimized by the City (based upon the last estimate given during
23 the 2015-2016 budget process, such taxes will, absent changes to the City health plan,
24 begin being imposed in the 2016-2017 budget year and will rise to \$5,000,000 annually
25 after 7-8 years).

1 6. Basic services to be maintained in the budget process are public safety (police
2 and fire services), public utilities (water, solid waste, waste water), public infrastructure
3 (streets, sewer), social safety net for those in need within the City (homeless shelter,
4 services to youth and seniors in poverty), and efficiencies from the use of updated IT
5 systems and other technologies.

6 7. Staff is directed to review, analyze and report to the Governing Body on the
7 following potential expenditure cuts, along with others that they identify, some of which
8 are currently in process based on other actions by the Governing Body and by staff:

9 a. Reduction of interest expense through pay down of City debt, such as the
10 2006 \$34,000,000 water bond;

11 b. Exploration of opportunities for greater efficiency and cost savings from
12 updating or upgrading the City's IT infrastructure, recommending changes to
13 City IT systems that would result in cost reductions within a 24 month period,
14 including, by way of example and not limitation, systems that would allow and
15 promote direct deposit of payroll checks;

16 c. Preparation and delivery to the Governing Body of a report on overtime
17 use across each department and division, identifying structural, scheduling or
18 other changes that can be implemented to reduce overtime, in any and every
19 form, to minimal amounts;

20 d. Evaluation, report and make recommendations on leave policies
21 throughout the City, focusing on reasonable limitations on annual accrual of
22 leave and consequential financial liabilities;

23 e. Identifying possible incentives for early retirements and voluntary exits.

24 Identify and report on each position within the City that has been vacant for a
25 period of one year or more and make recommendations to eliminate it or bring

1 forward compelling reasons for its retention or elimination during the annual
2 budget process; and provide a report to the Governing Body monthly on what
3 vacancies have been filled; and

4 f. Evaluation and report on potential savings from changes to the City's
5 practices on use of vehicles, including creation of a citywide motor pool, take
6 home vehicle policies and practices, and including specifically protocols within
7 the fire department to dispatch a ladder truck with an ambulance to any call for
8 service. This shall include an analysis of when passenger vans can be utilized in
9 lieu of full size buses.

10 8. Staff is directed to review, analyze and report to the Governing Body on the
11 following potential revenue enhancement means, along with others that they identify;

12 a. An increase in gross receipts taxes of 1/8 of a percent pursuant to the
13 authority granted to the City to raise gross receipts taxes in light of the State of
14 New Mexico elimination of the hold harmless payments previously made to
15 cities and counties; such an increase would raise revenues an estimated
16 \$3,800,000;

17 b. The City's additional efforts at collection of revenues due it from various
18 fees, fines and penalties, identifying the amount in such fees, fines and penalties
19 that exist and what steps need to be undertaken to ensure collection of those
20 monies;

21 c. A potential increase in property taxes in the amounts associated with 1-2
22 mil, and specifically addressing any means of lessening the impact of such an
23 increase on those citizens within our community living in poverty or on fixed
24 incomes, who have the least ability to absorb such an additional increase, and
25 specifically addressing whether such a tax could be applied to luxury and/or

1 second homes; and

2 d. The existing 411 funds in which the City has approximately
3 \$220,000,000 to determine what funds are required to be maintained and what
4 funds can be closed with any excess funds being transferred into the general fund
5 account.

6 9. In preparation for budget hearings and to the extent reasonably practicable,
7 within the budget, and at a level that allows for policy priority making by the Governing
8 Body, each department and each division within a department shall develop performance
9 indicators and provide data on the effectiveness of the programs and expenditures of the
10 City in the prior fiscal year as well as the current state of need in the area of the particular
11 program; staff shall perform such functions and report to the Governing Body making
12 program support and funding recommendations

13 10. Explore, in partnership with appropriate public and private entities; the feasibility
14 of privatizing or regionalizing services currently provided by the City.

15 11. The City Manager shall place an emphasis on project management to ensure that
16 projects are delivered on time, within budget and in accordance with Governing Body
17 policy; and the City Manager shall ensure that regular annual performance evaluations
18 are done on all appropriate staff including Capital Improvement Project Managers.

19 PASSED, APPROVED AND ADOPTED this ____ day of _____, 2016.

20
21 _____
22 JAVIER M. GONZALES, MAYOR

23 ATTEST:

1 YOLANDA Y. VIGIL, CITY CLERK

2 APPROVED AS TO FORM:

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5 KELLEY A. BRENNAN, CITY ATTORNEY

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25 *M/Legislation/Resolutions 2016/Budget Guidance CD-SL Substitute*

Ives/Dominguez Substitute	Maestas Substitute	Lindell/Dominguez Substitute
WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and	WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and	WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and
WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and	WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and	WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and
WHEREAS, the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and	WHEREAS, the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and	WHEREAS, the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and
WHEREAS, changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and	WHEREAS, changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and	WHEREAS, changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and
WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an \$12,000,000 to \$15,000,000 budgetary shortfall, and needs to correct some \$5,000,000 to \$6,000,000 in realignments within the budget, all of which have accrued over a series of years; and	WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated \$15,000,000 budgetary shortfall, and needs to correct some realignments (inappropriate city labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued over a series of years; and	WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated \$15,000,000 budgetary shortfall, and needs to correct some prior practices (inappropriate allocation of City labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued over a series of years; and
	WHEREAS, the estimated budgetary shortfall does not include any additional, vital needs that have been deferred for many years and continue to increase; and	WHEREAS, the estimated budgetary shortfall does not incorporate any additional, vital needs that have been deferred for many years and continue to increase; and
	WHEREAS, these additional, vital needs are substantial and include public safety, community development, infrastructure, and quality of life facilities, services, and programs; and	WHEREAS, meeting these additional, vital needs is substantial and include public safety, community development, infrastructure, and quality of life facilities, services, and programs; and

	<p>2. The Governing Body shall identify and implement viable measures to sustainably improve operational and organizational efficiencies as permanent cost reductions before considering tax increases.</p>	
	<p>3. The City Manager shall fully implement Resolution 2015110, "A Resolution Requesting the City Manager Evaluate Possible Efficiencies Within City Operations That Might Help Close the Operating Deficit in Fiscal Year 2016/2017 Including Implementing a Conditional Hiring Freeze," approved by the City Council on December 9, 2015 and report results in 30 days.</p>	
<p>3. The City Manager shall analyze and compare the Comparison Cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable cities.</p>	<p>4. The City Manager shall analyze and compare comparison cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable cities.</p>	<p>2. The City Manager shall analyze and compare comparison cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days of the adoption of this Resolution to the Governing Body.</p>
<p>4. The Governing Body, on the basis of the comparison of efficiency indicators and the following guidelines shall evaluate staffing and expenditures and services levels for future budget years:</p> <ol style="list-style-type: none"> Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget; The City's debt service will be maintained at a level not exceeding \$1,200 per capita; The City's annual capital investment shall exceed its total capital depreciation; One time revenue will be used for onetime costs, projects or initiatives; City infrastructure and critical mission services shall be prioritized; Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic, budgetary policy considerations. 	<p>5. The Governing Body, on the basis of the comparison of efficiency indicators and the following guidelines shall evaluate staffing and expenditures and services levels for future budget years:</p> <ol style="list-style-type: none"> Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget; The City's debt service will be maintained at a level not exceeding \$1,200 per capita; The City's annual capital investment shall exceed its total capital depreciation; City infrastructure and critical mission services shall be prioritized; 	<p>3. Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic budgetary policy considerations.</p>

<p>7. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> a. Reduction of interest expense through pay down of City debt, such as the \$34,000,000 water bond; b. Explore opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks; c. Prepare and deliver to the Governing Body a report on overtime use across each department and division, identifying structural, scheduling or other changes that can be implemented to reduce overtime, in any and every form, to minimal amounts; d. Evaluate, report and make recommendations on leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave; e. Identify and report on each position within the City that has been vacant for a period of one or more years or more and make recommendations on retention or elimination during the annual budget process, and provide a report to the Governing Body monthly on what vacancies have been filled; and f. Evaluate and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck to be dispatched with an ambulance to any call for service. 	<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> a. Reduction of interest expense through pay down of City debt; b. Leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave and consequential financial liabilities; c. Identifying possible incentives for early retirements and voluntary exits; d. Evaluate and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck with an ambulance to any call for service. 	<p>7. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> a. Reduction of interest expense through pay down of City debt, such as the 2006 \$34,000,000 water bond; b. Exploration of opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks; c. Preparation and delivery to the Governing Body of a report on overtime use across each department and division, identifying structural, scheduling or other changes that can be implemented to reduce overtime, in any and every form, to minimal amounts; d. Evaluation, report and make recommendations on leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave and consequential financial liabilities; e. Identifying possible incentives for early retirements and voluntary exits. Identify and report on each position within the City that has been vacant for a period of two years or more and make recommendations to eliminate it or bring forward compelling reasons for its retention or elimination during the annual budget process; and provide a report to the Governing Body monthly on what vacancies have been filled; and f. Evaluation and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck with an ambulance to any call for service. This shall include an analysis of when passenger vans can be utilized in lieu of full size buses.
<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> a. A two cents gas tax increase, which would raise an estimated \$950,000 in revenue for core services relating to public rights-of-way; b. An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated \$3,800,000; c. Modifications to the City's short term rental ordinance that will both make the application of the ordinance more equitable, but ensure that revenues due to the City are in fact collected; d. Evaluate the City's additional efforts at collection of revenues due to various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies; e. Evaluate and report on a potential increase in property taxes in the amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and 	<p>9. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> a. Evaluate the existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and 	<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> a. An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated \$3,800,000; and b. The City's additional efforts at collection of revenues due to various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies; and c. A potential increase in property taxes in the amounts associated with 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and d. The existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account.

<p>f. Evaluate the existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and</p> <p>g. Working cooperatively with the County of Santa Fe to evaluate and possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds raised through such a program from the residents of the City of Santa Fe, are utilized within the jurisdictional limits of the City of Santa Fe</p>		
<p>9. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle.</p>	<p>10. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle.</p>	<p>9. In preparation for budget hearings and to the extent reasonably practicable, within the budget, and at a level that allows for policy priority making by the Governing Body, each department and each division within a department shall develop performance indicators and provide data on the effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the current state of need in the area of the particular program; staff shall perform such functions and report to the Governing Body making program support and funding recommendations</p>
<p>10. The following are adopted as necessary budgetary reporting processes and timeframes (as shown in the attached spreadsheet):</p> <p>a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July 1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of \$25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase; Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.</p> <p>b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:</p> <p>i. Statement of need;</p>	<p>11. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the city.</p>	<p>10. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the City.</p>

ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases; iii. Statement of anticipated results and public benefits of the project; and iv. The carbon neutrality impact report.		
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		10. The City Manager shall place an emphasis on project management to ensure that projects are delivered on time and within budget; and the City Manager shall ensure that regular annual performance evaluations are done on all appropriate staff including Capital Improvement Project Managers.
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Framework for Closing the Deficit

Presented to Finance Committee

February 9, 2016

Exhibit "2"

Strategic Questions for Developing the Budget

- Timeframe for closing the deficit?
- Structural deficit addressed separately from current budget
- How much/type revenue increase(s)?
- What priorities are held harmless from cuts?
- Borrow from reserves?
- Franchise fee to Utility Enterprise Funds?

Strategy for Drafting the FY 2016-17 Budget

Reserves/Debt	Operations	Sustainability
Budget Assumptions		
<ul style="list-style-type: none"> General Fund balance at 10% Borrowing from reserves at 2% APR 	<ul style="list-style-type: none"> 2% revenue growth \$1.5% inflation 	<ul style="list-style-type: none"> One-time revenue goes to one-time costs/projects/initiatives Infrastructure and/or critical mission services are top priority No expansion or new initiatives except to reduce costs
Financial Management Goals		
<ul style="list-style-type: none"> Structural deficit addressed separately from current budget Debt service limits within 5 years: <ul style="list-style-type: none"> 10% of total operating budget \$1,200 per capita Annual capital investment greater than total capital depreciation 	<ul style="list-style-type: none"> Efficiency of operations should be competitive with that of comparable cities/operations 	<ul style="list-style-type: none"> Current expenditures covered only with current revenues Diversification of revenue and economic base is top priority Business-type activities to become self-sustaining in 5 years

Budget Preparation Instructions to Departments

- Inflation at 1.5%
- Assume vacancy rates at average of past 3 years
- Departments help prepare their personnel budget
- No expansions or new initiatives except to reduce costs
- No carry-forwards
- Operating Budget separate from Capital Budget (CIP)
- Programs should be competitive with efficiency indicators in comparable cities
- All programs will present performance indicators

FINANCIAL CHALLENGES IN FY 2016-17

APPROVED FY 2015-2016 BUDGET		BUDGETED		S-OFFS		DIFF	
GENERAL FUND BEGINNING CASH BALANCE		8,783,844					
Revenues							
Gross Receipts Tax	53,130,499						
Property Tax	3,464,594						
Franchise Tax	3,145,000						
Licenses & Permits	2,360,445						
Total Other Fee/Income	2,284,876						
Ambulance Fees	1,700,000						
Reimbursed Expenditures	6,247,587						
Transfers In	6,410,305						
Subtotal - Revenues	78,743,306						
TOTAL GENERAL FUND RESOURCES AVAILABLE	87,527,150						
Operating Expenditures							
Total Department Expenditures	73,908,727						
Transfers Out	4,824,579						
TOTAL GENERAL FUND OPERATING EXPENDITURES	78,733,306						
REPORTED GENERAL FUND ENDING BALANCE	8,793,844						
Bridged Expenditures							
Costs Shifted to Other Funds	4,350,000						
Locals Workforce Account in GRT Bond Pro	1,196,383						
Unrelated salaries in Enterprise Funds	1,556,459						
Street Maint. in Storm Water Fund (2401)	971,728						
So. side Library staff salaries in 1/2% Capita	266,680						
Free Solid Waste Services	906,680						
Free Waste Water Services	6,234,571						
TOTAL COSTS SHIFTED	6,234,571						
Spending through Special Fund Operating Deficits							
Municipal GRT (2116)	826,274						
Municipal GRT-Police (2210)	404,354						
DWI Forfeiture Program (2227)	98,364						
Fire Property Tax/Safety (2250)	293,281						
Economic Development (2117)	386,000						
Historic Preservation Grant (2707)	31,764						
1/2% Capital GRT Income Fund (3102)	846,418						
EI ERP Software (3139)	70,535						
Municipal Recreation Complex (5600)	5,470						
TOTAL SPECIAL FUND OPERATING DEFICITS	2,948,460						
TOTAL BRIDGED EXPENDITURES	9,183,031						
Anticipated Revenue Reductions							
Sunset of State Hold Harmless GRT	660,000						
Sunset of Payment in Lieu of Taxes (Water Fund)	4,736,065						
TOTAL ANTICIPATED REVENUE REDUCTIONS	5,396,065						
FY 2016-17 EFFECTIVE OPERATING DEFICIT	14,579,096						
MANDATED 1/12th RESERVE	6,159,061						
EFFECTIVE ENDING BALANCE	(11,944,312)						

Unaudited

Administrative overhead distributed to utility funds, etc.
Water Fund payment in lieu of taxes, excess Transf GRT, etc.

\$2,205,361 to Sr. Svcs, \$2,239,820 to Pol. & Fire Funds, etc.

\$6,159,061 mandated 1/12th plus 13 days reserve

Paid from 2014 GRT Bonds
Public Info. Off., Multimedia Designer, River Coord., et al
\$238,767 accumulated deficit
From Cap. GRT (3102): \$37,949 accumulated deficit

Includes only funds in cash deficit by FY2016-2017

\$292,563 accumulated deficit

Main source for debt service for GRT-back Bonds
\$583,846 accumulated deficit
\$784,408 accumulated deficit

2nd of 15-Year timeframe (6% of \$11 million)

12% of gross receipts

Total of Bridged Expenditures, Special Fund Deficits, & Anticipated Revenue Reductions

Reported Ending Balance less Effective Operating Deficit and Mandated Reserve

CURRENT STATUS: MAJOR CUTS ALREADY PROGRAMMED

1. Southside Library
2. 19 FTE's funded by Water Fund but reporting elsewhere
3. \$ 6 M Parks & Facilities Maintenance
 - a. Medians
 - b. Trails
 - c. Buildings & Facilities
4. Public Safety (Police & Fire GRT and property tax)
5. All other funds in deficit

Councilor Ives' Deficit-Closing Framework

(all amounts are approximate targets)

Deficit closed in 2017/18

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Deficit at Start July 1	15.0	7.5	0.0
Cumulative Operations Cuts	3.7	8.0	8.0
Cumulative New Revenue Increase ^a	3.8	7.0	7.0
Transfer from Water Fund	7.5	0.0	0.0

^a Equivalent to a 1/8 GRT increase the first year

Finance Chairman's Deficit-Closing Framework

(all amounts are approximate targets)

Deficit closed in FY 2018/19, borrowing from Water Fund repaid at 2% interest

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>20120</u>
Operating Deficit at July 1	15.0	4.5	3.5	0.0	0.0
New Revenue *	3.8	3.8	3.8	3.8	3.8
Operations & Maint. Cuts*	2.0	3.0	4.0	4.0	4.0
Utility franchise fee	4.7	4.7	4.7	4.7	4.7
Borrowed from Water Fund and paid back @ 2% APR	4.5	3.5	2.5	(5.3)	(5.3)
¼¢ Water GRT removed and GRT increased in General Fund by ¼¢	0.0	0.0	0.0	7.8	7.8
<i>Accumulated Debt to Water Fund</i>	<i>4.5</i>	<i>8.1</i>	<i>10.8</i>	<i>5.5</i>	<i>0.3</i>

* Cumulative

Compromise Framework

(all amounts are approximations)

Deficit closed by end of FY 2018/19

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating Deficit at July 1	15.0	2.5	2.5	0.0
New Revenue^a *	3.8	3.8	3.8	3.8
Operations & Maintenance Cuts^b	4.0	4.0	4.0	4.0
Utility franchise fee	4.7	4.7	4.7	4.7
Borrowed from Water Fund @ 2% APR	2.5	2.5	2.5	0
¼¢ Water GRT removed and GRT increased in General Fund by ¼¢	0.0	0.0	0.0	7.8
Accumulated Debt to Water Fund	2.5	5.1	7.8	0

^a Made up of a combination of GRT, property tax, and fee increases

* Cumulative

^b Cuts to be guided by Resolution 020116

Key Guiding Points of Resolution 020116

- Savings primarily through attrition—not layoffs—in areas that vary significantly from comparable cities' average and eliminating long-term (2-year) vacant positions
- Stay consistent with adopted Financial Management Policies
- First address fiscal impacts of sunset of State Hold Harmless and Affordable Care Act
- Ensure core services (undefined) do not drop below minimum public safety thresholds (i.e. elimination of hazards, basic capabilities kept intact, etc.)
- One-time technology and/or other capital investments that yield significant operating saving are top priority
- Introduction of performance indicators and performance-based budgeting

FY 2016/17 Budget Calendar

- Jan 19: Finance Committee kick-off work session to review fiscal forecast and discuss/approve budget priorities and policies
- Jan 22: Current Personnel Allocation Information sent to Departments
- Feb 10: Dept Budget Training Session #1, Council Chambers, 10am-Noon
- Feb 12: Dept Budget Training Session #2, Council Chambers, 1PM-3PM
- Mar 7: Final Budget Submittals/Forms Due to Budget Office
- Mar 7-28: Finance Dept. reviews, analyses and formulates 1st draft of budget
- Mar 28-Apr 8: City Manager formulates Recommended Budget
- Apr 8-25: Finance prepares Recommended Budget document
- Apr 25-May 9: Finance Committee reviews and considers Recommended Budget
- May 11: City Council 1st reading of Finance Committee's recommendations
- May 25: City Council meeting for adoption of FY 2016/17 Operating Budget
- Jun 1: Deadline to send Adopted Budget to NM Dept of Finance & Admin.
- Jul 1: Start of FY 2016/17

Exhibit "3"

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2016-____
Budget Guidance

SPONSOR(S): Councilors Dominguez and Ives

SUMMARY: The proposed resolution provides guidance on the structure of the budget of the City of Santa Fe and certain reporting requirements.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: February 3, 2016

ATTACHMENTS: Substitute Resolution (Councilors Dominguez and Ives)
FIR
Original Resolution

Exhibit "4"

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councillor Carmichael Dominguez

Councillor Peter N. Ives

A RESOLUTION

**PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF
SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

**WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the
City's annual planning processes; and**

**WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the
City of Santa Fe; and**

**WHEREAS, the annual budgeting process should promote the ability of the Governing
Body to make policy priority choices for programs and funding each fiscal year; and**

**WHEREAS, changes are required in the annual budgeting process to ensure that the
budget is properly balanced and the goals set forth above are realized; and**

**WHEREAS, the City Finance Department has advised the Governing Body that in the
next fiscal year, 2016-2017, the City faces an estimated \$11,000,000 to \$15,000,000 budgetary
shortfall, and needs to correct some \$5,000,000 to \$6,000,000 in realignments (inappropriate city
labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of**

1 which have accrued over a series of years; and

2 WHEREAS, the estimated budgetary shortfall does not include any additional, vital
3 needs that have been deferred for many years and continue to increase; and

Paratext: Font: Bold

4 WHEREAS, these additional, vital needs are substantial and include public safety,
5 community development, infrastructure, and quality of life facilities, services, and programs; and

6 WHEREAS, these additional, vital needs are critical to establishing a thriving economy
7 and community with a high quality of life.

8 WHEREAS, preliminary analysis of City staffing levels suggests that those staffing
9 levels are higher than in cities of comparable size, operation and structure; and

10 WHEREAS, the Governing Body needs to provide guidance on solutions to the
11 budgetary issues that have been identified to it; and

12 NOW THEREFORE BE IT RESOLVED THAT the annual City of Santa Fe Budget
13 and the annual budgetary process shall be guided and governed by the following policies and
14 reporting requirements:

15 1. The Finance Department shall, with policy guidance from the Governing
16 Body, bring forth a three year plan to eliminate the estimated budget deficit,
17 estimated at \$15,000,000, using a combination of spending cuts and revenue
18 enhancements.

Paratext: Font: 11 pt

Paratext: List Paragraph, Numbered +
Level: 1 + Numbering Style: 1, 2, 3, ... + Start
at: 1 + Alignment: Left + Aligned at: 0.5" +
Indent at: 1"

19 2. The Governing Body shall identify and implement viable measures to sustainably
20 improve operational and organizational efficiencies as permanent cost reductions
21 before considering tax increases.

Paratext: Font: 11 pt

22 2. The City Manager shall fully implement Resolution 2015-110, "A
23 Resolution Requesting the City Manager Evaluate Possible Efficiencies Within City Operations
24 That Might Help Close the Operating Deficit in Fiscal Year 2016/2017 Including Implementing a
25 Conditional Hiring Freeze," approved by the City Council on December 9, 2015 and report

*Substitute Resolution -- 2/3/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)*

1 ~~results in 30 days. In an effort to better understand City staffing levels, The City Manager,~~
2 ~~working with staff, shall identify ten to fifteen cities (the "Comparison Cities") within the~~
3 ~~Southwestern Region of the United States that have characteristics by nature of geographic size,~~
4 ~~population, economic structure, operation of municipal utilities, tourism, and such other factors as~~
5 ~~the City Manager believes justified in articulating measures, that are similar to the City of Santa~~
6 ~~Fe, or on the basis of which the City of Santa Fe can evaluate its staffing, expenditure and service~~
7 ~~levels. Some cities that might be utilized for these purposes are Las Cruces, New Mexico;~~
8 ~~Farmington, New Mexico; Flagstaff, Arizona; Tucson, Arizona; Colorado Springs, Colorado;~~
9 ~~Fort Collins, Colorado; Lubbock, Texas; Amarillo, Texas; Topeka, Kansas; Carson City, Nevada;~~
10 ~~and Boise, Idaho.~~

11 3. The City Manager shall analyze and compare the ~~Comparison Cities~~ staffing,
12 ~~service and expenditure levels to those of the City of Santa Fe, on a department by department,~~
13 ~~division by division level, and present the findings of such a comparison within 45 days to the~~
14 ~~Governing Body. Future year budgets shall be prepared ensuring that City programs are~~
15 ~~competitive with the efficiency indicators derived from the comparison with comparable~~
16 ~~cities. The City began the discussion of the need for such parameters in its last budgetary cycle in~~
17 ~~April 2015, and staff has begun this process.~~

18 4. The Governing Body, on the basis of the comparison of ~~efficiency indicators~~
19 ~~and the following guidelines performed, shall evaluate~~ cost goals for reductions in staffing and
20 expenditures and services levels for future budget years 2016-2017 and 2017-2018;

21 a. Within five years, the City's debt service will be maintained at a level of
22 10% of the total operating budget;

23 b. The City's debt service will be maintained at a level not exceeding
24 \$1,200 per capita;

25 c. The City's annual capital investment shall exceed its total capital

Substitute Resolution – 2/5/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)

1 depreciation;

2 ~~d. One-time revenue will be used for one-time costs, projects or initiatives.~~

Comment [31]:

3 ~~e. Six months prior to the start of the fiscal year, the City shall identify and~~

Comment [32]: This is already in our best practices and standards (Part 2B).

4 ~~f. Each City department and division will prepare and present performance~~

5 ~~indicators to be used to assess annually performance within the department or division and to~~

6 ~~allow for strategic budgetary policy considerations.~~

Comment [34]: This is already in our adopted best practices (Part G, Performance Measures).

7 5. The City Manager, working with the Finance Division, and other City
8 departments, shall identify and recommend ~~specific systemic and other cuts in staffing,~~
9 ~~expenditures and enhancements in revenues, resulting in attaining a balanced budget after three~~
10 ~~years, specifically considering among other matters, the following:~~

11 ~~a. Establishment of a reasonable, defined, fixed charge to the City's~~
12 ~~utilities, similar in nature to a utility franchise fees;~~

13 ~~b. Any borrowing from fund balances shall be done at a rate of 2% at an~~
14 ~~appropriate APR;~~

15 ~~c. Any necessary cuts or realignments of staffing levels is done utilizing~~
16 ~~attrition and reassignment wherever possible;~~

17 ~~d. The city's supervisor to employee ratio shall be identified and reduced relative to~~
18 ~~comparison cities;~~

19 ~~e. Identify cost reduction opportunities in the procurement of equipment, products,~~
20 ~~services and supplies that includes in-sourcing, more economical procurement instruments,~~
21 ~~outright elimination, etc.;~~

22 ~~f. Addressing the impact of the State's elimination of hold harmless~~
23 ~~payments to the Cities;~~

24 ~~g. Addressing any negative impacts, e.g., taxes or penalties that may be~~
25 ~~imposed pursuant to the Affordable Care Act;~~

Comment [35]: This is not under the purview of city staff.

Substitute Resolution - 2/3/16
Dominguez / Ives Amendments (orange)
Maestas' Amendments (purple/blue)

f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors; services in each of the following two years budget years in an amount of not less than \$4,000,000 to \$6,000,000, and identify revenue increases of \$2,000,000 to \$4,000,000 per year, bridging the first year with an anticipated \$5,000,000 to \$9,000,000 in interfund transfers to provide a balanced budget in 2016-2017, i.e., per the following table:

Year	Deficit	Expense	Revenue	Transfers	Total
		Cuts	Increase		Cuts + Increases
16-17	\$15 mil.	\$4.6 mil.	\$2.4 mil.	\$5.9 mil.	\$15 mil.
17-18	\$7.5 mil.	\$4.6 mil.	\$1.5-3.5 mil.	\$0	\$7.5 mil.

18-19 \$0 (recognizing that there are many other factors that will determine revenues and necessary expenditures).

In presenting its plan, the staff must address the elimination of the State's hold harmless on certain gross receipts taxes, City health plan excise taxes, City leave liabilities and perform an analysis of structural economy based anticipated declines in gross receipts tax revenues.

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g. Identify additional critical needs to create an efficient government, a thriving economy, and a high quality of life; and estimate the associated costs.

6. Recognizing that based on preliminary work performed by the City in evaluating its staffing levels and the fact that employee expense equals approximately 80% of the City's annual budget, reductions in the number of City employees and/or the expenses associated therewith, will be a necessary part of the reduction and elimination of the budget deficit, the City Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing reductions through attrition, while ensuring that the core services functions are maintained at acceptable levels of service. Said plan shall additionally look at early retirement incentives, reductions in health plan coverage to ensure that "Cadillac" health plan excise taxes are

*Substitute Resolution – 2/5/16
Dominguez /Tves Amendments (orange)
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1 minimized by the City (based upon the last estimate given during the 2015-2016 budget process;
2 such taxes will absent changes to the City health plan, begin being imposed in the 2016-2017
3 budget year and will rise to \$5,000,000 annually after 7-8 years).

4 ~~_____ 7. _____~~ Core services to be maintained in the budget process are: public safety (needed
5 police and fire services), public utilities (water utility, waste, waste water), public infrastructure
6 (streets, sewers, critical public structures, e.g., the airport, city buildings), social safety net for
7 those in need within the City (homeless shelter, affordable housing, services to youth and seniors
8 in need), and ~~maintenance and enhancement of the City's economy (breadhead~~
9 ~~entrepreneurship). In ensuring the delivery of core services, the City will maximize the use of~~
10 ~~sustainable processes such as recycling of waste and water, utilization of renewable energy~~
11 ~~sources and energy efficiency, green infrastructure, efficiencies from the use of updated IT~~
12 ~~systems, promotion of health and community through land use policies, maintenance of a social~~
13 ~~safety net, public rights-of-way, public health and affordable housing, all defined in terms of~~
14 ~~quantifiable performance indicators that are comparable with that of the Comparison Cities in a~~
15 ~~transparent manner that encourages public participation in the processes of city government;~~
16 ~~specific policy directives are the:~~

Comment [JG]: I recommend we truly emphasize core services by keeping the list down to the most important services.

17 ~~_____ a. _____~~ reduction of crime, with an emphasis on property crimes, violent crimes,
18 alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and
19 DWI;

20 ~~_____ b. _____~~ delivery, maintenance expansion of a healthy and resilient water supply
21 at rates and programs which support conservation;

22 ~~_____ c. _____~~ promoting recycling and efforts to reduce waste;

23 ~~_____ d. _____~~ to build and maintain a robust and resilient safety net for those in need in

24 Santa Fe, emphasizing the availability of housing, food security and employment for all Santa
25 Feans;

Substitute Resolution - 2/5/16
Dominguez /Ives Amendments (orange)
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1 ~~_____ e. _____ promotion of public health and building community through urban~~
2 ~~design and land use decisions and operations;~~
3 ~~_____ f. _____ expansion and diversification of the Santa Fe economy to expand~~
4 ~~employment opportunities for Santa Fe's youth and young adults;~~
5 ~~_____ g. _____ modernization of the City's information technology infrastructure to~~
6 ~~ensure efficiency in governmental operations, especially the capture of and reporting on City~~
7 ~~financial data, high performance in HR, payroll and similar functions, maximizing the availability~~
8 ~~of information to the public to promote transparency and participation, and the simplification and~~
9 ~~electronic processing of land use processes and other City public interactions.~~

10 8. Staff is directed to review, analyze and report to the Governing Body on the
11 following additional potential expenditure cuts, along with others that they identify, some of
12 which are currently in process based on other actions by the Governing Body and by staff:

13 a. Reduction of interest expense through paydown of City debt, such as in
14 light the City's significant cash position, the retention of which in various instances requires
15 payment of interest, sometimes at the rate of 4+ % annually and on which the City earns
16 approximately 0.5% annually, resulting in an arbitrage loss of approximately \$3,000,000 to
17 \$5,000,000 annually, staff is directed to identify and report what debts of the City can be
18 prudently paid using available City cash, such as the \$34,000,000 water bond, resulting in an
19 interest expense reduction in an amount between \$2,000,000 to \$3,000,000 or more annually;

Comment [37]: Policy action already in progress.
But general direction applies to the 2019 water
bonds.

20 b. Explore opportunities for greater efficiency and cost savings from
21 updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that
22 would result in cost reductions within a 24 month period, including, by way of example and not
23 limitation, systems that would allow and promote direct deposit of payroll checks;

Comment [38]: This is already in the section
defining core services.

24 c. Prepare and deliver to the Governing Body a report on overtime use
25 across each department and division, identifying structural, scheduling or other changes that can

*Substitute Resolution - 2/5/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)*

1 ~~be implemented to reduce overtime, in any and every form, to minimal amounts;~~

Comment [20]: This is already policy in the resolution directing the city manager to ID efficiencies adopted at Dec. 9, 2015 council meeting.

2 d. ~~Evaluate, report and make recommendations on~~ Given the significant
3 value of accrued leave across the City, report with specificity on all leave policies throughout the
4 City, focusing on reasonable limitations on annual accrual of leave and consequential financial
5 liabilities and bring forward reasonable changes to those leave policies, capping the amount of
6 annual, sick and other leave that can be accrued and carried over annually;

7 e. Identifying possible incentives for early retirements and voluntary exits.
8
9 ~~Identify and report on each position within the City that has been vacant for a period of one or~~
10 ~~more two years or more and make recommendations on eliminate it or bring forward compelling~~
11 ~~reasons for its retention or elimination during the annual budget process and provide a report to~~
12 ~~the Governing Body monthly on what vacancies have been filled and action by the Governing~~
13 ~~Body; and~~

Comment [210]: This is also policy in the efficiencies reso adopted by the council on Dec. 9, 2015.

14 f. Evaluate and report on potential savings from e-changes to the City's
15 practices on use of vehicles, including creation of a citywide motor pool, take home vehicle
16 policies and practices, and including specifically in protocols within the fire department to
17 dispatch rules that require a ladder truck to be dispatched with an ambulance to any call for
18 service, all in light of the fact that many calls for assistance do not reasonably require the dispatch
19 of a ladder truck.

20 9. Staff is directed to review, analyze and report to the Governing Body on the
21 following potential revenue enhancement means, along with others that they identify:

22 a. ~~A two-cent gas tax increase, which would raise an estimated \$950,000~~
23 ~~in revenue for core services relating to public rights-of-way;~~

Comment [211]: Been there, done that.

24 b. ~~An increase in gross receipts taxes of 1/8 of a percent pursuant to the~~
25 ~~authority granted to the City to raise gross receipts taxes in light of the State of New Mexico~~

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1 ~~elimination of the hold harmless payments previously made to cities and counties; such an~~
2 ~~increase would raise revenue an estimated \$3,800,000;~~

Comment [J12]: It's too soon for us to even study a gross receipts tax increase.

3 c. ~~Modifications to the City's short-term rental ordinance that will both~~
4 ~~make the application of the ordinance more equitable, but ensure that revenues due to the City are~~
5 ~~in fact collected;~~

Comment [J13]: This is premature and may sour the public with a pre-ordained decision ahead of additional public involvement and action on ordinance changes that may contradict this.

6 d. ~~Evaluate the City's additional efforts at collection of revenues due it~~
7 ~~from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that~~
8 ~~exist and what steps need to be undertaken to ensure collection of those monies;~~

Comment [J14]: This is in the efficiency resolution adopted at the Dec. 9, 2015 council meeting.

9 e. ~~Evaluate and report on a potential increase in property taxes in the~~
10 ~~amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an~~
11 ~~increase on those citizens within our community living in poverty or on fixed incomes, who have~~
12 ~~the least ability to absorb such an additional increase, and specifically addressing whether such a~~
13 ~~tax could be applied to luxury and/or second homes; and~~

Comment [J15]: We can't look past a thorough analysis and action to close the budget deficit without raising taxes. Maybe we can consider this in FY '18 and '19.

14 f. Evaluate the existing 411 funds in which the City has approximately
15 \$220,000,000 to determine what funds are required to be maintained and what funds can be
16 closed with any excess funds being transferred into the general fund account; and

Comment [J16]: Is this correct? There must be a missing decimal point.

17 g. ~~Working cooperatively with the County of Santa Fe to evaluate and~~
18 ~~possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds~~
19 ~~raised through such a program from the residents of the City of Santa Fe, are utilized within the~~
20 ~~jurisdictional limits of the City of Santa Fe;~~

Comment [J17]: We're watering down the focus on budget issues to help give staff specific direction. This is a conceptual idea that should be addressed elsewhere.

21 10. Evaluate and report on transitioning to performance based budgeting by mid-year
22 in the 2016-2017 budgeting cycle. To the extent reasonably practicable, within the budget, and at
23 a level that allows for policy priority making by the Governing Body, each department and each
24 division within a department shall develop performance metrics and provide data on the
25 effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the

*Substitute Resolution - 2/5/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)*

1 current state of need in the area of the particular program; staff shall perform such functions and
2 report to the Governing Body making program support and funding recommendations, within
3 forty-five (45) days in the following specific areas, which are hereby prioritized:

- 4 ~~_____ a. _____ continued reduction of property crimes;~~
- 5 ~~_____ b. _____ reduction in the sales and use of illegal drugs;~~
- 6 ~~_____ c. _____ availability of truly affordable housing to meet the city's current needs;~~
- 7 ~~_____ d. _____ reduction in homelessness;~~

8 By way of clarification and example, in the area of affordable housing, data and
9 information shall be provided that identifies what affordable housing is, what affordable housing
10 is available within the community, how many people in need are unable to secure affordable
11 housing, proposing goals for the ensuing 1-5 fiscal years with an identification of what funding
12 will be necessary in each of the succeeding fiscal years to reach the goals set forth, and proposing
13 any modifications to existing programs and policies needed to reach the goals proposed.

14 11. Explore, in partnership with appropriate public and private entities, the feasibility
15 of privatizing or regionalizing services currently provided by the city.

16 The following are adopted as necessary budgetary reporting processes and timeframes (as
17 shown in the attached spreadsheet):

18 ~~_____ a. _____ In the last two weeks of each of the first two quarters, i.e., quarter 1 (July~~
19 ~~1 through September 30) and quarter 2 (October 1 through December 31), and no later than the~~
20 ~~last day of each of the months of January, February, March, April, and May, and in the middle of~~
21 ~~June, of each fiscal year, the Finance Department shall provide a capital outlay and project~~
22 ~~tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by~~
23 ~~department, and division within each department, by column, the following information for each~~
24 ~~capital project valued at in excess of \$25,000.00: Project Description, including a unique project~~
25 ~~identification number, funding source, Bonds Sold, Appropriation Amount, Total Amount~~

Substitute Resolution – 2/5/16
Dominguez /Ives Amendments (orange)
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~~Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter, Milestones Goal for the Next Quarter, Project Phase, Amount Obligated, Completion Date, Project Status including a best estimation of project completion, Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be color-coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.~~

~~b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:~~

- ~~i. Statement of need;~~
- ~~ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;~~
- ~~iii. Statement of anticipated results and public benefits of the project; and~~
- ~~iv. The carbon neutrality impact report.~~

~~c. Project managers working for the City shall be evaluated annually on their ability to deliver the projects on which they work on time and on budget and fully accounting of expended time and funding; such evaluations and measurements shall be incorporated into the job descriptions for these positions and the regular annual performance~~

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Substitute Resolution – 2/3/16
Dominguez /Ives Amendments (orange)
Maestas' Amendments (purple/blue)

1 evaluation.

2 PASSED, APPROVED AND ADOPTED this _____ day of _____, 2016.

3
4 _____
5 JAVIER M. GONZALES, MAYOR

6 ATTEST:

7
8 _____
9 YOLANDA Y. VIGIL, CITY CLERK

10 APPROVED AS TO FORM:

11
12 _____
13 KELLEY A. BRENNAN, CITY ATTORNEY

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25 *N/Legislation/Resolutions 2016/Budget Guidance*

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Carmichael Dominguez

Councilor Peter N. Ives

A RESOLUTION

**PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF
SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the
City's annual planning processes; and

WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the
City of Santa Fe; and

WHEREAS, the annual budgeting process should promote the ability of the Governing
Body to make policy priority choices for programs and funding each fiscal year; and

WHEREAS, changes are required in the annual budgeting process to ensure that the
budget is properly balanced and the goals set forth above are realized; and

WHEREAS, the City Finance Department has advised the Governing Body that in the
next fiscal year, 2016-2017, the City faces an \$11,000,000 to \$15,000,000 budgetary shortfall,
and needs to correct some \$5,000,000 to \$6,000,000 in realignments within the budget, all of
which have accrued over a series of years; and

1 WHEREAS, preliminary analysis of City staffing levels suggests that those staffing
2 levels are higher than in cities of comparable size, operation and structure; and

3 WHEREAS, the Governing Body needs to provide guidance on solutions to the
4 budgetary issues that have been identified to it; and

5 **NOW THEREFORE BE IT RESOLVED THAT** the annual City of Santa Fe Budget
6 and the annual budgetary process shall be guided and governed by the following policies and
7 reporting requirements:

8 1. The Finance Department shall, with policy guidance from the Governing Body,
9 bring forth a ~~three~~ year plan to eliminate the estimated budget deficit, estimated at
10 \$15,000,000, using a combination of spending cuts and revenue enhancements.

11 2. In an effort to better understand City staffing levels, The City Manager, working
12 with staff, shall identify ten to fifteen cities (the "Comparison Cities") within the Southwestern
13 Region of the United States that have characteristics by nature of geographic size, population,
14 economic structure, operation of municipal utilities, tourism, and such other factors as the City
15 Manager believes justified in articulable measures, that are similar to the City of Santa Fe, or on
16 the basis of which the City of Santa Fe can evaluate its staffing, expenditure and service levels.
17 Some cities that might be utilized for these purposes are Las Cruces, New Mexico; Farmington,
18 New Mexico; Flagstaff, Arizona; Tucson, Arizona; Colorado Springs, Colorado; Fort Collins,
19 Colorado; Lubbock, Texas; Amarillo, Texas; Topeka, Kansas; Carson City, Nevada; and Boise,
20 Idaho.

21 3. The City Manager shall analyze and compare the Comparison Cities staffing,
22 service and expenditure levels to those of the City of Santa Fe, on a department by department,
23 division by division level, and present the findings of such a comparison within 45 days to the
24 Governing Body. Future year budgets shall be prepared ensuring that City programs are
25 competitive with the efficiency indicators derived from the comparison with comparable

1 ~~cities. The City began the discussion of the need for such parameters in its last budgetary cycle in~~
2 ~~April 2015, and staff has begun this process.~~

3 4. The Governing Body, on the basis of the comparison of efficiency indicators
4 and the following guidelines performed shall ~~evaluate~~set goals for reductions in staffing and
5 expenditures and services levels for future budget years ~~2016-2017 and 2017-2018~~;

6 a. Within five years, the City's debt service will be maintained at a level of
7 10% of the total operating budget;

8 b. The City's debt service will be maintained at a level not exceeding
9 \$1,200 per capita;

10 c. The City's annual capital investment shall exceed its total capital
11 depreciation;

12 d. One time revenue will be used for one time costs, projects or initiatives;

13 e. City infrastructure and critical mission services shall be prioritized;

14 f. Each City department and division will prepare and present performance
15 indicators to be used to assess annually performance within the department or division and to
16 allow for strategic, budgetary policy considerations.;

17 5. The City Manager, working with the Finance Division, and other City
18 departments, shall identify and recommend ~~specific systemic and other~~ cuts in ~~staffing,~~
19 expenditures and enhancements in revenues, resulting in attaining a balanced budget after three
20 years, specifically considering among other matters, the following:

21 a. Establishment of a reasonable charge to the City's utilities, similar in
22 nature to a utility franchise fee;

23 b. Any borrowing from fund balances shall be done at a rate of 2% APR;

24 c. Any necessary cuts or realignments of staffing levels is done utilizing
25 attrition and reassignment wherever possible;

d. Addressing the impact of the State's elimination of hold harmless payments to the City;

e. Addressing any negative impacts, e.g., taxes or penalties, that may be imposed pursuant to the Affordable Care Act;

f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors; services in each of the following two years budget years in an amount of not less than \$4,000,000 to \$6,000,000, and identify revenue increases of \$2,000,000 to \$4,000,000 per year, bridging the first year with an anticipated \$5,000,000 to \$9,000,000 in interfund transfers to provide a balanced budget in 2016-2017, i.e., per the following table:

Year	Deficit	Expense	Revenue	Transfers	Total
		Cuts	Increase		Cuts + Increases

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17-18	\$7.5 mil.	\$4.6 mil.	\$1.5-3.5 mil.	\$0	\$7.5 mil.
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18-19 \$0 (recognizing that there are many other factors that will determine revenues and necessary expenditures).

In presenting its plan, the staff must address the elimination of the State's hold harmless on certain gross receipts taxes, City health plan expense taxes, City leave liabilities and perform an analysis of structural economy based anticipated declines in gross receipts tax revenues.

6. Recognizing that based on preliminary work performed by the City in evaluating its staffing levels and the fact that employee expense equals approximately 80% of the City's annual budget, reductions in the number of City employees and/or the expenses associated therewith, will be a necessary part of the reduction and elimination of the budget deficit, the City Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing reductions through attrition, while ensuring that the core services functions are maintained at

1 acceptable levels of service. Said plan shall additionally look at early retirement incentives;
2 reductions in health plan coverage to ensure that "Cadillac" health plan excise taxes are
3 minimized by the City (based upon the last estimate given during the 2015-2016 budget process;
4 such taxes will absent changes to the City health plan, begin being imposed in the 2016-2017
5 budget year and will rise to \$5,000,000 annually after 7-8 years).

6 ~~7.~~ Core services to be maintained in the budget process are: public safety (needed
7 police and fire services), public utilities (water utility, waste, waste water), public infrastructure
8 (streets, sewers, critical public structures, e.g., the airport, city buildings), social safety net for
9 those in need within the City (homeless shelter, affordable housing, services to youth and seniors
10 in need), and maintenance and enhancement of the City's economy (broadband,
11 entrepreneurship). In ensuring the deliver of core services, the City will maximize the use of
12 sustainable processes, such as recycling of waste and water, utilization of renewable energy
13 sources and energy efficiency, green infrastructure; efficiencies from the use of updated IT
14 systems, promotion of health and community through land use policies, maintenance of a social
15 safety net, public rights of way, public health and affordable housing, all defined in terms of
16 quantifiable performance indicators that are comparable with that of the Comparison Cities in a
17 transparent manner that encourages public participation in the processes of city government;
18 specific policy directives are the:

19 ~~a.~~ reduction of crime, with an emphasis on property crimes, violent crimes,
20 alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and
21 DWI;

22 ~~b.~~ delivery, maintenance expansion of a healthy and resilient water supply
23 at rates and programs which support conservation;

24 ~~c.~~ promoting recycling and efforts to reduce waste;

25 ~~d.~~ to build and maintain a robust and resilient safety net for those in need in

1 Santa Fe, emphasizing the availability of housing, food security and employment for all Santa
2 Feans;

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13 following ~~additional~~ potential expenditure cuts, along with others that they identify, some of
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22 b. Explore opportunities for greater efficiency and cost savings from
23 updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that
24 would result in cost reductions within a 24 month period, including, by way of example and not
25 limitation, systems that would allow and promote direct deposit of payroll checks;

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9 e. Identify and report on each position within the City that has been vacant
10 for a period of one or more~~two~~ years or more and make recommendations on~~eliminate it or bring~~
11 ~~forward compelling reasons for its retention or elimination during the annual budget process; and~~
12 provide a report to the Governing Body monthly on what vacancies have been filled and action by
13 ~~the Governing Body; and~~

14 f. Evaluate and report on potential savings from a changes to the City's
15 practices on use of vehicles, including creation of a citywide motor pool, take home vehicle
16 policies and practices, and including specifically in~~protocols~~ within the fire department to
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19 ~~of a ladder truck.~~

20 9. Staff is directed to review, analyze and report to the Governing Body on the
21 following potential revenue enhancement means, along with others that they identify:

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23 in revenue for core services relating to public rights-of-way;

24 b. An increase in gross receipts taxes of 1/8 of a percent pursuant to the
25 authority granted to the City to raise gross receipts taxes in light of the State of New Mexico

1 elimination of the hold harmless payments previously made to cities and counties; such an
2 increase would raise revenues an estimated \$3,800,000;

3 c. Modifications to the City's short term rental ordinance that will both
4 make the application of the ordinance more equitable, but ensure that revenues due to the City are
5 in fact collected;

6 d. Evaluate the City's additional efforts at collection of revenues due it
7 from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that
8 exist and what steps need to be undertaken to ensure collection of those monies;

9 e. Evaluate and report on a potential increase in property taxes in the
10 amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an
11 increase on those citizens within our community living in poverty or on fixed incomes, who have
12 the least ability to absorb such an additional increase, and specifically addressing whether such a
13 tax could be applied to luxury and/or second homes; and

14 f. Evaluate the existing 411 funds in which the City has approximately
15 \$220,000,000 to determine what funds are required to be maintained and what funds can be
16 closed with any excess funds being transferred into the general fund account; and

17 g. Working cooperatively with the County of Santa Fe to evaluate and
18 possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds
19 raised through such a program from the residents of the City of Santa Fe, are utilized within the
20 jurisdictional limits of the City of Santa Fe.

21 10. Evaluate and report on transitioning to performance based budgeting by mid-year
22 in the 2016-12017 budgeting cycle.~~To the extent reasonably practicable, within the budget, and at~~
23 ~~a level that allows for policy priority making by the Governing Body, each department and each~~
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3 ~~forty five (45) days in the following specific areas, which are hereby prioritized:~~

- 4 ~~a. continued reduction of property crimes;~~
5 ~~b. reduction in the sales and use of illegal drugs;~~
6 ~~c. availability of truly affordable housing to meet the city's current needs;~~
7 ~~d. reduction in homelessness;~~

8 ~~By way of clarification and example, in the area of affordable housing, data and~~
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10 ~~is available within the community, how many people in need are unable to secure affordable~~
11 ~~housing, proposing goals for the ensuing 1-5 fiscal years with an identification of what funding~~
12 ~~will be necessary in each of the succeeding fiscal years to reach the goals set forth, and proposing~~
13 ~~any modifications to existing programs and policies needed to reach the goals proposed.~~

14 11. The following are adopted as necessary budgetary reporting processes and
15 timeframes (as shown in the attached spreadsheet):

16 a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July
17 1 through September 30) and quarter 2 (October 1 through December 31), and no later than the
18 last day of each of the months of January, February, March, April, and May, and in the middle of
19 June, of each fiscal year, the Finance Department shall provide a capital outlay and project
20 tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by
21 department, and division within each department, by column, the following information for each
22 capital project valued at in excess of \$25,000.00: Project Description, including a unique project
23 identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount
24 Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance,
25 Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase;

1 Amount Obligated; Completion Date; Project Status including a best estimation of project
2 completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant
3 Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of
4 said reporting, the Progress Rating, shall be colored coded according to the following parameters:
5 Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not
6 Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the
7 purpose of color coding is to be able to easily identify the status of each particular project. The
8 Capital Project Outlay and Tracking Report shall be completed by each project manager within
9 the City assigned to a project identified in the Report, and submitted to the Finance Department
10 for review and approval before submission to the Governing Body.

11 b. Each capital project shall have a project plan ("Project Plan") that will be
12 approved when the capital expenditure is approved; the plan will include the following elements:

- 13 i. Statement of need;
- 14 ii. Detailed timeline, including anticipated funding timing, timing
15 of the design, bidding, construction and project completion phases;
- 16 iii. Statement of anticipated results and public benefits of the
17 project; and
- 18 iv. TheA carbon neutrality impact report.

19 ~~e. Project managers working for the City shall be evaluated~~
20 ~~annually on their ability to deliver the projects on which they work on time and~~
21 ~~on budget and fully accounting of expended time and funding; such evaluations~~
22 ~~and measurements shall be incorporated into the job descriptions for these~~
23 ~~positions and the regular annual performance evaluation.~~

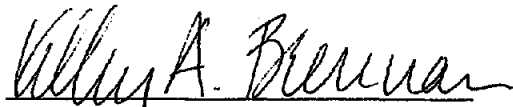
24 PASSED, APPROVED AND ADOPTED this ____ day of _____, 2016.
25

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: X

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

Short Title(s): **A RESOLUTION PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

Sponsor(s): Councilor Ives

Reviewing Department(s): Finance Department

Persons Completing FIR: Oscar Rodriguez Date: 1/12/16 Phone: x6530

Reviewed by City Attorney: *Kelly A. Brennan* Date: 1/19/16
(Signature)

Reviewed by Finance Director: *[Signature]* Date: 1-15-2016
(Signature)

Section B. Summary

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

This resolution would provide guidance on the structure of the budget for the city of Santa Fe, and institute certain reporting requirements to increase the transparency for the public. The resolution also defines core services within the City, allowing city management to make informed decisions when enacting targeted budget reductions.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*
1. Projected Expenditures:
 - a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
 - b. Indicate:
 - "A" if current budget and level of staffing will absorb the costs
 - "N" if new, additional, or increased budget or staffing will be required
 - c. Indicate:
 - "R" – if recurring annual costs
 - "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
 - d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
 - e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: *[Signature]*

X Check here if no fiscal impact

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

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____
Total:	\$ _____			\$ _____			

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non- recurring	FY _____	"R" Costs – Recurring or "NR" Non- recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____
Total:	\$ _____		\$ _____		

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

The resolution prescribes a framework for closing the City's estimated \$15 million deficit within two fiscal years through both revenue increases, cuts to operations, and transfers from the water fund. The resolution itself will not have fiscal impact, but it would serve as direction to staff for drafting the budgets for FY 2016/17 and FY 2017/18, which will have significant impact.

Section D. General Narrative

1. **Conflicts:** Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

None identified

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Not approving this resolution or an alternative will leave the staff without policy direction for drafting the FY 2016/17 budget and addressing the \$15 million recurring deficit, which involve major policy decisions.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

None identified.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The benefit of this resolution is that it will provide greater transparency and order to a program of major financial restructuring the City will have to undertake to close its recurring operating deficit, including cuts services and increases in revenue.

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2016-__**

3 **INTRODUCED BY:**

4
5 Councilor Peter N. Ives

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7
8
9
10 **A RESOLUTION**

11 **PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF**
12 **SANTA FE AND CERTAIN REPORTING REQUIREMENTS.**

13
14 **WHEREAS**, the annual Budget of the City of Santa Fe is a critical document in the
15 City's annual planning processes; and

16 **WHEREAS**, the annual Budget should promote transparency in the fiscal affairs of the
17 City of Santa Fe; and

18 **WHEREAS**, the annual budgeting process should promote the ability of the Governing
19 Body to make policy priority choices for programs and funding each fiscal year; and

20 **WHEREAS**, changes are required in the annual budgeting process to ensure that the
21 budget is properly balanced and the goals set forth above are realized; and

22 **WHEREAS**, the City Finance Department has advised the Governing Body that in the
23 next fiscal year, 2016-2017, the City faces an \$11,000,000 to \$15,000,000 budgetary shortfall,
24 and needs to correct some \$5,000,000 to \$6,000,000 in realignments within the budget, all of
25 which have accrued over a series of years; and

1 WHEREAS, preliminary analysis of City staffing levels suggests that those staffing
2 levels are higher than in cities of comparable size, operation and structure; and

3 WHEREAS, the Governing Body needs to provide guidance on solutions to the
4 budgetary issues that have been identified to it; and

5 **NOW THEREFORE BE IT RESOLVED THAT** the annual City of Santa Fe Budget
6 and the annual budgetary process shall be guided and governed by the following policies and
7 reporting requirements:

8 1. The Finance Department shall, with policy guidance from the Governing Body,
9 bring forth a two year plan to eliminate the estimated budget deficit, estimated at \$15,000,000,
10 using a combination of spending cuts and revenue enhancements.

11 2. The City Manager, working with staff, shall identify ten to fifteen cities (the
12 "Comparison Cities") within the Southwestern Region of the United States that have
13 characteristics by nature of geographic size, population, economic structure, operation of
14 municipal utilities, tourism, and such other factors as the City Manager believes justified in
15 articulable measures, that are similar to the City of Santa Fe, or on the basis of which the City of
16 Santa Fe can evaluate its staffing, expenditure and service levels. Some cities that might be
17 utilized for these purposes are Las Cruces, New Mexico; Farmington, New Mexico; Flagstaff,
18 Arizona; Tucson, Arizona; Colorado Springs, Colorado; Fort Collins, Colorado; Lubbock, Texas;
19 Amarillo, Texas; Topeka, Kansas; Carson City, Nevada; and Boise, Idaho.

20 3. The City Manager shall analyze and compare the Comparison Cities staffing and
21 expenditure levels to those of the City of Santa Fe, on a department by department, division by
22 division level, and present the findings of such a comparison within 45 days to the Governing
23 Body. The City began the discussion of the need for such parameters in its last budgetary cycle in
24 April 2015, and staff has begun this process.

25 4. The Governing Body, on the basis of the comparisons performed shall set goals

1 for reductions in staffing and expenditures and services levels for budget years 2016-2017 and
2 2017-2018.

3 5. The City Manager, working with the Finance Division, and other City
4 departments, shall identify and recommend systemic and other cuts in staffing, expenditures and
5 services in each of the following two years budget years in an amount of not less than \$4,000,000
6 to \$6,000,000, and identify revenue increases of \$2,000,000 to \$4,000,000 per year, bridging the
7 first year with an anticipated \$5,000,000 to \$9,000,000 in interfund transfers to provide a
8 balanced budget in 2016-2017, i.e., per the following table:

9 Year	Deficit	Expense	Revenue	Transfers	Total
10		Cuts	Increase		Cuts + Increases
<hr/>					
12 16-17	\$15 mil.	\$4-6 mil.	\$2-4 mil	\$5-9 mil	\$15 mil
13 17-18	\$7.5 mil	\$4-6 mil	\$1.5-3.5 mil	\$0	\$7.5 mil
14 18-19	\$0 (recognizing that there are many other factors that will determine revenues and 15 necessary expenditures).				

16 In presenting its plan, the staff must address the elimination of the State's hold harmless
17 on certain gross receipts taxes, City health plan excise taxes, City leave liabilities and perform an
18 analysis of structural economy based anticipated declines in gross receipts tax revenues.

19 6. Recognizing that based on preliminary work performed by the City in evaluating
20 its staffing levels and the fact that employee expense equals approximately 80% of the City's
21 annual budget, reductions in the number of City employees and/or the expenses associated
22 therewith, will be a necessary part of the reduction and elimination of the budget deficit, the City
23 Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing
24 reductions through attrition, while ensuring that the core services functions are maintained at
25 acceptable levels of service. Said plan shall additionally look at early retirement incentives,

1 reductions in health plan coverage to ensure that "Cadillac" health plan excise taxes are
2 minimized by the City (based upon the last estimate given during the 2015-2016 budget process,
3 such taxes will absent changes to the City health plan, begin being imposed in the 2016-2017
4 budget year and will rise to \$5,000,000 annually after 7-8 years).

5 7. Core services are public safety, water utility, waste and recycling, maintenance
6 of a social safety net, public rights-of-way, public health and affordable housing, all defined in
7 terms of quantifiable performance indicators that are comparable with that of the Comparison
8 Cities in a transparent manner that encourages public participation in the processes of city
9 government; specific policy directives are the:

10 a. reduction of crime, with an emphasis on property crimes, violent crimes,
11 alcohol abuse, illegal drug sales and abuse (observing the City's guidance on marijuana), and
12 DWI;

13 b. delivery, maintenance expansion of a healthy and resilient water supply
14 at rates and programs which support conservation;

15 c. promoting recycling and efforts to reduce waste;

16 d. to build and maintain a robust and resilient safety net for those in need in
17 Santa Fe, emphasizing the availability of housing, food security and employment for all Santa
18 Feans;

19 e. promotion of public health and building community through urban
20 design and land use decisions and operations;

21 f. expansion and diversification of the Santa Fe economy to expand
22 employment opportunities for Santa Fe's youth and young adults;

23 g. modernization of the City's information technology infrastructure to
24 ensure efficiency in governmental operations, especially the capture of and reporting on City
25 financial data, high performance in HR, payroll and similar functions, maximizing the availability

1 of information to the public to promote transparency and participation, and the simplification and
2 electronic processing of land use processes and other City-public interactions.

3 8. Staff is directed to review, analyze and report to the Governing Body on the
4 following additional potential expenditure cuts, along with others that they identify, some of
5 which are currently in process based on other actions by the Governing Body and by staff:

6 a. In light the City's significant cash position, the retention of which in
7 various instances requires payment of interest, sometimes at the rate of 4+% annually and on
8 which the City earns approximately 0.5% annually, resulting in an arbitrage loss of approximately
9 \$3,000,000 to \$5,000,000 annually, staff is directed to identify and report what debts of the City
10 can be prudently paid using available City cash, such as the \$34,000,000 water bond, resulting in
11 an interest expense reduction in an amount between \$2,000,000 to \$3,000,000 or more annually;

12 b. Explore opportunities for greater efficiency and cost savings from
13 updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that
14 would result in cost reductions within a 24 month period, including, by way of example and not
15 limitation, systems that would allow and promote direct deposit of payroll checks;

16 c. Prepare and deliver to the Governing Body a report on overtime use
17 across each department and division, identifying structural, scheduling or other changes that can
18 be implemented to reduce overtime, in any and every form, to minimal amounts;

19 d. Given the significant value of accrued leave across the City, report with
20 specificity on all leave policies throughout the City and bring forward reasonable changes to
21 those leave policies, capping the amount of annual, sick and other leave that can be accrued and
22 carried over annually;

23 e. Identify and report on each position within the City that has been vacant
24 for a period of two years or more and eliminate it or bring forward compelling reasons for its
25 retention and action by the Governing Body; and

1 f. Evaluate and report on potential savings from a change in protocols
2 within the fire department to dispatch rules that require a ladder truck to be dispatched with an
3 ambulance to any call for service, all in light of the fact that many calls for assistance do not
4 reasonably require the dispatch of a ladder truck.

5 9. Staff is directed to review, analyze and report to the Governing Body on the
6 following potential revenue enhancement means, along with others that they identify:

7 a. A two cents gas tax increase, which would raise an estimated \$950,000
8 in revenue for core services relating to public rights-of-way;

9 b. An increase in gross receipts taxes of 1/8 of a percent pursuant to the
10 authority granted to the City to raise gross receipts taxes in light of the State of New Mexico
11 elimination of the hold harmless payments previously made to cities and counties; such an
12 increase would raise revenues an estimated \$3,800,000;

13 c. Modifications to the City's short term rental ordinance that will both
14 make the application of the ordinance more equitable, but ensure that revenues due to the City are
15 in fact collected;

16 d. Evaluate the City's additional efforts at collection of revenues due it
17 from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that
18 exist and what steps need to be undertaken to ensure collection of those monies;

19 e. Evaluate and report on a potential increase in property taxes in the
20 amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an
21 increase on those citizens within our community living in poverty or on fixed incomes, who have
22 the least ability to absorb such an additional increase, and specifically addressing whether such a
23 tax could be applied to luxury and/or second homes; and

24 f. Evaluate the existing 411 funds in which the City has approximately
25 \$220,000,000 to determine what funds are required to be maintained and what funds can be

1 closed with any excess funds being transferred into the general fund account; and

2 g. Working cooperatively with the County of Santa Fe to evaluate and
3 possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds
4 raised through such a program from the residents of the City of Santa Fe, are utilized within the
5 jurisdictional limits of the City of Santa Fe.

6 10. To the extent reasonably practicable, within the budget, and at a level that allows
7 for policy priority making by the Governing Body, each department and each division within a
8 department shall develop performance metrics and provide data on the effectiveness of the
9 programs and expenditures of the City in the prior fiscal year as well as the current state of need
10 in the area of the particular program; staff shall perform such functions and report to the
11 Governing Body making program support and funding recommendations, within forty-five (45)
12 days in the following specific areas, which are hereby prioritized:

- 13 a. continued reduction of property crimes;
14 b. reduction in the sales and use of illegal drugs;
15 c. availability of truly affordable housing to meet the city's current needs;
16 d. reduction in homelessness;

17 By way of clarification and example, in the area of affordable housing, data and information shall
18 be provided that identifies what affordable housing is, what affordable housing is available within
19 the community, how many people in need are unable to secure affordable housing, proposing
20 goals for the ensuing 1-5 fiscal years with an identification of what funding will be necessary is
21 each of the succeeding fiscal years to reach the goals set forth, and proposing any modifications
22 to existing programs and policies needed to reach the goals proposed.

23 11. The following are adopted as necessary budgetary reporting processes and
24 timeframes:

- 25 a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July

1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of \$25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase; Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.

b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:

- i. Statement of need;
- ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;
- iii. Statement of anticipated results and public benefits of the

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project; and

iv. A carbon neutrality impact report.

c. Project managers working for the City shall be evaluated annually on their ability to deliver the projects on which they work on time and on budget and fully accounting of expended time and funding; such evaluations and measurements shall be incorporated into the job descriptions for these positions and the regular annual performance evaluation.


PASSED, APPROVED AND ADOPTED this _____ day of _____, 2016.

JAVIER M. GONZALES, MAYOR

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK

APPROVED AS TO FORM:


KELLEY A. BRENNAN, CITY ATTORNEY

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2015-110**

3 **INTRODUCED BY:**

4
5 Councilor Joseph M. Maestas

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10 **A RESOLUTION**

11 **REQUESTING THE CITY MANAGER EVALUATE POSSIBLE EFFICIENCIES**
12 **WITHIN CITY OPERATIONS THAT MIGHT HELP CLOSE THE OPERATING**
13 **DEFICIT IN FISCAL YEAR 2016/2017 INCLUDING IMPLEMENTING A**
14 **CONDITIONAL HIRING FREEZE.**

15
16 **WHEREAS**, the City of Santa Fe is facing a fiscal year (FY) 2016/2017 operating deficit
17 of approximately \$15 million that must be systematically addressed beginning before the end of
18 the current fiscal year; and

19 **WHEREAS**, existing city services and workforce levels are not sustainable at current
20 rates of revenue, necessitating a comprehensive plan on prioritizing city functions and evaluating
21 sources of revenue; and

22 **WHEREAS**, difficult decisions must be made as to how to cover this gap; and

23 **WHEREAS**, City of Santa Fe revenues are 75% dependent on gross receipts taxes
24 (GRT) that are variable and unpredictable; and

25 **WHEREAS**, since the 2008 recession, the local economy has experienced a slow

Exhibit "5"

1 recovery and a shrinking tax base; and

2 **WHEREAS**, the 15-year phase-out period of the hold harmless GRT started in the
3 current fiscal year, with the city facing a \$1.3 million GRT reduction in FY 2016/2017 and an
4 estimated total of \$11 million throughout the 15-year phase-out period; and

5 **WHEREAS**, the city must address, through policy changes, the financial policies and
6 practices utilized historically, including the current fiscal year, to address changing conditions in
7 order to secure the sustainability of vital city government services and our community's overall
8 quality of life.

9 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
10 **CITY OF SANTA FE RESOLVED** that the City Manager shall conduct a city-wide needs
11 assessment of staffing and service levels for all core, quality of life, and other services classified
12 as such and prioritized by the Governing Body in order to identify potential areas for cost savings
13 with a goal of eliminating 75 positions over the next three fiscal years for a savings of \$3 million
14 in accordance with the following guiding principles:

- 15 1. Efforts shall be made to avoid layoffs.
- 16 2. All vacant positions shall be evaluated at least quarterly to determine whether
17 they should be eliminated.
- 18 3. Consideration shall be given to a hiring freeze targeted to minimize negative
19 impact on core and quality of life services.
- 20 4. Efforts shall be made to optimize permanent savings through attrition.

21 **BE IT FURTHER RESOLVED** that The City Manager shall seek to identify cities
22 comparable in size, service levels and other variables, such as demographic factors and, in
23 accordance with the foregoing policies classifying and prioritizing City services and guiding
24 principles established by the Governing Body, in order to identify potential areas to right-size
25 City government with a goal of achieving comparable staffing and service levels, including the

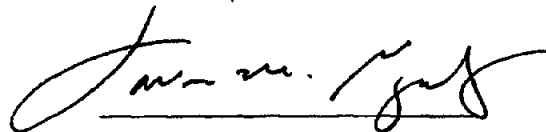
1 following actions:

- 2 1. Evaluate a hiring freeze and loss through attrition to reduce staffing to
3 recommended levels.
- 4 2. Seeking reductions in overtime and travel.
- 5 3. Identify and evaluate the impact on residents and visitors of any potential
6 reductions in service; and ensure that disadvantaged and poor residents are not disproportionately
7 impacted by such service reductions.
- 8 4. Evaluate the costs to the City of providing services and proposing changes to fees
9 for services that reflect such costs.
- 10 5. Identify functions that can be automated for permanent long-term savings.
- 11 6. Aggressively pursue delinquent taxes, fines, and fees.
- 12 7. Review the need to fill any vacant positions. If any one position remains vacant
13 after a period of two years, it shall be removed from the list of available positions.

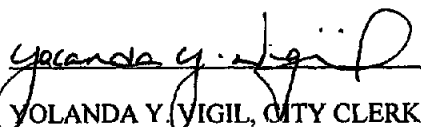
14 **BE IT FURTHER RESOLVED** that the City Manager evaluate the City benefits
15 structure as it compares to the benefits structures offered by other New Mexico local governments
16 and by the State of New Mexico in order to identify potential areas for cost savings, with a goal
17 of achieving a comparable level of benefits to those governments with equivalent employee
18 contribution levels.

19 PASSED, APPROVED AND ADOPTED this 9th day of December, 2015.

22 ATTEST:

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JAVIER M. GONZALES, MAYOR

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25 YOLANDA Y. VIGIL, CITY CLERK

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APPROVED AS TO FORM:



KELLEY A. BRENNAN, CITY ATTORNEY

M/Legislation/Resolutions 2015/2015-110 City Staffing Needs v2