



Agenda

FINANCE COMMITTEE MEETING AND
FY 2016/17 BUDGET HEARINGS
CITY COUNCIL CHAMBERS
MAY 2, 2016 – 4:30 P.M.

ALL MEMBERS OF THE GOVERNING BODY ARE WELCOME TO ATTEND

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

CITY CLERK'S OFFICE

DATE 4/29/16 TIME 10:00am

SERVED BY Yolanda Green

RECEIVED BY [Signature]

INFORMATIONAL AGENDA

5. Update Water Rate Forecast Report. (Jason Mumm)

CONSENT AGENDA

6. Request for Conceptual Approval of the Sale of 1,182 Square Feet of City-Owned Easement Rights Located at the Northwest Corner of 4684 Wagon Road Adjacent to the Wagon Road Right-of-Way by Tracy Northington, Agent for Wagon Road Investments, LLC. (Matthew O'Reilly)
7. Request for Approval of Agreement – New Software System to Streamline and Support the Management of the CVB and Convention Center (RFP #16/03/P); iDSS and Approval of Budget Adjustment in the Amount of \$10,600. (Randy Randall)
8. Request for Approval of Procurement Under State Price Agreement and Professional Services Agreement – Annual Testing and Software Subscription Renewal for ITT Department; RiskSense, Inc. (Caryn Fiorina)
9. Request for Approval of Grant Award – Pre-Teen and Teen (10-17) Independent Transit and Mobility Plan; New Mexico Department of Transportation and Approval of Budget Increase in the Amount of \$24,000 (Federal) and \$6,000 (Local Match). (Mark Tibbetts)
10. Request for Approval of Grant Award and Sub-Grant Agreement – 2015 Emergency Management Performance Grant Program Per-Diem; New Mexico Department of Homeland Security and Approval of Budget Increase in the Amount of \$53,250 (Local Match) and \$106,500 (Federal). (David Silver)



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11. Request for Approval of Procurement of State of New Mexico Audit Contract – Financial & Compliance Auditing Services for Fiscal Year ending June 30, 2016 (RFP #14/38/P). (Teresita Garcia)
12. Request for Approval of a Resolution Endorsing the North Central Regional Transit District's FY 2017 Budget Proposal, Approving the FY 2017 City of Santa Fe Regional Transit Plan and Directing Staff to Submit the City of Santa Fe Regional Transit Plan for FY 2017 to the North Central Regional Transit District Board of Directors for Consideration and Approval. (Councilor Maestas) (Isaac Pino and Thomas Martinez)

Committee Review:

Public Works Committee (approved)	04/25/16
Transit Authority Board (approved)	04/26/16
City Council (scheduled)	05/11/16

Fiscal Impact – Yes - \$25,000 for pilot Mountain Run

The NCRTD's approved FY2017 budget includes \$993,300.00 allocated to the City of Santa Fe for expenditure on regional transit services on behalf of the NCRTD. These services will be delivered by Santa Fe Trails as indicated in the City of Santa Fe's Regional Transit Service Plan. Included in the Resolution is agreement for City of Santa Fe to pay \$25,000 for pilot Mountain Run. This money will be deducted from amount billed to NCRTD from the Santa Fe Trails on the first quarter invoice.

END OF CONSENT AGENDA

DISCUSSION

13. Request for Approval of a Resolution Establishing the Verde Fund to Reduce Systemic Poverty, Achieve Carbon Neutrality, and Empower Santa Fe's Workforce; Authorizing the Appropriation of 5% of the ¼% GRT Effective January 1, 2017; Directing the City Manager to Present a Plan to the Governing Body on Steps to Implement the Verde Fund Within 90 Days; and Allowing for a Public Hearing to Make Desired Changes to the Plan and Approve as Modified. (Mayor Gonzales) (Alexandra Ladd and Zackary Quintero)

Committee Review:

Public Works Committee (scheduled)	05/09/16
Sustainable Santa Fe (scheduled)	05/18/16
Children and Youth Commission (scheduled)	05/24/16
City Council (scheduled)	05/25/16



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Fiscal Impact – Yes

The requested 5% of new GRT revenues is subject to approval by the Governing Body during budget discussions. If approved by the Governing Body, it would equate to approximately \$175,000 in FY 16/17 and \$350,000 in FY 17/18. Approval of this resolution would not by itself allocate said funding to the Verde Fund.

14. Discussion on Monthly Financial Report for February 29, 2016. (Oscar Rodriguez)
15. Request for Approval of a Resolution Amending the *Governing Body Procedural Rules* to Ensure a More Fair, Judicious and Efficient Public Process. (Councilor Dominguez) (Kelley Brennan and Jesse Guillen) (**Postponed to June 13, 2016 Finance Committee Meeting**)

Committee Review:

Finance Committee (approved)	03/21/16
City Council (remanded back to Finance Committee for public hearing)	03/30/15
Finance Committee (scheduled)	06/13/16
City Council (public hearing) (scheduled)	06/29/16

Fiscal Impact – No

BUDGET HEARINGS TO RECONVENE:

16. DEPARTMENT REVIEWS CONTINUED:

Administrative Support Services

- a. Finance
- b. Human Resources
- c. Information Technology & Telecommunications

General Government

- a. Mayor & Council
- b. City Manager
- c. City Attorney
- d. City Clerk
- e. Internal Audit



Agenda

FINANCE COMMITTEE MEETING AND
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CITY COUNCIL CHAMBERS
MAY 2, 2016 – 4:30 P.M.

17. ENTERPRISE FUND REVIEW:
 - a. Parking
18. PUBLIC HEARING
19. Request for Approval of Operating Budget and Organizational Chart for Fiscal Year 2016/2017.
20. Request for Approval of Capital Outlay Budget.
21. MATTERS FROM THE COMMITTEE
22. ADJOURN

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

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
May 2, 2016**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	2
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
UPDATE WATER RATE FORECAST REPORT	Tabled temporarily	3
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF AGREEMENT – NEW SOFTWARE SYSTEM TO STREAMLINE AND SUPPORT THE MANAGEMENT OF THE CVB AND CONVENTION CENTER (RFP #16/03/P; IDSS AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$10,600	Approved	3-5
REQUEST FOR APPROVAL OF GRANT AWARD – PRE-TEEN AND TEEN (10-17) INDEPENDENT TRANSIT AND MOBILITY PLAN; NEW MEXICO DEPARTMENT OF TRANSPORTATION AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$24,000 (FEDERAL) AND \$6,000 (LOCAL MATCH)	Approved	5
REQUEST FOR APPROVAL OF GRANT AWARD AND SUB-GRANT AGREEMENT – 2015 EMERGENCY MANAGEMENT PERFORMANCE GRANT PROGRAM PER-DIEM; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$53,250 (LOCAL MATCH) AND \$106,500 (FEDERAL)	Approved	6

END OF CONSENT CALENDAR DISCUSSION		

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
UPDATE WATER RATE FORECAST REPORT	Presentation/discussion	7-9
<u>DISCUSSION</u>		
REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING THE VERDE FUND TO REDUCE SYSTEMIC POVERTY, ACHIEVE CARBON NEUTRALITY, AND EMPOWER SANTA FE'S WORKFORCE; AUTHORIZING THE APPROPRIATION OF 5% OF THE 1/4% grt EFFECTIVE JANUARY 1, 2017; DIRECTING THE CITY MANAGER TO PRESENT A PLAN TO THE GOVERNING BODY ON STEPS TO IMPLEMENT THE VERDE FUND WITHIN 90 DAYS; AND ALLOWING FOR A PUBLIC HEARING TO MAKE DESIRED CHANGES TO THE PLAN AND APPROVE AS MODIFIED	Approved [amended] w/direction	9-26
DISCUSSION ON MONTHLY FINANCIAL REPORT FOR FEBRUARY 29, 2016	Postponed to 05/31/16	26
REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE <i>GOVERNING BODY PROCEDURAL RULES</i> TO ENSURE A MORE FAIR, JUDICIOUS AND EFFICIENT PUBLIC PROCESS	Postponed to 06/20/16	26
<u>BUDGET HEARINGS RECONVENED AT APPROXIMATELY 7:00 P.M.</u>		
<u>DEPARTMENT REVIEWS CONTINUED:</u>		
<u>ADMINISTRATIVE SUPPORT SERVICES</u>		26
FINANCE	Approved	27-31
HUMAN RESOURCES	Approved	31-36
INFORMATION TECHNOLOGY & TELECOMMUNICATIONS	Approved	36-42
<u>GENERAL GOVERNMENT</u>		
MAYOR AND COUNCIL	Approved	42-46
CITY MANAGER	Approved	42-46
INTERNAL AUDIT	Approved	42-46
CITY ATTORNEY	Approved	46-49
CITY CLERK	Approved	49-53
MUNICIPAL COURT	Approved see minutes of 04/28/16	53

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, May 2, 2016**

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 4:30 p.m., on Monday, May 2, 2016, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

OTHER GOVERNING BODY MEMBERS ATTENDING:

Mayor Javier M. Gonzales

OTHERS ATTENDING:

Brian Snyder, City Manager
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 Ives moved, seconded by Councilor Harris, to approve the agenda, as presented.

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

6. **REQUEST FOR CONCEPTUAL APPROVAL OF THE SALE OF 1,182 SQUARE FEET OF CITY OWNED EASEMENT RIGHTS LOCATED AT THE NORTHWEST CORNER OF 4,684 WAGON ROAD ADJACENT TO THE WAGON ROAD RIGHT-OF-WAY BY TRACY NORTHINGTON, AGENT FOR WAGON ROAD INVESTMENTS, LLC. (MATTHEW O'REILLY)**
7. ***[Removed for discussion by Councilor Villarreal]***
8. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND PROFESSIONAL SERVICES AGREEMENT – ANNUAL TESTING AND SOFTWARE SUBSCRIPTION RENEWAL FOR ITT DEPARTMENT; RISKSENSE, INC. (CARYN FIORINA)**
9. ***[Removed for discussion by Councilor Villarreal]***
10. ***[Removed for discussion by Councilor Harris]***
11. **REQUEST FOR APPROVAL OF PROCUREMENT OF STATE OF NEW MEXICO AUDIT CONTRACT – FINANCIAL & COMPLIANCE AUDITING SERVICES FOR FISCAL YEAR ENDING JUNE 30, 2016 (RFP #14/38/P). (TERESITA GARCIA)**

12. REQUEST FOR APPROVAL OF A RESOLUTION ENDORSING THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT'S FY 2017 BUDGET PROPOSAL, APPROVING THE FY 2017 CITY OF SANTA FE REGIONAL TRANSIT PLAN AND DIRECTING STAFF TO SUBMIT THE CITY OF SANTA FE REGIONAL TRANSIT PLAN FOR FY 2017 TO THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT BOARD OF DIRECTORS FOR CONSIDERATION AND APPROVAL (COUNCILOR MAESTAS). (ISAAC PINO AND THOMAS MARTINEZ). Committee Review: Public Works Committee (approved) 04/25/16; Transit Authority Board (approved) 04/26/16; and City Council (scheduled) 05/11/16. Fiscal Impact – Yes. \$25,000 for pilot Mountain Run. The NCRTD's approved FY 2017 budget includes \$993,300 allocated to the City of Santa Fe for expenditure on regional transit services on behalf of the NCRTD. These services will be delivered by Santa Fe Trails as indicated in the City of Santa Fe's Regional Transit Service Plan. Included in the Resolution is agreement for City of Santa Fe to pay \$25,000 for pilot Mountain Run. This money will be deducted from amount billed to NCRTD from the Santa Fe Trails on the first quarter invoice.

END OF CONSENT AGENDA

Councilor Lindell arrived at the meeting

5. **UPDATE WATER RATE FORECAST REPORT. (JASON MUMM)**

This item was postponed to be heard following the Consent Calendar Discussion or when Mr. Mumm arrives at the meeting.

CONSENT CALENDAR DISCUSSION

7. **REQUEST FOR APPROVAL OF AGREEMENT – NEW SOFTWARE SYSTEM TO STREAMLINE AND SUPPORT THE MANAGEMENT OF THE CVB AND CONVENTION CENTER (RFP #16/03/P; IDSS AND APPROVAL OF BUDGET ADJUSTMENT IN THE AMOUNT OF \$10,600. (RANDY RANDALL)**

Councilor Villarreal said the proposal is to move \$24,00 from the CVB and CCC software line items, but on the caption it says \$10,600, and the FIR says the same thing, but it's talking about the overall budget, and asked Mr. Randall to walk us through the numbers for clarification.

Randy Randall, Director, Tourism Santa Fe Department, said the BAR is to fully fund the categories that the \$24,000 total will come from. The cost of the software typically is split between the Convention and Visitors Bureau and the Community Convention Center. The total for this fiscal year will be \$24,000, and that is the on-boarding expense of the new software and the month or so it will be used this year. He said they will be coming back with an amendment to the contract to extend it, noting it is an ongoing annual expense of \$30,000.

Councilor Villarreal said it says the original contract amount is \$54,000.

Mr. Randall said that is the \$24,000 plus \$30,000, commenting it could have come in the \$54,000 total, but they came in the \$24,000 coming from this year's budget and the \$30,000 will come from the next year's budget.

Councilor Villarreal said then you're not seeking \$24,000, but the adjustment is \$10,600.

Mr. Randall said yes, it is bringing the accounts up to have sufficient funding and that will allow Purchasing to approve this contract.

Councilor Villarreal said then the \$10,600 would go toward the \$24,000, for which you have other funding sources.

Mr. Randall said yes, it was a shortfall in that account.

Councilor Ives said his one concern is that he didn't see any input from the IT Department on this.

Mr. Randall said IT has been very involved in this process. It has taken more than a year to go through the required research and define what could be best utilized for the combined needs of the CVB and the CCC, which provided quite a unique opportunity. Most of the uses are separated, and they are run by two different organizations and they try to link them together, but Caryn Fiorina was involved from IT.

Councilor Ives said on these kinds of systems, he would love to see a sign-off by the IT Director.

Mr. Randall said he is unsure why that wasn't in there, but they were involved, and signed off.

Councilor Harris asked how does this acquisition fit in the upcoming enterprise resource planning effort, and if it is safe to say we're not going to be doubling efforts if we approve the new software – when we get in the middle of the ERP we won't be doubling.

Mr. Randall it is very safe to say. He said there is a potential possibility of building a link, once we know what the City software system would be, but the City system couldn't be burdened with the particular needs of this system. So it's possible they could get tied together, but it's not definite, and they then would come back for the cost of creating the link.

Renee Martinez, Director, ITT Department, said the interface she would be looking at with the new ERP system, from this system and several other systems, is since this will be taking in revenue, there will be an interface with the financial system within the ERP to account for the finances. She said there will be several systems interfacing with the ERP system, anything that brings in revenue. She said they would then make the appropriate credits and debits with the financial system, so this is just one of many that will interface with the new ERP. She asked if this makes sense to him.

Councilor Harris said it does, but we don't know exactly which route we're taking with the ERP, and assumes it is broad enough, flexible enough and dynamic enough that this particular software will interface.

Ms. Martinez said when they developed the RFP they identified all the interfaces we have today in the RFP, so vendors who have been selected as finalists have had to tell us that they will support the interface and how much it will cost.

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

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

9. REQUEST FOR APPROVAL OF GRANT AWARD – PRE-TEEN AND TEEN (10-17) INDEPENDENT TRANSIT AND MOBILITY PLAN; NEW MEXICO DEPARTMENT OF TRANSPORTATION AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$24,000 (FEDERAL) AND \$6,000 (LOCAL MATCH). (MARK TIBBETTS)

Councilor Villarreal asked what region the MPO area covers, and anything related to the study it is referring to. She said the grant talks about doing an independent Transit and Mobility Plan for pre-teen and teens in the MPO area, but it doesn't indicate the area, although it talks about Pojoaque and Edgewood, and wants to know what it will cover in Santa Fe.

Chair Dominguez said as the previous MPO Chair, it was explained to us that it was money coming from NMDOT to do a survey of teen and pre-teen potential ridership. He has no detail as to whether there was an effort to make sure they reached out to the Santa Fe Public Schools. He imagines that would be a part of it, but "I don't know specifically and for sure how that's going to happen." He asked Chris Sanchez if he knows anything about this.

Chris Sanchez said yes. He said the MPO spoke with him and asked to partner with Mayor's Youth Advisory Board as well as the Student Wellness Action Team, to be able roll out this survey across all Santa Fe Public School students.

Councilor Villarreal thanked him for the information, commenting if they are working with Youth Advisory and SWAT, she feels good about that.

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

DISCUSSION: Chair Dominguez asked Mr. Rodriguez to be sure we have clarification from Mark Tibbetts to make sure they reach out to Councilors who may have questions to get it cleared away.

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

10. REQUEST FOR APPROVAL OF GRANT AWARD AND SUB-GRANT AGREEMENT – 2015 EMERGENCY MANAGEMENT PERFORMANCE GRANT PROGRAM PER-DIEM; NEW MEXICO DEPARTMENT OF HOMELAND SECURITY AND APPROVAL OF BUDGET INCREASE IN THE AMOUNT OF \$53,250 (LOCAL MATCH) AND \$106,500 (FEDERAL). (DAVID SILVER)

Councilor Harris said the original award was \$106,500 with a match of \$106,000, noting there are two documents suggesting that. He said then there is an amendment correcting it to \$53,250 for the award and \$53,20 as a match. He asked if the original award of \$106,500 is a mistake and it should have been \$106,500 in the aggregate.

David Silver said when the State created this subgrant agreement, it was a typographical error, so it should just have been the total award of \$106,000, half from the City and half from the State. He said the Amendment shows that correctly.

Councilor Harris said then the City will meet its full responsibility through in-kind hours of training.

Mr. Silver said that is correct. He said for the full project, projects 2,3 and 4 will be used in-kind, so the State will provide cash and the City will match that using the salaries of the Firefighters and Police Officers attending the training.

Councilor Harris asked if we typically have those hours included in the Departments' budget.

Mr. Silver said he thinks so. He said the funding is to support the special teams, so it's not just for average Firefighter training. There are members of departments on specific teams. For example, the Fire Department has a Hazmat team which is utilized in the City and State-wide. Providing the training to these teams is a critical asset for the City and the State. He said for most of these trainings they have the time figured out already.

Councilor Harris said the BAR totals \$213,000, and asked if this document responded to the incorrect award from the State.

Adam Johnson asked the Committee to give him a second to see who created this BAR, saying it looks as if it may have been doubled. He said, by any means, the total amount of the increase should be \$106,500.

Councilor Harris said that is how it appears to him, and we can leave it to them to sort it out.

MOTION: Councilor Harris moved, seconded by Councilor Ives, to approve this request, with direction to staff that by the time this goes to the City Council, the information has been corrected.

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

END OF CONSENT CALENDAR DISCUSSION

5. UPDATE WATER RATE FORECAST REPORT. (JASON MUMM)

A copy of the power point presentation is incorporated herewith to these minutes as Exhibit "1."

Mr. Rodriguez introduced Jason Mumm, who has been the City's rate analyst for almost 16 years, and we depend on him to tell us what the future looks like in terms of rates. He looks at this annually, and we asked him to add two key assumptions intrinsic to the budget. One is the effect of the Franchise Fee of 4%, and also the ending cash balance as the result of all the refinancing we're doing. We asked him to look at that as well as Solid Waste and Wastewater, noting he also will be at Public Works to provide this same information, or to open it for questions on Wednesday.

Jason Mumm, Hawksley Consultants, presented information via power point. Please see Exhibit "1," for the text of this presentation.

Chair Dominguez asked for a hard copy of Mr. Mumm's presentation.

Mr. Rodriguez said he will email a copy to the Committee tomorrow.

Mayor Gonzales arrived at the meeting

The Committee commented and asked questions as follows:

Councilor Harris asked Mr. Mumm as he developed his model, what kind of growth in terms of consumption he factors in, new apartment complexes and such – new users, not consumption per existing meter.

Mr. Mumm said the growth factor is 1 to 1½% per year in terms of new customer growth. He said over the past 16 years in Santa Fe, the customer demand per customer has been increasing. This is one of the conservation highlights for the City which is tremendous, a real victory. That is also factored in. He said we know it declines a little at a time which is factored in as well. He said although there is growth in demand it's not a driver, after you factor all these things in. It's pretty flat.

Councilor Ives asked about the option where we would be keeping 420 days or 480 days of cash reserves.

Mr. Mumm said there are two – 420 in one and 407 in the other.

Councilor Ives asked what numbers are we talking about.

Mr. Mumm said about \$23 million by the end of 2021.

Councilor Ives asked if it say that we would generate the \$23 million by the refinancing.

Mr. Mumm said it already exists, so what he is showing here is a spend down of existing cash. Part of the spend down is to refinance the loans and the rest of the spend down comes from capital project, so you get to \$23 million by the end of 2021.

Councilor Ives asked the cost of those reserves to the City annually. He is trying to understand is with some of our cash positions we've paid 3-4% on the money we're holding while we are earning ½% on it. He asked if the \$23 million falls prey to that circumstance.

Mr. Mumm said your CFA probably could answer the question as to how much interest earnings you get from your variances, but we don't program very much into our model, it's less than 1%. He thinks that is pretty accurate for a money market type account.

Councilor Ives asked if we are taking that into account as we are evaluating the plans, and if we're spending most of that money while we're holding it as a cash reserve.

Mr. Rodriguez pointed out that the cash he's talking about is there now. So we've gone from \$95 million to \$43 million. This is after we paid the 2006 Bonds, and put \$17 million into the deal to refinance the 2009 Bonds, we end up with \$43 million. The model anticipates we will be using about \$16 million annually for capital improvements. If we stay with that plan at this rate we will end up with \$22 million. This is not money we borrowed, that's money that's already in there. He said we're not in an arbitrage situation where we're paying so much to borrow it and being paid a pittance to save it. He said to get out of the arbitrage situation with the refinancing, we put \$17 million into that, so we have to borrow something less than \$40 million, so we're trying to get out of that kind of arbitrage. We do that instead of paying off the State loans because we're paying 2% on that, we would rather put that cash to the 3 ½% we anticipate with the bonds. Mr. Rodriguez said in terms of this cash, we're not in a negative arbitrage situation.

Councilor Ives asked, if we are holding these as reserves, what, if anything, can we do with that cash other than park it somewhere in presumably in some type of fairly liquid asset.

Mr. Rodriguez we are using that over the years for our Capital Improvement Program for the Water utility. We're not borrowing any money at all to do that. We're using that cash to do our capital improvements planning. He said in the scenario presented by Mr. Mumm, we can go 5 years under that plan. After that, we have to either change the model where operate and do our capital improvement program with cash, borrow some of that, or we would have to go for a rate increase, and we would be bringing that to every hear. He said the question is what we do with the \$23 million.

Councilor Ives said he presumes we would park it somewhere if we're keeping it as a cash reserve.

Mr. Rodriguez said pretty much, but we also can put it into 3-4 year obligations or instruments that will mature just as we need them. We're going to have to be a lot better at cash flow projection and expense projection than we are now to be confident in putting the \$23 million away for a long time. He

said he doesn't want to come back and say the money is locked up for 2 years and we need to borrow in the meantime. This is a definite objective, and hopefully one of our performance indicators will be how much our cash is right on time, as opposed to keeping it all available all the time.

Councilor Harris asked Mr. Mumm if the 4% Franchise Fee we're anticipating is a defensible number based on what you see in other municipalities. What is the range you would expect to see around the municipalities with whom you work.

Mr. Mumm said, "That is a more difficult question for me to answer. Most cities do receive something from their utilities one way or another, and they have different ways of going about doing that. You can do transfers. And the way we've treated your Franchise Fee is essentially as a program transfer at 4% of the utility sales, but it's discretionary and that's important. So if we run into some issues where cash is a problem, the City could, at its discretion, waive the 4% fee. Payments in lieu of taxes [PILOT] is another route to go, and we originally started looking at the scenario as a PILOT. The problem that I had with PILOT, and we talked with staff about this, is if you put it in as a PILOT, it really needs to become an operating expense line in the budget. In other words, it becomes less discretionary. And so we pulled it and made it what we did here."

Mr. Mumm continued, "In terms of range, I think it's totally reasonable, were you are with 4%. I think the bigger question is does the City have expenses it needs the Water Division to pay. And the answer to that question is yes. The second question I think is have those expenses been looked at, and looked at carefully. And having gone over it with your CFO a number of times, I can say that they have. So I believe right now, as a cost of legitimate service item in the water costs that this makes sense."

Councilor Harris asked Mr. Mumm if he has seen what he has called a Public Benefit Rate that the City rate. He said, "That would be basically, say if you had a lower franchise fee, if you had a Public Benefit Rate, where the Parks Division was paying at a lower rate with an associated public benefit of a healthy park."

Mr. Mumm said yes, but he hasn't heard it called that, but they have designed rates like that in other places. He said that definitely is something that's done.

Chair Dominguez thanked Mr. Mumm for the information, commenting we will continue to keep an eye on this so we are prepared.

DISCUSSION

- 13. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING THE VERDE FUND TO REDUCE SYSTEMIC POVERTY, ACHIEVE CARBON NEUTRALITY, AND EMPOWER SANTA FE'S WORKFORCE; AUTHORIZING THE APPROPRIATION OF 5% OF THE 1/4% grt EFFECTIVE JANUARY 1, 2017; DIRECTING THE CITY MANAGER TO PRESENT A PLAN TO THE GOVERNING BODY ON STEPS TO IMPLEMENT THE VERDE FUND WITHIN 90 DAYS; AND ALLOWING FOR A PUBLIC HEARING TO MAKE DESIRED CHANGES TO THE PLAN**

AND APPROVE AS MODIFIED (MAYOR GONZALES). (ALEXANDRA LADD AND ZACKARY QUINTERO). Committee Review: Pubic Works Committee (scheduled) 05/09/16; Sustainable Santa Fe (*scheduled) 05/18/16; Children and Youth Commission (scheduled) 05/24/16; and City Council (scheduled) -05/25/16. Fiscal Impact – Yes. The requested 5% of new GRT revenues is subject to approval by the Governing Body during budget discussions. If approved by the Governing Body, it would equate to approximately \$175,000 in FY 16/17 and \$350,000 in FY 17/18. Approval of this resolution would not by itself allocate said funding to the Verde Fund.

A copy of a sheet containing proposed amendments to this Resolution, with attachments, submitted by Mayor Gonzales, is incorporated herewith to these minutes as Exhibit "2."

Chair Dominguez noted there is an amendment sheet on the dias and asked if everyone has it.

Mayor Gonzales said as he has done in the past, he has taken this podium to advocate for policies that he has spent personal time working on and believes are critical to the long term health and safety of our community.

Mayor Gonzales continued, "The staff, behind me, has been really really working to try and understand the vision of the Verde Fund and seeing ways they can help through their own departments to be able to support it and be able to implement it where appropriate. As I mentioned in the letter I send you over the weekend, the Verde Fund is not something that is new. I recognized during my own campaign, that people continue to talk about the threats of climate change. They spoke about the challenges of poverty in our community. And it became clear to me that these were issues that were inseparable, and both had an impact on the future of our community, and we needed to figure out a way to fund efforts that would spark private sector investment, as well as foundation investment into solving these critical challengers."

Mayor Gonzales continued, "We certainly don't need the President or the Pope to say the issue of inequality or climate change are the greatest challenges to our time because we see it right here in Santa Fe. Year over year, we've seen temperatures rise and drought cycles get longer. Unfortunately, we've experienced the poverty rates to continue to rise. Today more than 20% of the families in Santa Fe live in poverty. 25% of our children are classified as being hungry. Those aren't just statistics, those are real people. People that all of us get to meet on a daily basis, they are our constituents. People that we have said that we will try to have a City is worthy of them to not only live and prosper in, but from an environmental standpoint is strong and it's healthy."

Mayor Gonzales continued, "So it's been a struggle to identify where the funds come from, when you have a \$15 million deficit, trying to identify an allocation of monies is difficult. But while we were doing that and while we worked on it, I worked alongside the Santa Fe Forward, a civic engagement organization that helped us work with the policy around the mobile integrated health office. As you can see in front of you, there are 2,600 signatures of Santa Feans supporting the Verde Fund. More than 33 organizations have signed on, everyone from AFSCME, to the Boys Club, all the way to most recently the New Mexico Conference of Catholic Bishops, which includes the Sierra Club, Homewise, Global Warming Express,

YouthWorks, United Way. People in our City as well as you recognize that we have to do something to address the threatening impacts of climate change on people living in poverty, and mitigate those threats in ways that are substantive and real to the people who live in poverty."

Mayor Gonzales continued, "But I know that we all know that cities are becoming these laboratories of democracy where, when done properly, innovation can come forward to take on the most pressing challenges facing our communities. And there is no doubt, in Santa Fe we have an array of challenges facing our community. But we are Santa Fe, and we have the opportunity to come together as a community, both in government and business, and in the non-profit world and find ways and real solutions to help people overcome some of the challenges that they're facing. A couple that I'm really proud of, over the last 2 years, Mr. Chairman you led an effort through the Children, Youth & Families Community Cabinet, to align all the people who fund birth to career initiatives to set a common set of goals. This Council adopted My Brother's Keeper initiatives to assure we focus on the number of babies healthy, pre-K readiness, third grade reading levels, mentorship and career pathways that are in place. And that's a good start for us, and there's so much more that we need to do."

Mayor Gonzales continued, "This Council also, because of the leadership of Mayor Coss and Councilor Ives, led a Climate Action Task Force and adopted their recommendations that would help us move our way to 2040 and become carbon neutral. But as we said before, we can only become a truly worthy City if in 2040, people were able to eradicate poverty and people are able to live in a community that is environmentally clean."

Mayor Gonzales continued, "So what you have before you, is a proposal that is small in comparison to what this City has done in a number of areas, but can have a huge civic impact on our community. We have struggled over the past few months with the staff to try and identify how do you find funds to get this fund started. Where does it come from. We've consistently heard from the community, and I've certainly heard from the Council, that balancing the budget first and foremost was key before anything else. And Mr. Chairman, I want to comment you and this Finance Committee for beginning to pull together a balanced budget that will truly be transparent and also be one that is working on behalf of the community."

Mayor Gonzales continued, "And we found out last week that because of positive signs in our economy and the pipeline that exists for new construction, that there will be an opportunity recognize additional revenues out of Land Use Fees that are unbudgeted and unallocated. And there is an opportunity to be able to take those funds and to get this fund started."

Mayor Gonzales continued, "So the proposal tonight is to take \$300,000 from Land Use Fees that are above and beyond what is currently budgeted for the next fiscal year. I know that the Council is already counting on \$200,000 of those Land Use Fees to go to help covering Police overtime. And so, as I visited with the Chairman and with Oscar and a couple of you, and I'm willing to, and I understand that these fees wouldn't become available until they're actually realized... I'm sorry, these funds would not be available until the fees are actually realized and are in the bank. So it provides a safety level to make sure that we don't go out spending money that we don't have. And so that, I think is one critical control point in this. The second, is an unprecedented level by this Finance Committee over the fund. We spend more

than \$1 million investing in Arts Commission Funds. We spend close to \$1.8 million in Human Services and Youth Commission Funds. This Council has designated the control and the allocation of those funds to citizen committees. This fund as proposed, will stay right here with the Finance Committee to be able to determine whether programs that come forward, both through the Sustainable Commission and through the community that is working to eradicate poverty, that they meet the goals of the Verde Fund, which is to invest in programs where the direct threats of climate change have an impact on people living in poverty."

Mayor Gonzales continued, "So one, we're not proposing to use the funds until they are realized. Those funds won't be spent until this Finance Committee says yes. And three, certainly there is an opportunity as we've written into the amendments to make sure that there is a clear set of criteria that the full Council can adopt before any type of proposals come forward, so we are very clear as to the types of programs that would be invested in. But it doesn't take much to think about what could happen if the Community College came forward, and through their Home Visiting Program they created a Home Visiting Baby Program, they created a program that would cross-train their workers in how to identify ways to retrofit homes. So that not only are they in the home where they can help work with the mother to develop the baby, but also address ways they can lower utility costs, all the way to working with some of the contractors and builders in our community to deliver net zero, efficient, affordable homes, or homes for people that are transitioning from homelessness back into some form of normal housing. There are an enormous amount of opportunities out there. We just need to create the fund, set the vision, develop the policy and then put it out for the private sector and the non-profit foundations to look at it."

Mayor Gonzales continued, "The other point, and why there is a sense of urgency right now is that Santa Fe isn't the only city talking about income and equality or the effects of climate change on people living in poverty. The Ford Foundation has launched an initiative focused on how to create inclusive communities that are truly equitable, where there is full participation in the community, not only in the economy, but in the services the community provides. We all have talked about that we have developed a set of budget principles that work toward that area. This is our first opportunity as a city to create a fund that directly invests in equity and social justice in our community. And I hope that this Committee will pass this and allow this to go forward. I know there are questions that need to be answered. And part of answering those questions is knowing that the fund will be a reality."

Mayor Gonzales continued, "And I'll close, before opening up for any other questions, by saying that any city that confronts major challenges and major challenges don't wait to have all the money in the bank before they take on their challenge. They make a commitment, both in political will and community will to come together and overcome some of the barriers that exist in confronting some of those challenges and they go for it. And they try and do everything they can until they actually achieve their objective and lower that challenge. So I know that it's a modest request, \$300,000. I know that there will be more community and national interest in this fund if set it up right. I believe in our Sustainability Commission that is focusing on delivering an action plan to get us to 2040 carbon neutral. And I also believe in this Council's foresight in how to make sure that the public's money is properly spent, properly accountable and goes to truly having the most impact on our community. So with that, Mr. Chairman, I would like to answer any questions that you might have."

The Committee commented and asked questions as follows:

Chair Dominguez thanked the Mayor for bringing this forward. He said there's been lots of discussion in the past about exactly what this fund looks like, how it will be funded. He said we have gotten a better sense of our fiscal situation, it sounds like staff has been able to organize things a little better to try to find a funding source for that. Secondly, there's probably not a person in the City that is going to say that they don't want to work on fighting things like poverty and climate change. He believes the City wants to promote social justice, commenting that has been the mantra for many, many many years, certainly since he's been paying attention to City politics back in the early 1990's. He said social justice is the foundation for a lot of things that happen in this City for many years.

Chair Dominguez continued, saying he has two questions. One is that the City is already doing some of this work in many way. The Children & Youth Commission is intended to have a dedicated funding source for one our most vulnerable populations which are the youth, the children of our community. He said we have a Sustainable Commission whose main mission is to make sure that we protect our environment. He asked the difference between the Verde Fund and some of the other things we already have in place. He said he is look for specifics. He asked if there is a definition we can adopt to determine what we mean when we say poverty. Is there a definition we can adopt when we say we want to do things like protect the environment. He said generally speaking, we're doing some of that already in the City.

Mayor Gonzales said the Youth Commission is set up to support all of our youth, no matter what neighborhood they live in, or whatever their economic background can be. He said this is our greatest opportunity to ensure the youth are part of a City that allows them to truly prosper and are successful. He said there is a large target focused in underserved populations and youth to ensure they have opportunities to after-school programs, summer recreation programs, whatever it might be where we can help families, it's in place. He said next fall we will have a Homework Diner in Santa Fe where there will be an opportunity at various locations throughout Santa Fe for families to get a meal, with the key criteria that their children have to go with their homework. We will create mentoring and tutoring opportunities for the children and their families.

Mayor Gonzales continued, saying he thinks the difference between that and the Verde Fund, is we know and it's conclusive, the evidence is there that climate change has massive impacts on people living in poverty. They bear a larger proportion of the stress of climate change because of the cost of utilities and energy efficient homes and conditions people live in. And our own reports here in Santa Fe suggest that a large portion of people in Santa Fe pays close to 30% of their monthly income for housing and utilities cost. So I think the way to think about this fund versus the Youth Commission Fund would be that the Youth Commission Funds are focused on youth development, making sure kids have an opportunity to get visited by a home visitor or they have opportunities for after school programs or mentorship programs. This is in large respect about the issue of how do you soften the blow and the impacts that climate change has on people living in poverty. Think of a home that is highly inefficient that during the winter months uses a lot of electricity, gas or uses a lot of water. So I think that could be put in place like that and work with the Community College to continue to develop workforce opportunities and greening homes, but also make funds available to make sure you can actually retrofit homes so people can actually lower the utility costs and lower the carbon footprint that Santa Fe is producing because of the amount of carbon emissions currently going into the environment."

Chair Dominguez asked as a follow up to his question, why couldn't we just change the mission of, for example the Children & Youth Commission to do just that, and/or change the mission and ensure that funds from Stormwater, when we write our plan, that we don't write it so that it is first and foremost and that climate change is a priority. And then the funds could get dedicated in that aspect. Not that this is a bad way to do it, he wonders what the difference is between that and this proposal.

Mayor Gonzales said our Youth Commission is focused on youth development. He thinks we would have to really think it through if we want to change the purpose of the Commission to be youth development in environmentally friendly ways that help reduce carbon emissions. He said it isn't just about redefining the role of existing granting agencies which are doing a good job. He said, "Your leadership basically, for the first time in the City's history, has aligned all the birth to career providers. To go back in and say now we're going to rechange all the work you have done and focus solely on poverty and climate is unfair to many non-profits that are geared toward to youth development in a lot of others areas. This is meant to be a spark that will lead the private sector national foundations to see Santa Fe as being a leader in policy that addresses the issue of climate change and its impacts on poverty. It is in combination with what the Sustainability Commission and the Youth Commission are trying to do, but it doesn't take up the whole mission and mandate."

Mayor Gonzales continued, "There is so much more to hitting the 2040 goal that the Verde Fund would do that we, as a Council, need to adopt. But Beth Beloff, Chair of the Commission, is here tonight, and they haven't waited to see if this fund is going to be created. They have actually formed a working committee that is focusing on just that, the issue of how we take funds and lessen the blow of climate change on people living in poverty. So think there will be recommendations that will be coming up very quickly whether or not this fund is created, for the City to start funding these efforts, because we've created the bodies to come up with the policy ideas."

Chair Dominguez said he applauds the Mayor for his work in these two sectors, noting we sometimes tend to look at things in solos and solve problems in that way.

Chair Dominguez said then the Mayor is saying this all will be subject to approval of the Operating Budget on the table right now.

Mayor Gonzales said Mr. Rodriguez needs to answer this question. However, this would not dig into the operating frame work in place. He said the Resolution originally asked for 5% of the new GRT to go into the Verde Fund which is in line with existing City policy where a percentage of the GRT goes to the Youth Commission and Human Services Commission. He said, "I'm asking that, rather it go to the Youth Commission and Human Services Commission, this be dedicated to the Verde Fund. But, the GRT that we're all talking about is needed to help us address this budget fix."

Mayor Gonzales continued, "So the request would be that yes, it would be in this year's budget, but because it's under the control of the Finance Committee, it would be funded only when and if we actually realize revenues that would come out of Land Use. If we don't realize the fees projected, then the fund isn't funded monetarily. So I think that provides some control in making sure there is no impact to the rest of the services out of this budget year because of this Fund. So it's separate from everything we're

contemplating right now as it exists today. In future and subsequent year, I want to work with the Committee and the Council to find a sustainable funding mechanism that continues to fund into these areas. But I'm willing to wait to see how the budget measures up and if we are able to see growth in our economy and time to see if we get national or foundation money before I would be willing to come in and ask you for the Sustainable commitment."

Chair Dominguez said, "We actually answered both questions with that. Because the other was just to make sure that we capture on the record that this money is not available until revenues from Land Use are realized and all of our obligations are met, including our overtime obligation to the Police Department."

Mayor Gonzales said, "Correct. And to be real clear, it's Land Use Fees that have not been budgeted in the upcoming budget cycle."

Chair Dominguez said, "Some of those fees."

Mayor Gonzales responded, "So the \$1.5 million, there is \$200,000 that has been budgeted for overtime, so it is above that, and these would not come into play...."

Chair Dominguez said, "We need to make sure we capture that very clearly, Oscar, if the Committee decides to move forward in this direction."

Chair Dominguez said, "The last question I have... I just want to make it absolutely clear that I understand what this sentence in the FIR means when it says, and this is part of Section B in the summary, '*Staff will return with a report on how to implement and run the Verde Fund.*' I take to mean that staff will come up with some criteria, just as we do with the Commission and lots of other Commissions and Committees we have in the City.... will establish a criteria on how to expend that money before any of it is ever spent. And that is one of the concerns that I have is that this Finance Committee and/or the Governing Body in general isn't put in a place to just all of a sudden start having to select an organization or a department or a committee that has the most political will. And that there established some criteria on how we can expend this money. I guess you would call it a procurement program of sorts. And so is that what I understand that sentence to mean."

Mayor Gonzales said, "It's exactly what you understand. The great thing where we are today is we have a Sustainability Commission, we have a Childrens Youth & Family cabinet. Both are directed by this Council to develop strategic policy that helps us meet the missions of both organizations. The Verde Fund will require both organizations to come together to develop criteria that the community truly can understand in ways that they understand how it is going to positively benefit them. The focus of the fund will go to programs that have both a reduction in the carbon footprint we have and the reduction in poverty. They can't happen in silos, right. So this fund can't go just to supporting solar throughout the City or to home visiting programs for moms that find themselves in poverty. It's got to go to programs where the nexus is combined, where we see a direct impact on both in ways that help poor people out of poverty and allow us to lower our carbon footprint."

Mayor Gonzales continued, "And that comes back to the idea of innovation. Cities being laboratories of democracy where innovation can flourish. Let's go to the community and ask them to come forward and say here's what we think we can do. And I think there's going to be some really exciting ideas that private sector money and national foundation money will follow. I did have a conversation with the Santa Fe Community Foundation and they are very willing to sit with the City and work in two ways. One, either to consider looking at how they could house the fund themselves, where they can go out there and leverage it to meet the criteria we're talking about. Or to work with us to line up some of their social impact investment to follow some of the programs that are going into place. So they are ready to get involved and to help us with this process."

Chair Dominguez reiterated that the criteria is very important, otherwise it become political and that doesn't serve the constituency well, and "thank you for some of that language and clarity."

Councilor Lindell said she appreciates the Chair's comments. She thinks, in light of what we're experiencing, it is reasonable to be cautious. She sees a lot of possibilities, but it always come down to weighing risk versus opportunity. She always likes the opportunity side, but the part she particularly likes is the opportunity to garner other people's money and leverage it in a way we haven't done before, which conceptually is a new way to do things. She thinks it is worthwhile, and a new perspective on a problem we've been facing. She said by, pursuing this we may see some of our other missions change, and it could make us better in other areas.

Councilor Lindell continued, saying she and the Chair have talked about this philosophically, that we have the opportunity to better in other areas. There is nothing wrong with being cautious. She said this Council can distinguish ourselves in changing some very very bad habits we've had for years. She said staff has taken a tremendous amount of brunt of that work and have done a great job. She said she likes the opportunity to on a different pair of glasses and distinguish ourselves by setting a new, and good example. She said as presented, we philosophically are being asked to participate in this. The specifics will come to us. She said the Chair has made it clear what we need to go forward, the needed funding to move forward. She said the risk has been minimized in comparison with the opportunity, particularly the idea of leveraging national dollars. She will support this proposal, commenting she is impressed with the number of organizations agreeing to sign-onto this idea.

Councilor Ives said he has been involved with the Climate Action Task Force, and supports the goals we need as a City for sustainability, and that has to happen at the City level. He said the federal and State dollars will diminish as their budgets are compromised and run into endless bickering. He said the Fund touches on two of the greatest challenges faced by our society – the issues of income and equality. He said there are studies indicating the effects of climate change will impact those at the lower income level.

Councilor Ives continued saying this is an opportunity for us as policymakers is to allocate funding toward the aspirational goals where we are setting new policy and taking new directions, and allocating funds to what they think is important. He is in support of this, commenting he knows there is much to be done. He hopes the City Manager knows the task with which he is faced. He thinks this speaks to the best of all of us as a community the future we want to see in Santa Fe. He is in full support.

Councilor Villarreal said she is excited to finally see this come our way. She said it is important to include the role of the public and the private sector which will make this work. She said all of the pieces of this haven't been fully fleshed out – housing, climate change and upgrading homes to be more energy efficient, involvement of the private sector and the role it will play. She said we'll have to start digging-in on the details. She said the City commissions play a role, but the one piece she sees that is missing that she wants to be included is making the sure that some of the language in the Residents Bill of Rights is included regarding affordability, quality and sustainability of housing, accessibility, fairness and equity, as well as looking at displacement, as we start looking at criteria. She said community control is extremely important to be included in the Resolution. She said other cities that have done this, Seattle, for example, worked extremely hard, and they have an equity framework they follow for everything they do in the City including policymaking. A lot of it is community driven and focused on communities of color and those that are most impacted.

Councilor Villarreal continued, saying, there is a Racial and Social Equity Toolkit that is online which she has been researching. She would like to see how we can use it as we start implementing the structure for the funding criteria, allocation methodology and implementation strategies. She said it means that the community members are part of the discussion about what they think are important pieces to fund, and it's not necessarily the Commissions because they have a perspective, but not always representative of the community we serve. She wants us to think about how to include this language "right off the bat, the equity framework and following the criteria based on what was passed by the City in the Residents Bill of Rights." She is glad they spoke to the Santa Fe Foundation, noting she spoke with them about it as well, as to whether it makes sense for the Foundation to house the fund and separate the City from that piece. She thinks the funding should be held in a different way. She said impact investing is a big piece that can play into this.

Councilor Villarreal continued, noting we received an amendment that the ask was \$350,000.

Mayor Gonzales said it is \$300,000.

Councilor Villarreal said the Resolution said these funds come from unbudgeted, excess Land Use Permit fees, a one time fee, so we're looking at this fiscal year. She said she would like that language to be in here first, commenting that she isn't opposing the GRT percentage, but she wants to see where our GRT equalizes, because still aren't sure what that will be. She asked if the Committee would be interested in focusing on the \$300,000 from unbudgeted excess Land Use Permit Fees for this year, and we might not put the language up front about the 5% of the 1/4% GRT until next year or later on.

Mayor Gonzales said, "On this point, because it is important. We're either going to commit to this, set it as a priority and find a way in future budgets to make is sustainable, or we say we're going to do \$300,000, that's a great start, but we're going to put off deciding how to create a sustainable investment into it. He said his only request is if you want to remove the 1/4% GRT from it, that somehow there would be language identifying other sources of funds that allow for sustained investment into this area. That way the intention of the committee is clear that this isn't a one-time deal to see if it works. We know this going to have to be probably through the course of a full generation – a continuous, sustain investment to be able to achieve the objectives that we want. He understands if budge issues don't all for the GRT to come

into place, it is incumbent to try and find other means. He said, "That's the only thing I would ask, Councilor Villarreal, that if you move the 1/4% that you keep the desired intent that we come back and find revenue sources that would allow for sustainable. Because if the 1/4% is taken out, I still want the opportunity to come back and say, well, here's another place where we can find it."

Councilor Villarreal said she thinks that's a good plan. The only reason she is hesitant is because she thinks there will be push-back in community especially after people have indicated they aren't pleased with what is a vacancy cut of \$115,000 from libraries. She said people would question if you are giving this much money to something that hasn't been fleshed out, but we have an immediate need for libraries, she is trying to figure out ways to balance it out. This is her concern, noting several of us have received calls about that.

Mayor Gonzales said it's certainly not one or the other. It doesn't have to be that the library suffers so the Verde Fund can be created. He said we are trying to create a sustainable funding source for the libraries in the existing budget and moving forward. He wants to be careful that the message isn't that we're cutting libraries to fund the Verde Fund.

Councilor Villarreal said it's more that just whether there is a funding source, it's why can't it be used for education. She is trying to find the soft spot for people to understand the long term intent of the Verde Fund and that we really are wanting to look more at systemic change, commenting she would like to see that included in the language as well.

Mayor Gonzales said Chair Dominguez asked him this question, in terms of his desire to make sure that the libraries are fully addressed. He said the issue of addressing funding for the library requires addressing recurring expenditures. He said we have one-time money for the Verde Fund with the desire and intent to find a sustainable funding source that go into the future.

Councilor Harris said he thinks it's premature. He said we've come a long way since the newspaper headlines of a \$15 million deficit. He said we have been presented with a balanced budget and we've been opportunistic. Which means the water debt refinancing which allowed us to take that 1/4% into the General Fund; recognizing what the departments have done and the discipline they have exercised throughout this year and being asked to carry that through with an assumed attrition rate. He said last week we heard about the bump in Land Use Fees of \$1.5 million, noting Ms. Martinez thinks that might be as much as \$1.8 million.

Councilor Harris continued, "Even though I felt perhaps the Resolution was a little bit premature, to me it's opportunistic. It's falling within the same mind set that the Finance Committee, the Governing Body and staff have been operating for the last few month. So, it's certainly worth entertaining. I was cautioned last week by the Chair, and Councilor Lindell, who have been here through this before, to go light on your assumptions on GRTs and fees and things like that. So I'm going to remind Chair Dominguez that I was taking his advice seriously."

Mayor Gonzales said that is the reason he said last week that we're not going to move on this unless the revenues are actually realized.

Councilor Harris said it will and should move forward, is what people should understand. He said there are lot of mechanics that need to be worked out, commenting that it is moving pretty fast whether it is \$300,000 or \$350,000, and the date was from January 1, 2017 to July 1, 2018. He said it will be effective January 1, 2017.

Mayor Gonzales said it will be funded when the revenues are realized in the upcoming fiscal year. If the revenues aren't realized and we are in Spring 2017 and things aren't moving as quickly, it could fall into the next fiscal year because of economic activity.

Councilor Harris said he understands. However, on page 3 of the Resolution it says '*...the Governing Body authorizes an appropriation to the Verde Fund of five percent (5%) of the one-quarter percent (1/4%) Municipal Gross Receipts Tax rate approved by Ordinance 201 6-15, beginning January 1, 2017.*' He noted the amendment changed it to July 1, 2017. He said when he says mechanics and it is moving fast, he thinks the Mayor's staff really needs to bear down and make sure they are clear about what they are presented.

Chair Dominguez said he has the same concerns, and one of the questions he was going to have for Mr. Guillen and staff, is the way he reads it, noting we can work on language in a few minutes, that the potential 1/4% wouldn't go into effect until the FY beginning July 1.

Mayor Gonzales said we were operating on the premise that we had to put a funding source before the Council. He said, "Things have changed over the last few days in talking with the Council, and even with Councilor Villarreal's potential amendment, that we would move the 1/4% as the current request for funding, we would focus on the unbudgeted, to be received Land Use Fees in one-time monies only, hopefully with direction to come back with a recurring source. And taking the GRT off the table eliminates this."

Councilor Harris said he agrees with Councilor Villarreal's comments as well about going slow. He said this may be the sustainable source, he doesn't know, but modifying the language to make it a little broader and give us time to see what works, noting there might be something that works better.

Councilor Harris said, "The last point I really want to make and this has to do with the Sustainable Commission. I've had the opportunity to attend the last 2 meetings. I think the whole group really is a working group and they've got 12 working groups. I was impressed, not only with what they're doing, but the pace. And so the purpose of the Commission is, '*The Commission shall advise the Governing Body on the programs, policies and projects that will help to improve the City's environment as well as the quality of life of the people of Santa Fe; encourage the City's economic growth; and ensure the long term sustainability of the City's future.*' Certainly that is language the Verde Fund comfortable is with. And I really think as the resolution and mechanics get worked out, there needs quite a bit of contact, embodied formally, because the working will have the draft of their findings later this month. They are in the process of reviewing the proposal to hire the consultant very soon to help support their efforts. So I think we have a focus group with a lot of expertise that we need to take advantage of. And that's really what I wanted to say in here."

Mayor Gonzales said, "I will tell you that the only standing committee I have with a chairperson who is one of the citizen-led committees is with Beth Beloff. Because it is a priority for me to make sure as the Sustainability Commission launches, keep in mind it's not a planning group anymore, it's an action group. So they're coming forward to the Council and the community with items on what we have to do to hit our 2040 goals. So that obviously will require a budget as it moves forward. It's going to thinking of alternative means to incentivize the private sector to help meet some of the goals. There is a lot of thought that I know she and the Commission are working on to help us become this very energy independent community that is focused on becoming carbon neutral 2040. I know Councilor Ives is working on and Ordinance right now to develop a power company that, if the Council approves it, will allow for greater opportunity to seek federal funds that could come in the form to address some of the issues that the Commission is going to be working on outside the poverty issues, but perhaps within the poverty issues as well."

Councilor Harris said one of the Commission's working groups is Food Security, and other things that fit very nicely with what he thinks the Verde Fund wants to be. He was glad to see that the Plan falls under the City Manager, but the 90 days was truly unrealistic. He said if we can look at the language, and incorporate, in some fashion, a little bit more statement about the role of the Sustainable Commission in developing our Plan, "I think would be possible."

Mayor Gonzales said, "We have all heard from our constituents the need to focus on getting our budget correct, building a transparent process, getting the City back to the nuts and bolts of delivering City services..... People have told us we want you to get your budget house in order. This Committee is doing that, and I'm proud of the administration and the Committee, because this budget does what the community has called for. It takes the CIP GRT and stops using it to fund recurring expenses and puts it into capital. It aligns properly people who are working in departments with revenue sources. You have answered the requests of this community in delivering this budget process."

Mayor Gonzales continued, "The people have also asked, why the Verde fund and why now. And what we know is that the federal level isn't addressing social and economic issues, they're paralyzed. The State level is taking on that same degree of paralysis. The best place, and the only place right now that our constituents can count on is our City government to expand the role that does more than assure there are streets to drive on, or great recreation centers. But that we truly define the role to assure that the social and economic future of our community is sound. And that requires us to step out of the box that we have traditionally played over the last 20-50 years, even from the time that my dad was Mayor. But I think we are fully capable of taking up this cause. All of us are reflections of our own community, neighborhoods we were brought up in. We understand the needs of our communities well, and it's tough because we don't have a funding source to take on these social and economic issues. But we can be leaders, set a vision, develop policy, encourage collaboration that drives to an outcome that betters our community."

Mayor Gonzales continued, "So yes, I'm asking that we broaden what we mean are as a City to the people who live here. In closing, as I said this weekend, the more that I study these issues, the more I come to believe they are deeply connected between the issues of poverty and climate change. And if fighting climate is the key to making sure our children still have a city to live in, then ending the poverty and inequality that divides our community is the key to make sure that the City is one worth living in. We all

share that goal. The Verde Fund is a start. We don't have all the answers, but we know we have the people and community around us to help us come forward with answers so we can make it a true success in the lives of people that want a better life in this City. With that, Mr. Chair, thank you for allowing this conversation, and I urge and ask the Committee to please consider passing it and allowing it to go forward."

Chair Dominguez said one of the interesting and exciting things to him about this effort, is that we hopefully can have an honest, truthful discussion about equity. This is one of the avenues he will be looking at. The challenge is that devil will be in the details. He said he looks forward to seeing those details. He said, as one who has done his best to promote equity in the community, and in many ways, we are not equitable. We all want lots of good things, but making it happening is another thing. He said what he is hearing from the Committee in terms of a motion are, number one is that we somehow memorialize or recognize the Neighborhood Bill of Rights as a document of reference. The second, with regard to 2016/2017 is that we look for potential recurring revenues from the 1/4% GRT. He said he will let whoever makes to capture that in the motion.

Mayor Gonzales said with those points, they can make sure those have been properly crafted with that direction with that direction before it is considered by the Public Works Committee and goes to Council.

Chair Dominguez said he is interested in the detail about how this is going to be administered, and wants to give clear direction to staff to get that program in place.

Mayor Gonzales said the language would call for it in the Resolution.

Councilor Lindell said she is uncomfortable with the Neighborhood Bill of Rights. She said we've had discussions about this. She said that Bill of Rights did not come out of this community. It came from a group from Brooklyn, and the intended purpose was rent control. She is uncomfortable in putting that as a framework for this fund.

Chair Dominguez said he is just saying what he has heard from the Committee.

Councilor Lindell understands, but she is not comfortable with it, but she would like this to move forward to Council so we can work on it and put whatever amendments we want.

Chair Dominguez said then it is clear that Councilor Lindell is not comfortable with reference anywhere in the bill to the Neighborhood Bill of Rights.

Councilor Lindell said at this point in time, that would be uncomfortable for her.

Chair Dominguez said then whatever motion you make, it's going to be up to the Maker to including recurring funding sources, and he will leave it to the Committee about how to deal with the Bill of Rights.

MOTION: Councilor Ives moved to approve the Resolution, "with direction to staff in connection with the segment reading, Be It Resolved, that the City Manager is to develop a plan to implement the Verde Fund and present it to the Governing Body within 90 days of the effective date of this Resolution, and such plan, as a minimum, shall at a minimum and it defines 6 categories, but just direct staff because I think the statement of those categories are broad enough to include the various types of recurring matters that have been discussed, with direction that the City Manager examine, for instance the use of the recurring gross receipts tax that Councilor Villarreal was speaking of, and other financing measures over the course of time, and I think with that specific direction with staff, that should be brought back to us for consideration at Council, or when this measure comes back for consideration of the Plan, a public hearing making desired changes and approving the plan for implementation."

Chair Dominguez said he doesn't understand the Motion, and asked Mr. Guillen to make sure we capture Councilor Ives' motion, and if you have questions, he wants to make sure we understand ahead of time.

RESTATEMENT OF THE MOTION: Councilor Ives moved, seconded by Councilor Lindell, to approve the Resolution as stated, and adding direction to the City Manager to consider the various types of funding sources in ensuing years as part of reporting back to the committees and to the Council on the Plan.

Chair Dominguez said then the direction is to look for other recurring sources of revenue in addition to the 1/4%.

CLARIFICATION BY STENOGRAPHER: Ms. Helberg asked if the motion includes the Amendment [Exhibit "2"] and if so is it for \$300,000 or \$350,000.

Chair Dominguez asked Ms. Brennan, "I've got two amounts, \$300,000 and \$350,000. Which is it."

Mayor Gonzales said he thinks the \$300,000 is an easy number and where we can focus.

Chair Dominguez said, "For the record it is \$300,000, not \$350,000. I think your motion captures Councilor Villarreal's concern about the timing."

Councilor Villarreal asked for "the recurring piece to be repeated."

Mayor Gonzales said, "I want to make sure for the 1/4%, because she is seeing the amendments that are calling on the 5% of the GRT, that in the motion, that amendment is not accepted. We are removing the request for the 5% GRT and providing direction to the administration and myself for recurring revenues for the 17/18 budget, but for this year, the request is for one-time monies of \$300,000 that would come from Land Use Fees and would be able to utilized only after the \$200,000 that has already been budgeted for Police overtime when they have actually been recognized and are in place."

Councilor Ives said he had been assuming all the time that much of that was part of what was being proposed here, specifically with regard to the use of recurring GRT, understood it would not be in, and when you say this year, I presume you mean 16/17 as opposed to 15/16.

Mayor Gonzales said correct yes, for the budget you are focused on.

Councilor Ives said all of that is certainly friendly if not part of the original motion.

DISCUSSION: Councilor Villarreal said she is okay with the language related to the funding sources and how we're looking for potential recurring funding. She said, to address Councilor Lindell's issue about the Neighborhood Bill of Rights, there is the misconception that it came from another State. She said, "I think the framework templates are used across organizing groups that utilize their resources and Santa Fe Chainbreaker in particular looked at that. So I would love for you to get clarification, but I'm not going to argue with that now. I think what we need to propose specific language later on about referencing some language that is already in the Bill of Rights that is specifically related to poverty, and not so much climate change, but poverty as it relates to the affordability of housing. I think we could take language from that or state as the Bill of Rights mentions, and then say the language. Because this is the document you all approved, a Resolution, I think we shouldn't disregard it. I think we should utilize the tools we have in the language we want to keep consistent."

Mayor Gonzales said, "I'm very comfortable in working to pull the key language from the Bill of Rights which is that social and economic justice component that is critical to this. There is a lot of language in there. I respect where Councilor Lindell is coming from, that it is a Bill of Rights for housing in play that might lead to other areas that may not deal with housing. I would also say that if the Council does approve funds to go for a General Plan update, that's where a lot of great conversation can occur in policy development that is in the Bill of Rights that was adopted and doesn't necessarily have to go in every resolution or policy that we have in place. We can address it more broadly."

Councilor Villarreal said she wants to work with him and/or Mr. Guillen to be sure we get the right language that is appropriate and aligned with the Verde Fund principles.

Mayor Gonzales said, "I will follow your lead if you could help us get the language, that would be great."

Councilor Villarreal is okay with not including the Bill of Rights this time around, but at the next Committee she will have language.

Chair Dominguez said, "So there will be no reference to the Bill of Rights in this bill. However, and I certainly want to work with you on this Councilor Villarreal because this is where the rubber hits the road. And when we come up with the criteria that will help us determine where the money goes, and who it goes to, some of that language is going to be important.

FRIENDLY AMENDMENT: Councilor Harris would like to amend the motion on Resolution page 3, beginning on line 4, as follows: *'...Whereas such a fund shall be structured to ensure property transparency and oversight of spending by the City Finance Committee, a targeted....'* **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

Mayor Gonzales said he thinks it is a great amendment, commenting that the more we can see and debate and discuss issues of equity and social justice as a Committee, the more comfortable we will be in approving budgets with an understanding of how they should be allocated. He is all in favor of the Finance Committee maintaining oversight of the fund.

Chair Dominguez said he thinks it is fair, but whether or not we determine that the criteria has been met is a different story. He said keeping oversight of the money is fine and he thinks we should do that – knowing how much is in the fund, how much has been spent, those sorts of things. However, he doesn't know if this Committee is prepared right now is prepared to be able to determine... until we come up with that criteria.... whether it should go in one direction or another.

FRIENDLY AMENDMENT: Councilor Harris said we may not need to insert it now, but he would like a stronger statement of the involvement of the Sustainable Santa Fe Commission which he believes will produce real results. He said on Resolution page 3, beginning on line 15, "...Be It Further Resolved that the City Manager in consultation with the Sustainable Santa Fe Commission, shall develop a plan...." **THE AMENDMENT WAS FRIENDLY TO THE MAKER.**

Councilor Harris said he just wanted a stronger statement, because the Sustainable Santa Fe Commission is charged with developing and implementing a plan specific to very clear goals and they seem to be making real progress.

Mayor Gonzales said that's a great suggestion.

Chair Dominguez said it may be that this Committee will be the one to award, but we don't want to pigeonhole ourselves too early in making that decision, and thinks it's fine.

Councilor Villarreal said she needs to think about it more, saying the Sustainable Commission is one partner, but there others that should be included. She is trying to figure out whether to include that now.

Mayor Gonzales said the Sustainable Commission as part of their broad goal includes this, but the Youth Commission, the Human Services Commission doesn't really have a mission of how the address the issues of climate change. He think's it's right to do the consultation with the Sustainability Commission. He said, "But I can assure you Chris has been involved in this project of the Verde Fund from the early days and he'll continued to be involved in and influence the criteria that's going to be in place. I'm not as worried about the wording, but I do think that tasking the Sustainable Commission to have a component that addresses the Verde Fund is key. I don't know that we want to the same to the Children, Youth & Family Commission to put a climate aspect onto how they're having to address their issues."

Councilor Villarreal said she was thinking more of the community groups that work on this daily, so "I don't know, I'll think about it more."

Mayor Gonzales said when the bill comes forward, we can allow for public to weigh-in on the criteria.

Councilor Villarreal said that is what she would like to see done.

Chair Dominguez asked Councilor Harris if he wants to strike the language he just proposed, and just keep it general.

Councilor Harris said he would like to keep the language, personally.

Councilor Villarreal said, "The goals I set out, we do need to make sure that we're following. I'm just thinking of other public input that I would like us to have."

Councilor Harris, explaining his Friendly Amendment, said, "That changed the language that was dropped, but I assume there is going to be a fairly high degree of public involvement."

Councilor Harris suggested adding language requiring a public hearing on the plan.

Councilor Ives said he thinks that is provided for in the Resolution on Resolution page 3, lines 23-24, that provide, '*...the Governing Body shall consider the plan in a public hearing....*'

Mayor Gonzales said, "Clearly, there will be tracks through the Youth Commission, the Human Services [Commission], through the Sustainability Commission, and there are a number of community boards the City has in place, that will have an opportunity to review the criteria and have input in making sure it meets its goal, including people such as the Community College, and maybe the business community and others are going to weigh-in as well as non-profits that aren't sitting on the Commission, but have a vested interest in seeing poverty reduced, the schools. There are a number of community players that clearly we'll solicit their input on how to develop this program. The whole intention is let's get the fund created, that creates a target, and now we begin to build community collaborations and bring forward the innovation and ideas on how to... I like what Councilor Ives, how to achieve this aspirational goal. And I believe Santa Fe can be a leader, and this is the pathway to finally begin to address the issues of equity and participation and a city of inclusiveness for all people. It's one way, once we learn to do this really well, there will be a lot of other opportunities for us."

Councilor Ives said in Resolution No. 2015-65 adopted in August 2015, we identified '*5 pillars as a much needed emphasis on the framework that informs, guides and directs all housing in urban planning decisions and policies...* so that is already part of our operating procedure here at the City. He said it was fully resolved that *the Governing Body directs appropriate staff to engage in dialogues across all appropriate departments and community partnership solutions to collaborate with community organizations that represent or serve workers, renters and others....*' Again, he thinks the mandate from this Resolution is that on all these types of decisions, staff has already been directed to engage the community broadly and significantly. He has no complaints that's not being done, and would reiterate to staff that it should be being done in the context of this matter, the Verde Fund, as an urban policy and planning tool.

Mayor Gonzales said he thinks Councilor Villarreal will be able to create language to amend the Resolution that focuses on the heart of the Bill of Rights in terms of social justice and equity, so those will come forward. He said he knows we can add language that is reflective of the goals of the Bill of Rights.

VOTE: The motion, as amended, was approved unanimously on a voice vote with Chair Dominguez and Councilor Harris, Councilor Ives, Councilor Lindell and Councilor Villarreal voting in favor of the motion and no one voting against.

14. DISCUSSION ON MONTHLY FINANCIAL REPORT FOR FEBRUARY 29, 2016. (OSCAR RODRIGUEZ)

This item is postponed to the May , 2016 meeting of the Finance Committee Meeting.

15. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE GOVERNING BODY PROCEDURAL RULES TO ENSURE A MORE FAIR, JUDICIOUS AND EFFICIENT PUBLIC PROCESS. (COUNCILOR DOMINGUEZ). (KELLEY BRENNAN AND JESSE GUILLEN). Committee Review: Finance Committee (approved) 03/21/16; City Council (remanded back to Finance Committee for public hearing) 03/30/15; Finance Committee (scheduled) 06/13/16; and City Council (scheduled) -06/29/16. Fiscal Impact – No. Postponed to the June 13, 2016 Finance Committee Meeting

This item is postponed to the June 13, 2016 Finance Committee Meeting.

There was a short break 6:50 p.m. to 7:00 p.m.

BUDGET HEARINGS RECONVENED AT APPROXIMATELY 7:00 P.M.

16. DEPARTMENT REVIEWS CONTINUED:

A copy of *Operating Budget for the City of Santa Fe, Fiscal Year Ending 2017*, is incorporated herewith to these minutes by reference as Document #1.

A copy of the Agenda for the Operating Budget Review Hearings, FY 2016/2017, for April 25, 26 and 28, 2016, is incorporated herewith to these minutes by reference as Document #2.

A copy of pages 20-31 of the minutes of the April 8, 2015, City Council meeting, is incorporated herewith to these minutes as Exhibit "3."

A copy of page 1 of *Budget Review – Summary by Division*, dated 05/02/16, is incorporated herewith to these minutes as Exhibit "4."

A copy of *Land Use Department Estimated New One-Time Revenues FY 16/17 and FY 2-1819*, dated April 28, 2016, is incorporated herewith to these minutes as Exhibit "5."

Chair Dominguez said this evening he would like to complete Administrative Support Services, General Government, and Parking under the Enterprise Fund review. At that time, we can decide if we want to continue tonight or find a separate day to reconvene to tie up the loose ends. He said we have to make sure we have a recommendation to the Governing Body by the next Finance Committee meeting which he thinks we can do sooner. However we will have that discussion later.

A. ADMINISTRATIVE SUPPORT SERVICES
a) FINANCE

Oscar Rodriguez, Finance Director, presented information from Document #1, pages 74 and 75. Please see Document #1 for specifics of this presentation.

Chair Dominguez asked Mr. Rodriguez his attrition rate.

Mr. Rodriguez said it is \$13,000, and it would have been higher, but they are cutting 2 positions. He said he felt if they were going to recommend this that Finance should be an example.

Chair Dominguez asked if these are budget neutral reorganizations.

Mr. Rodriguez said yes. He said the big increase is because we are loading a bunch of positions that used to be loaded in the Water Department and various other departments. He said they are cutting 2 positions and reclassifying a current supervisor position into a Treasurer position which will be supervising 5 people.

MOTION: Councilor Lindell moved, seconded by second Councilor Ives, to approve the Finance Department budget, as presented.

DISCUSSION: Councilor Villarreal noted Fleet Management is under Finance, and asked how that works if it isn't connected to Public Works.

Mr. Rodriguez said it is not unusual in municipal budgets that the internal services department report to somebody other than Public Works, so it will be a neutral spot, and it isn't unusual to appear under the Finance Department, so it operates as an internal service fund for internal service operation and serves everybody alike, rather than being a division of Public Works. He has no problem with it and it operates rather smoothly, and he doesn't consider it an undue burden.

Councilor Villarreal noted Environmental Management also has its own fleet as well.

Mr. Snyder said this is one challenge in the City. There are various vehicles of all sorts, sizes, makes, models, a maintenance area in Fire and in Transit. There is a maintenance area in Fleet Maintenance and a maintenance area in solid waste. He said Police its own area with a radio shop and such. He said we have all these areas across the City that service many types of vehicles. He thinks a one-stop shop would be a great idea. However, the certification is different to work on a trash truck, versus a bus, versus a Fire

Truck, versus standard pickups. He recommends we explore that option internally, especially as we move forward to a one-stop shop with the City Hall.

Councilor Villarreal said she thinks we need to look at that, commenting she understands the difference for specialized vehicles. She said she wouldn't know the best way to do this, so Mr. Snyder will have to look into it.

Councilor Lindell said she wanted to bring up again, in light of budget, one thing we could do is to continue to move forward with the procurement process and looking at how we do local preference in procurement. She thinks it has the potential to "change our budget for a sizeable amount of money."

Mr. Rodriguez said the language for that is in the Procurement Ordinance.

Councilor Ives said he believes it was last year he introduced a Resolution which was adopted in terms of evaluating energy efficient alternatives in purchasing vehicles for the City. He believes part of that Resolution was to create a City-wide fleet, and understood that was being looked at, but got shelved among the "complexities of the many items before the City," in terms of restructuring its operation. He asked if he is correct, and what can we do to bring that notion back and look at implementing it in ways that would save us money.

Mr. Rodriguez said the motor pool is still in place. He said to be clear, that means there is one directory of the vehicles. He said about 17 vehicles were removed for the fleet, and we never implemented a policy that would say you only get a vehicle in y and z happens. He said the needs throughout the organizations are so varied so that even minimum standards would leave some departments with much more vehicle than they need, and he volunteered the Finance Department. He said we have a 2009 vehicle with about 8,000 miles, but if we remove that vehicle, then there will people in finance that won't be able to get around to the many other City facilities. He said the reason for that vehicle, you can multiply it many times by many departments. He invited the Committee to go to the parking lot after the meeting, noting it is a sizable fleet, and it is to move people around to the many facilities.

Mr. Rodriguez said the ideal situation is a place where you don't need such a fleet, everyone is in the same place, and people that need to travel long distances are assigned vehicles for very specific reasons. He said the problem of a fleet with a very standard protocol, use policy, is something that will be a very hard conundrum for us to solve until everyone is in the same place somehow or you want to do the same distances.

Mr. Snyder said regarding Councilor Ives' question about procurement. He said the Purchasing Officer is involved in the purchase of all vehicles. He said we are purchasing only CNG in Environmental Services, Transit and in other motor pool type vehicles. The trucks and automobiles purchased go through a procurement process where are looking for energy efficiency and such to make sure we are doing the right thing.

Councilor Ives said he understands and appreciates that information. He said the Police & Fire have moved into Fusions and other vehicles for staff that do not require interceptors or the more significantly powered cars. He said he would appreciate that being noted in the memorandums in dealing with acquisition. He isn't totally satisfied that we can't do better on our motor fleet and its utilization, but he will "follow up with folks beyond our discussions here."

Councilor Harris said he was reminded to look at the assumed attrition rate, and for Finance Administration, that portion of the Finance Department is \$13,000, and but the aggregate of the other 3 line items, Fleet Management, Financial Management Purchasing, put them together the assumed attrition dollar amount is \$215,000 within the Finance Department. He asked if that is correct.

Adam Johnson, Budget Officer, said that is correct.

Councilor Harris said then the assumed attrition dollars are handled internally.

Mr. Johnson said yes.

Mr. Rodriguez said the way they are getting to the \$123,000 is the elimination of the two positions, so there is another \$13,000 we have to make up by another means.

Councilor Harris said this is just a little refresher course from last week. He said he thought he was getting it. So when he sees major changes listed, eliminate two FTEs, establish the position of Treasurer, and everything listed, those elements essentially are incorporated into the proposed budget of the department. However, the assumed attrition rate and the dollars associated with it is a reflection of what has gone on historically, and within the department you will manage those costs to hit that mark.

Mr. Johnson said this is correct. He said they go back to the beginning assumption... the analysis helped them to identify slack in the system, and apply that on a percentage basis across all the personnel costs in the General Fund, and to use that figure as the driving guidance to help us make decisions on a flexible basis throughout the year to achieve that slack. He said you can see evidence of the slack in looking at the early April analysis to which he is referring, and you can see it again in looking at the current vacancies in the General Fund as is. He said we don't want to pigeonhole the Governing Body or administration from making those cuts during this process and budget hearings. It allows us to identify strategically the needed reductions throughout the course of the year.

Councilor Harris said he thinks "we are saying the same thing," but Mr. Johnson provided a better explanation. He said then major changes are incorporated in the proposed budget, assumed attrition and the associated dollars based on historic performance is managed by City department to achieve those numbers.

Mr. Johnson said yes.

Mayor Gonzales asked how critical is the ERP to achieve the goals of Finance in fully reaching operational efficiencies and greater full sets for our decision-making.

Mr. Snyder said it is very critical, and without a new ERP system, we will be stuck in time, like we have been stuck in time for a number of years. He said this budget is a little better. He noted in previous budgets we have had conversations on trying to pull data from the system to our consternation we couldn't deliver. He said, "From an efficiency standpoint, a data management standpoint, a streamlining standpoint, and there's others, the ERP system is critical for us to move forward in the organization."

Mayor Gonzales said he believes the City has a very good procurement process, but it is based on practices that have been around for a very long time. He asked how we can reassess what we need as a City to perform our service, how much we need and what is a better way of procurement for City goods and services. He said, for example, Security is a series of expensive contracts, and we get frustrated when they come forward, because we are unsure they are meeting the security needs of the City. It's the way it's been done, it's safe, it's great. He said, "There are lot of new procurement platforms making its way into the technology space which allow for more savings." He would be interested to see how we can turn procurement upside down so it's not just what's been done over and over, and there is some requirement to re-think, re-assess and determine what procurement vehicle is the best one. He said for example, construction management at-risk methodology versus a hard bid focus, which are two different pathways to the same conclusion, but one can build more value for us.

Mayor Gonzales continued, saying we are very conservative in our cash management policy, and he understands it, it's important. He said Albuquerque is an example of what happen with a very aggressive cash management policy. He thinks there is something in between that would allow us to put our cash in higher performing programs to earn more money.

Mr. Snyder said we have looked at and discussed our cash management strategies, and we basically have liquidity of almost all our money. That ties into the procurement aspect. Last year we started and this year expanded on getting procurement plans from the departments, which is a learning process. The goal of the procurement plan is to look at how we are going to procure throughout the year. Looking for similarities so we can bundle purchases, streamline bids. In terms of investment, if we know how we're going to procure things throughout the year, we can map and manage the curve of procurement and when we need funds available. He said it's "turning the ship," and a challenge. He said we've tried to be innovative and sometimes use State procurement and other procurement agencies so we don't have to go through a full-blown procurement process for construction. We're always looking at opportunities. He said design/build is in our Procurement Manual because of the BDD. For us to do a design/build we have to come to the Council with justification versus just the standard design/bid/build. He said that is a hurdle, and sometimes we're our own worst enemy because our procurement prohibits us from thinking creatively.

Mr. Snyder continued, saying it is important to educate the departments on the opportunities available and how to think creatively outside of the box. He said Robert Rodarte, Procurement Officer, needs to maintain continuing education on current standards, current status of procurement, noting he attends national seminars and conferences and has a good network. He can bring back things like innovative procurement opportunities and have sessions with the department directors and get them thinking differently. He said, "This is the long way of saying that our processes are set in stone in a lot of ways, and it's hard to make that shift, and we're doing little shifts in the way we procure things."

Mayor Gonzales said procurement clearly always can and should be a place to drive more efficiency in how it is delivered, to what degree he doesn't know. He thinks this is something we could set a target here to reduce or spend by 5-10% through how we procure.

Mr. Snyder said the reality is that a lot of the Governing Body's goals are to procure locally. And when you procure locally, if there is a 10% local preference, means a local bidder can bid \$5.5 million, and a bidder not local can bid \$5 million and the local will get the bid because they get the 10% reduction. It doesn't mean we spend less, we get a local building, and spending \$500,000 than we would otherwise if we had hired the builder who bid \$5 million. He said we want to build local, keep jobs local, but there is a 10% preference, noting we're spending more to keep these things local. He said it is hard to find the balance to cut 5% from the budget, when we know we're paying more for the services to keep activity in the local economy.

Mayor Gonzales asked what percentage of the procurement is commodity versus services, noting it is hard for locals to offer commodities competitively. He said you can negotiate value on the service side. He said we sometimes we set up contractors to fail when they submit the low bid, and then find subcontractors at the lowest bid. If a local company isn't the low bid, they will go with an Albuquerque-based company. He said he would like to see over the next year, a discussion of procurement.

Chair Dominguez said his experience is that every new Councilor always wants to rewrite the procurement manual. He said it is a complicated process, and we have the right intent. He said we can't forget the transparency the procurement is intended to bring.

Councilor Harris said as soon as we wrap up here, we will begin work on a 5-year capital program, and that would be the appropriate time to consider these issues. He said there are a lot of lessons to be learned state-wide through the Public Schools Facility Authority .

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

b) HUMAN RESOURCES

Lynette Trujillo, Director, Human Resources Department, presented information from Document #1, pages 76 and 77. Please see Document #1 for specifics of this presentation.

Mr. Snyder said since the City is self funded, he asked Ms. Trujillo to look at the Health Fund and opportunities to save money and streamline that process. She looked at the possibility of migrating to the State plan. He said she did that, but in general they found it to be cost prohibitive, in terms of reduction of benefits, as well as in year it would cost us \$2 million to move to the State plan, but every year thereafter we would save money. So it would turn on the initial investment of \$2 million which would be paid over a 3 year period and we would then be saving the fund. He said he didn't recommend moving to the State plan considering the budget challenges.

Ms. Trujillo said she understands the State plan is looking at a 16.6% increase in premiums, noting

Ms. Trujillo said she understands the State plan is looking at a 16.6% increase in premiums, noting over the last 3 years their premium increases have been 15.10%, 5%, and now 16.6%. So there has been a steady increase in premiums. She said we would have to stay with the State for 2 years, and after that the State could drop the City and we would be in the same situation of rebuilding our fund which is now stabilized. She said part of Councilor Maestas's request last year was to maintain a \$5 million balance in the Health Fund. She said by doing the \$860,000 changes in the plan they have accomplished that and have seen a decrease in visits to the Emergency Room and things like that, and an increase in preventative care. She said Sue Perry has been sending out a lot of different things trying to keep our employees healthy to maintain the Insurance Fund.

Ms. Trujillo continued, saying regarding the State plan, the State looks at its claims from the 40,000 individuals covered by the plan, and set its premium costs. She said at this point they did not think it was a wise decision to move to that plan.

Mr. Snyder said one of the things in the City Manager's budget is \$30,000 to partner with the County to look at various areas, noting the County also is contributing \$30,000. He said one area we may be able to work together is on health insurance. He said the County Manager told him they are looking to move from the State and becoming self-funded. We are looking at whether there would be a benefit of moving the County into the City plan, or develop a consolidated plan. He said it has not been explored, and the County is considering it right now.

Chair Dominguez said action of last year [Exhibit "3"], on April 8, 2015, was a Friendly Amendment by Councilor Rivera, which says, *'Councilor Rivera would like to amend the motion to look at making sure that the monies in the fund balance stay in the program, and that these funds aren't used to balance the budget in other areas.'* Chair Dominguez said the Governing Body has made that commitment via that motion last year, and thinks it's a wise commitment, in view of the bridging strategies we're trying to resolve. He thinks that is something staff is going to have to continue to articulate at some level.

Chair Dominguez continued, referring to page 76 [Document #1], said he presume HR would take a significant role in the development of performance measures.

Ms. Snyder said H.R. definitely would have a role in that.

Chair Dominguez wants to be sure we capture in the work plan that H.R. would be taking an active role in developing and/or implementing performance measures however far we get this year.

Mr. Rodriguez said there are differences in performance measures for individuals and for an organization as a whole. For one, you do an individual performance plan and others you do for the Police or Fire Departments.

Chair Dominguez asked if one can complement the other.

Mr. Rodriguez said yes. He said clearly the Council sets priorities and we set performance measures to get to those priorities, and performance measures for individuals should like up with that, no question.

Chair Dominguez said he heard at the beginning of the budget hearings, that some departments do PADP's.

Ms. Trujillo said that is correct, and some are good about doing them, commenting the libraries are very good about doing them, and some aren't. She said the Police and Fire Departments are very good about doing them consistently. She said since she came on board, she has sent out evaluations again along with instructions. She said when Chief Gallagher was her trainer, they went out and started training supervisors in how to utilize the performance evaluations correctly, and the benefits to utilizing them. So they have received a lot more than have been done in the past.

Ms. Trujillo continued, saying the other thing they have implemented that is done strategically, is upon a person's exit from the City, they have to have a completed evaluation. She said we are seeing that they are opening them, and they're closing them, because for her to sign-off on the exit, the closeout evaluation has to be there. She said, "More and more, we're getting those taken care of."

Chair Dominguez said what he is saying, in terms of measuring H.R., we need to be sure we capture some of that in this, and certainly as we measure the performance of each Department, the Governing Body is going to have to have that discussion to decide what that looks like. He said, "What I'm trying to say is we need to make sure we capture.... that's one of the ways we can measure H.R. And you definitely would need the support of the City Manager to make sure he or she directs department directors to make sure their employees are getting this done. "As a public employee myself, it is not something that is taken lightly."

Councilor Ives said he would request a Memorandum on all the City's leave policies and the accrued amount.

Ms. Trujillo said she has that information and she will forward that to him.

Councilor Ives asked Ms. Trujillo, in terms of the Chair's point about metrics, he thoughts about how performance should be measured within H.R.

Ms. Trujillo said performance is more difficult in H.R., because its performance depends on other people and every department to assist. She said they can measure it in terms of how long it takes to get applicants processed, between posting on the list of eligibles, and getting people hired. She said there are different aspects of H.R. that can be measured.

Councilor Ives said he would like to see those sorts of measures implemented. He has heard, on occasions of circumstances leaving one "scratching one's head on various hires for various reasons." He would like to see the metrics, and have them keep track when an item comes in and goes out.

Ms. Trujillo said all of those are in place already and she will be happy to provide copies to him.

Councilor Ives said if there are issues the City encounters frequently that slows that process, he would like to know how we train people across the City to do better in terms of how we do that. He would like to hear her recommendations in that regard. He is concerned that she is letting go of the H.R. Trainer position. He said training is a critical process for many reasons, deserving of its own status, given the size and complexity of the City in terms of ensuring our employees have the skills to perform the jobs for which they are hired, as well as to advance in a career path through the City.

Mr. Snyder said he has agreed to partner with the Community College, in using their trainers in the training program, to bring them into the City. It is a cost savings measure in personnel costs. He said we would contract with the Community College to have them help to develop and deliver the training program.

Ms. Trujillo said additionally, she has trainers available for ADA, supervisors, through her networking. She said she works in partnership with the University to survey how the program went, and that's what we do in order to get their training. She also partners with the Southwest Learning Center to do the ADA training in customer service for ADA, and overall ADA issues. Additionally, she is having her staff to get up to speed on providing employer orientation, supervisory training. They have partnered with other consultants. The Leadership Academy was started when she first came on board, and that has continued. Tomorrow she meets with the Community College to review what its training catalogue.

Councilor Ives said he would like to hear what she proposes to implement. He said he thinks of training differently, in terms of looking at annual performance reviews, which he believes a manager should be sitting with an employee and talking about what the training needs for that employee are, to make them better able to do their job better and to learn skills that would allow them to advance within the City system. He said he believes that training does have to be customized and/or targeted for employees.

Ms. Trujillo said currently there is a Training and Tuition fund which is utilized quite a bit by managers in terms of renewing certifications, getting inspectors certified. She said Wastewater sends its employees to Water System Level Certification. So they do that as well.

Councilor Ives said he looks forward to hearing more about the training programs and implementation.

Councilor Ives said in the area of wellness we have had significant discussions about that over the past few years. He thinks it is and needs to be very much a target of the City, in terms it conducts its business. However, he has no sense of how it's working. He would like to have some sense of what the proper measures of success are, and how we are stacking-up against that.

Councilor Ives said wellness is going to become more and more significance, because health care costs aren't decreasing. However, the cost of medicaid reimbursements face a precipitous circumstance in New Mexico that may result in additional expenditures for health care. He wants information of how it has been helpful, what we're doing, and if it is duplicative over other aspects of health care.

Councilor Ives asked Ms. Trujillo what is meant by, "The applicant screening process was streamlined."

Ms. Trujillo said when applicants go on line, the instructions are a little more clear. Additionally, once the position closes, it is taking less than 48 hours to get the list of eligibles out to the departments. She said it takes a little longer for those hired for the summer program, because there are more than 200 applicants.

Councilor Ives said then within 48 hours you have evaluated whether the employees have the desired attributes for the position.

Ms. Trujillo said yes.

Councilor Ives asked what is "on-boarding," and "off-boarding."

Ms. Trujillo said these are new terms, and "on-boarding," is when the applicant applies until they leave the City. She meets with most individuals leaving the City, and conduct an exit interview to find out why they are leaving, what we can do differently and such. There is a lot between "on-boarding," when they are coming in and when they are "off-boarding," exiting from the City.

Councilor Ives said we've talked a lot about attrition during these hearings. He said it's not necessarily you can capture where you think you need it. It's really more the determination of the employee who is leaving for whatever reason. He said one of the processes in which we are actively engaged, is determining whether or not we need shifts within staffing within the City from one department to the next. He wonders how streamlined our processes are moving employees from one department to another, assuming they meet the minimum qualifications for the position.

Ms. Trujillo said the positions have to be advertised if they are bargaining unit positions, and people fall into different tiers depending on where they are employed and where they are going. As far as transferring positions, it depends on the line item they are coming from and going into, because we really shouldn't be transferring positions like that because it requires Governing Body approval.

Councilor Ives presumes we are funding the positions in the organizational chart, so hopefully we have accomplished that and staff has led us in the right direction of those issues. We need to ensure, in future, that we are correctly staffed in numbers and in functional divisions within the City. He thinks this will be the next great frontier for H.R. at the City. He said his plea is to figure out and ensure we have a process defined, and if this means talking to the unions in advance to engage in those discussions. He said we don't want to be an enemy to that kind of redirection of staffing within the City.

Councilor Ives has questions on career paths, but we don't need to talk about those here. He has heard a number of issues throughout the community as well as internally within the City on co-pays and some of the perturbations in the system, noting that can be an off-line conversation.

Mr. Snyder said Cigna is in town on Wednesday, and if you would like to set a time to meet with them you can, noting Councilor Lindell already has taken advantage of that. He asked them to call Ms. Trujillo to set up a one-on-one meeting with the representatives from Cigna.

MOTION: Councilor Harris moved, seconded by second Councilor Lindell, to approve the Human Resources budget, as presented.

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

Chair Dominguez said 9:00 p.m., should be the cut-off point for the meeting, and asked the Committee to keep that in mind.

c) INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

Renee Martinez, Director, ITT Department, presented information from Document #1, pages 78-79. Please see Document #1 for specifics of this presentation.

The Committee asked questions and commented as follows:

Chair Dominguez said he wants to make sure he understands the attrition figures. He asked if all 5 positions are fille.

Ms. Martinez said yes.

Chair Dominguez said but yet we still have an attrition rate. He hopes we're not getting in the same situation we're in with the Police Department where we're creating positions, but we're not able to fill all of the positions we have. He thinks this Governing Body and recent Governing Bodies have said that ITT is a priority, and one of the reason the 5 positions were created last year. He wants to be sure we're on the right track and he's reading the attrition rate sheet correctly and you're getting those positions filled as soon as you can. He asked, "Are you fully staffed."

Ms. Martinez said there are 5 vacant positions currently, and not necessarily the new positions. She said someone left the organization as well as retirements. So of the 5 new positions created, there are 2 vacant positions although have received a request to hire for one of those. She said she would like Brian and Adam talk about how the attrition applies.

Mr. Snyder said, refreshing our memory on how attrition is calculated. It is based on the current fiscal year, so Renee didn't have positions filled, so the total attrition over the Board is \$4.9 million which has been spread over the departments. He said the challenge with Police is how to get to \$800,000. He said the attrition rate in the City Manager's Office is \$280,000.

Chair Dominguez said, "We get it Brian, that's not my question. My question is how am I supposed to read this attrition rate and apply it, or am I not supposed to. And if I'm not supposed to, then why do I have this sheet.

Mr. Snyder said the budgets are loaded with the attrition rates in them, and the purpose of the sheet is to quantify how each departments IT has had an attrition rate this current fiscal year, and to show that we can do it, and we've done it. He said right now Ms. Martinez has 5 vacant positions, not necessarily the 5 from last year, but through attrition those positions became vacant because people were retiring and leaving.

Chair Dominguez said then the only important number on this sheet is the bottom line.

Mr. Snyder said yes.

Chair Dominguez said the 14% is part of the bottom line, and maybe it'll be 5% or maybe it will be 0%, or whatever.

Mr. Snyder said yes. It could be that, or 20% or anywhere in between and balance out. The bottom line is the \$4.9 million is the target. So City-wide we need to get to the 4.94 million. He said Renee may hit her target or may not.

Chair Dominguez said, "Can you imagine how confusing that is for the public. Because here it is we're trying to make sure ITT has everything it needs so we can become efficient and productive and everything else. And I guess my question really is making sure we're not going to be giving positions to IT and then taking them away. If what I hear you saying is that's not necessarily the case, that we're going to be looking at the bottom line, and I get that."

Mr. Johnson said the point of providing the sheet was to be fully transparent about the process, the analysis, the calculations that have gone into all of this and that it wouldn't be even more complicated by being vague, but to show how we came up with the concept and the ideas and that there are firm numbers to them that have to be applied, then thought through more creatively and flexibly as we move through into the actual year.

Chair Dominguez said then they are going to be donating to the pot like everyone else. "What I hate is for IT to come back next year and say they need more positions. Because then I will just become a revolving door the way it is in some of the other departments."

Mr. Snyder said Renee asked for 5 positions for this current fiscal year we are in, and she got that through Council last year... actually she came last looking for 10.

Ms. Martinez said she asked for 18 positions over 3 years.

Mr. Snyder said she asked for 18 over 3 years, knowing we are, by standards are understaffed in IT. She also knows in looking at the budget this year, she didn't feel comfortable coming to ask for additional positions. She spent a year filling the management positions. She has 5 vacancies now through attrition that she's looking to fill. So there is going to be a need in future years to staff up in IT to support what we're trying to get done. That being said, as we move forward with the ERP systems and utility billing systems, and pull back from the IT intensive type systems, where in order to get something simple out of the data base that runs the system, you don't need as many IT staff to do it. So it's a balancing act, but he doesn't want to have the false sense that next year, we may not be coming forward with IT needs. As she presented last year there is an ultimate IT need, she's just not comfortable proposing it this year.

Councilor Dominguez said there is also a Police Officer need. And I just to make sure we don't get caught in the same trap that we're in the Police Department, especially in IT. It's not really fair to say tonight because every department is in the same boat. But this Governing Body made a commitment that IT was important. And I just want to make sure they're filling the position as quickly as they can and as quickly as you're making them go. He asked her when she filled the 5 positions.

Ms. Martinez said they filled 3 of the new positions, plus they have a request to hire one, and have done interviews on the 5th.

Chair Dominguez said then you haven't filled the 5th position we gave you last year.

Ms. Martinez said that is correct.

Chair Dominguez asked, "Do you see how that's kind of unfair."

Ms. Martinez said, first of all they didn't have the budget for it.

Chair Dominguez said we appropriate the budget last year for the 5 positions.

Ms. Martinez said it wasn't appropriated for a full year.

Mr. Snyder said we are following the plan that was laid out during the budget process last year. It wasn't realistic for IT to fill up with 5 management positions all at one time, so they strategically staggered them throughout the year. And along with the staggering of the hiring process, they also staggered the funding. He said part of the uptick they mentioned earlier in the personnel funding is this year it is a full one-year allotment of all 5 of the positions in her budget. Last year it was staggered and we didn't fully budget IT. So even if she wanted to or felt she could fill the positions, we didn't have the budget in place because we strategically staggered it throughout the year.

Chair Dominguez said that isn't his point.

Mr. Snyder said, "I do get your point and I don't think... from what I understand, and from talking with Renee from a staffing standpoint, we're doing a good job in filling those positions, and as they become vacant, we've had to go out for a readvertisement on 1-2 of those positions, as I understand, the ones that become vacant. I don't like it the Police that we're not able to get qualified candidates to apply, and we go through the interview process..."

Chair Dominguez said, "I'm not talking about the quality of the candidates, I'm just talking about the revolving door. So right now those 5 positions are fully funded and it's built into the budget, loaded into the budget."

Mr. Snyder said, "That is correct. Yes."

Chair Dominguez said, "Don't misinterpret what I'm saying in terms of trying to value one department over the other, and the quality of the candidates. All I'm saying is that we have made a commitment to making sure that IT gets taken care of, so we can become better, be efficient and all the stuff that we were sold last year, and then we're not filling the positions. I want to make sure that we're getting those positions filled."

Councilor Harris said, "So all of the work associated with the 3 RFP's that were mentioned, and really establishing a modern data center, is all of that anticipated within this budget."

Ms. Martinez said, "No. It is not. There are elements in the capital budget that we've submitted and there are elements in here, because the costs are varied. In the operating budget there will be recurring costs for data center services, based on the number of racks, and that's usually a monthly fee you would pay to a provider. Because we're doing the virtualization, there is some investment in some software, and some services to virtualize our server environment. And then disaster recovery is going to be a combination also of both equipment and services. So some of it is in here in the operating budget for next year, and some is in the capital budget that we submitted."

Councilor Harris asked, "Between the two sources is there going to be sufficient funds and the intention is to get it established this coming fiscal year."

Ms. Martinez said yes.

Councilor Harris said prior to coming on the Governing Body, he attended an overview session, and the guys came down from Portland, Maine, and the other guy from Phoenix. He would really like an update, and asked if there will be another discussion.

Ms. Martinez said he is speaking of the ERP Strategy Report, and it was nicely done deliverable that the City and consultants BerryDunn put together after some significant fact finding sessions with City departments as to their current practices and what we could see in a modern system. She said since that time, they have issued an RFP for software and services, and the evaluation committee is looking at the finalist that was chosen. And over the last two weeks, the finalist came here to the City, demonstrated their software and answered lots and lots of questions about the technology and implementation services.

The evaluation committee is now on schedule to make a recommendation in the next month and negotiate a contract. She said there is a project steering committee in place, and they will be meeting with that committee in the next 3 weeks. The evaluation committee will give its recommendation to the steering committee for evaluation and discussion. She said they can invite the Governing Body to attend that meeting or a subsequent meeting to discuss the recommendation on a vendor and a solution.

Councilor Harris said that would be really helpful, noting he sees this as a critical effort that needs to be successful. He said, "One thing that I hate is to receive stuff at the podium. And just like we saw, for instance with Mr. Mumm's Report, we got nothing, couldn't read anything on the screen. So I want the information prior to having to think about it, analyze it and make a decision. So I think the steering committee would be a good suggestion, but whatever it may be, be sure you provide the opportunities for the members of the Governing Body to understand what is at stake and what you're trying to do to guarantee success."

Ms. Martinez said, "We're happy to accommodate that. Right."

Councilor Ives said in last year's budget, we approved 5 positions, and somebody made the decision to stagger the hiring. He asked when each of those positions supposed to be hired during this budget year.

Ms. Martinez said she put together a staggered staffing plan based on the project schedule, and the needs of the IT Department. She said they have been following that hiring plan and they've been very successful, noting not all are management positions and there are technical positions that are critical for the City. She has been happy about the candidates they have attracted. She said they have been a little creative, and have been posting the positions on Linked-In, and a lot of job boards, instead of just posting at the website and in the newspaper. They have been quite successful in attracting qualified candidates and not just Santa Fe, but state-wide.

Councilor Ives said only 3 of the 5 have been hired and you are considering an additional position.

Ms. Martinez said it is hoped the request to hire will be approved this week, and the person that have given a contingent offer to, will give their two weeks notice. She said that person will be key to the ERP project the reason for the timing.

Councilor Ives asked about the 5th position.

Ms. Martinez said it is a business analyst dedicated to the ERP project, helping the departments implement the software. They have conducted second interviews on 3 finalists, and are trying to make a decision on that.

Councilor Ives asked Ms. Martinez at what point in time did she decide on the staggered approach to hiring.

Ms. Martinez said at the beginning of the current fiscal year.

Mr. Snyder said it was presented as a part of the budget process last year and the reason the 5 positions weren't funded in their entirety. He said, "We strategically staggered them throughout the year, and talked about during the IT budget last year."

Councilor Ives said he does not recall those discussions. He said there are 3 additional positions vacant where people have left.

Ms. Martinez said over the past year there were 3 retirements, one person left on their own decision and then they had the 5 vacant positions. They have promoted 2 people, and that leaves a vacant position to be filled. There are now a total of 33 FTEs.

Councilor Ives said in the Major Changes it talks about IT benchmark spending at \$3.6 million, total budget we're at \$1.8 million. He asked how that is changes in this year's budget.

Ms. Martinez said if the budget is approved as recommended, the numbers slightly increase, which means City spending would be moved from 1.8% of the total operating budget to 2.1% which means the total of staffing would move from 2.1% to 2.2%. She said slightly higher, but definitely lagging in industry benchmarks for local governments and medium size organizations from a total budget standpoint. She said areas where we're not investing in, is that we don't have a refresh budget for technology. Meaning if we took the number of personal computers, a replace budget would replace 1/5 of those every year. She said it is the same for service technology, business applications, network equipment. She doesn't have the exact numbers, but we don't have that kind of budget on a recurring budget to replace the equipment, the install base we have in the City.

Councilor Ives asked the intent for the coming year on that issue.

Ms. Martinez said we can replace critical items or those that have failed.

Councilor Ives said then that is a an acceptable circumstance to you...

Ms. Martinez said she didn't think it was appropriate to ask for \$1 million for technology refresh, and Councilor Ives said he is talking about next year.

Ms. Martinez said the [inaudible] community has asked, and now that she has David Kolb on board as the Financial Analysis they will be putting together a refresh budget so we know what the number looks like and at least have a target.

Councilor Ives said having that type of approach is an industry standard and something to which we should aspire as a City. It is his hope to see that in future budget processes. He is overjoyed we are making significant process in IT. He said he frankly doesn't recall any discussion about staggered hirings, although he understands the rationale. He said he thought the needs were so great, that she would have filled all of those in the first month or two of this current year's budget. He said it points to some of the challenges in our budgeting process and approving organizational charts where we create positions, fund them, and they are never filled, and he can't explain that.

MOTION: Councilor Ives moved, seconded by second Councilor Lindell, to approve the Information Technology & Telecommunications budget, as presented.

DISCUSSION: Chair Dominguez said, "You'll get those positions filled as soon as possible, right."

Ms. Martinez said yes.

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

B. GENERAL GOVERNMENT

- a) MAYOR AND COUNCIL
- b) CITY MANAGER
- e) INTERNAL AUDIT

Items B(a), (b) and (e) were combined for purposes of presentation, discussion and voting

Brian Snyder, City Manager, presented information regarding B(a) (b). He said the budget for the Mayor and Council is largely the same as in previous years. However, one notable change was the \$50,500 in the Mayor and Council budget for strategic planning. He said they did scale back some based on past spending patterns.

Mr. Snyder said the City Manager's budget is similar, in that we've scaled back some of the contracts. One contract that he was tempted to scale back which was staggering in his mind was the membership in the Municipal League, noting the annual membership is \$75,000. He said this is one we will continue to look at. He said we pay membership dues, but everything there is a membership event you have to pay to attend the event. He will be exploring that and looking at the benefits. He said prior to becoming the City Manager, the City didn't participate in the Municipal League very much. He said after becoming City Manager 3 years ago, he decided it was important. He said because of the limited number of communities of our size, so there may not always be a voice for our needs.

Councilor Lindell asked where that is found in the budget, and Mr. Snyder said in Contractual and Utilities on page 85, noting it isn't broken out as such.

Mr. Snyder said the PIO has been brought under his office this year. He said there was a retirement from the multi-media office this year, and he proposes to eliminate that position as part of the City Manager's budget. He said last year a Deputy City Manager was approved, and appears in the Org Chart this year, and he is proposing to fill that position, and moving General Government under that function in terms of span of control, noting it should have at least 5 positions. He said he is proposing 6 positions in the current Org Chart. He said currently, as City Manager, he has 22 direct reports to him. He said that would reduce the 22 to 16.

Mr. Snyder said he proposes to fill the Deputy City Management position, and believes it is critical to move the organization forward for that person to focus largely on the ERP system. He said the ERP is critical to what we do in-house. He said the short term focus would be working with departments, focusing on businesses process, getting those aligned to moving the ERP system forward. He said we are still struggling to get the Utility Billing System implemented, and it's critical for us, because the ERP is going to touch every department – especially Finance, H.R. and IT heavily, and other departments will have some pretty have lifts. He feels strongly it needs a dedicated resource to work with each Department, take the lead and be the point person on that effort.

Mr. Snyder said with regard to the Internal Auditor, the large uptick in the last two years has been contractual services for audits, the Parks Bond Audit and others. He said the reason the request is at the 14/15 level because that is his recommendation to fund Ms. Kerr as she stands now. He said she requested an additional internal auditor, but that isn't part of his recommended budget. He said Ms. Kerr is here to answer any questions you may have about the Internal Audit, specifically.

Chair Dominguez said Mr. Snyder made his case quite eloquently last year for a Deputy City Manager, and you say there is a need for it again this year. He asked the reason that position wasn't filled in the current fiscal year.

Mr. Snyder said he was trying to be strategic in filling it and making sure the organization was moving the way he wanted it is. He said the reality of the situation with 22 direct reports, he found himself doing what he considered Chief Operating Officer work all day long. He said it is being more reactive than pro-active. He last year he said the focus was going to be on changed management, moving forward with the organization and looking to see how we can do businesses processes differently in support of the ERP system but outside the ERP system. He said there hasn't been that focus this past fiscal year. Additionally, one of the conditions of approval that "I needed to have a review for myself. And since there hasn't been a review of the City Manager in the past, ever, I have to set up a process to have you review me as well as I believe it is important that my staff have some review criteria they can provide to you to get that vantage point as well. And I have not had time to do *[inaudible because Mr. Snyder was interrupted]*.

Chair Dominguez said part of the challenge we have is that if we have a City Manager that is not competent enough, it is hard for us to justify hiring a Deputy City Manager, because it's just the result of dysfunction in the City Manager's Office with the City Manager themselves. He said, "That is not the case with you. I do not believe that is the case with you. But there still needs to be that process in place for us to be able to evaluate the City Manager before we hire a Deputy City Manager. It's not fair that we evaluate every other employee in the City, and that we don't have that same evaluation with the City Manager. In many ways, it's not fair that we're getting rid of, through attrition, or however you want to frame it, we're getting rid of some positions, yet we're adding to another level or layer of management. Do you still believe it is the right recommendation that we do hire that person until that evaluation takes place, whether it's you or anybody else."

Mr. Snyder said yes, he's fine with that, and agrees the evaluation should take place.

Chair Dominguez noted the Internal Audit is going to be included in this discussion as well.

The Committee commented and asked questions as follows:

Councilor Villarreal said she was hoping that we could break these down into more detail of what the budget entails, noting Mayor and Council doesn't tell her what is included. She asked if this is just salaries. She asked what the \$1.7 million for the City Manager includes. She wants a detailed breakdown of what is included in each of these.

Mr. Johnson said they can work on providing a breakdown, noting the way the Statement of Expenditures is created is it shows first by division. He said all of the different categories in the middle of the page are within the divisions, group together. He said he can provide the categories for each one of the divisions after this meeting if she would like.

Councilor Villarreal said that would be great, so she can have a better understanding of how that plays out. She isn't opposed to having a Deputy City Manager, but wants to make sure that we eliminate another level of bureaucracy. So the Deputy City Manager could make a decision versus having to go to the Committee and then make a final decision. She thinks this adds another layer of complexity. She said it would be helpful to distinguish the two roles, and to focus on the ERP system, business processes and implementation. She said there is another side to management, and she wouldn't want it to be where the Deputy Manager still has to talk to Brian to get something approved. This seems like another layer we don't need. She said it is already difficult enough to work through the bureaucracies, so she is curious if he thought about that in distinguishing the two roles where you both have the authority to make decisions.

Mr. Snyder said he thought about that, and believes it is important, commenting he definitely doesn't want another level of bureaucracy because that won't help us move forward. He said as it pertains to the ERP system, the Deputy City Manager will have a delegated authority to oversee it and manage it. He said, obviously, that person still works for him, but at the same time "I want that person to own it and have the authority to into Finance, or H.R. or Legal, and they're not only the project manager, but they're the authority on that project." He said it is important that not everything has to come through, and delegation of authority in other areas he sees as an opportunity to help streamline processes and not have everything to have to funnel through one area.

Councilor Villarreal said, "I think to be very clear about that would be helpful."

Councilor Villarreal asked if the City Attorney is being considered with this as well.

Chair Dominguez said the City Attorney is separate.

Councilor Villarreal asked about Constituent Services.

Mr. Snyder said the Constituent Services also is under the City Manager's Office.

Councilor Villarreal said, "Okay. So those breakdowns would be very helpful so I could see what goes to what. And then that's also P.R. is under here as well."

Mr. Snyder said, "P.R. and Multimedia are under the City Manager."

Councilor Villarreal reiterated she "would love to see the breakdown. I think that would be helpful."

Councilor Harris said he will be brief. He said in his business life, he has been inside a lot of organizations and he now feels increasingly, he is inside the City of Santa Fe organizationally, financially. He said he thinks the Deputy City Manager position is extremely important, given all the City does, the way we're organized and how it falls on the City Manager's shoulders. He is prepared to make a commitment to the Deputy City Manager, to the position, "but I also want to make sure, I'm looking at you Mr. Snyder, can you organize your review by the end of this fiscal year. Can we get that commitment from you."

Mr. Snyder said yes.

Councilor Harris said he thinks it is possible as well and thinks it's important. He asked if we are discussing the City Clerk separately.

Councilor Ives said most of his questions relate to the City Attorney and City Clerk. He said he will say, having approved the position of Deputy City Manager the past year, it is again a frustration to hear that positions that are presumably authorized and funded by the Governing Body just somehow don't seem to happen. And he doesn't recall any budget adjustment requests reallocating those salaries to other line items or things like that. He said, "I will just say, it's a frustration I have, because we seem to go through this budget dance, and go through great detail, great thought, great debate about these things, and then the budget is approved, and then something totally else at times get accomplished. And part of my goal in this coming year will be to make sure that doesn't happen to some degree, that we actually do make conscious decisions about reallocation of funding if that is in fact what we are doing, which appears to me to be the case."

Councilor Ives told Lisa Kerr he thinks she needs the requested position. He said he can't approve this, because he wants to see that position created and funded. He said we have had numerous discussions going so far as contemplating the creating of an inspector general's office within the City which seemed to be too strong a measure. He said clearly our audit functions are critical. We have been called to task in this part year more, than in any other, in failing to properly keep track of our Parks Bonds and those sorts of issues. He said he will vote in favor of Ms. Kerr's if she gets the second position, especially because he thinks she needs somebody to look at the City's programs, as well as just the City's internal departments.

Responding to the Chair, Mr. Snyder said, "I'm not sure of the response, other than it was a money thing. We really didn't expand the budget at all this year. We focused on a \$15 million budget deficit, and why some of the conversations we've been having tonight and over the past 3 days before tonight... the budget's not perfect. We would like to expand in certain areas, but the reality is the money isn't there to expand. It's been discussed, the Internal Auditor's Office and the IG Office has been discussed, but we've never really gotten direction to move in that direction. That being said, I think it can be utilized. It's just a matter of there is a budget implication of it."

Councilor Ives said, "I think specifically, that position was authorized subject to the budgetary process, so I can't imagine how more clear it could possibly be stated, other than eliminating the contingency of budgeting. And from my perspective, and I would have voted then to make it a real position, not subject to ultimate budgeting processes. So again, I think a number of us were very clear in wanting to see that position to be created."

MOTION: Councilor Harris moved, seconded by Councilor Lindell, to approve the budgets of the Mayor and Council, the City Manager, and the Internal Audit, as presented.

DISCUSSION: Councilor Lindell said, "I hope Brian fills that position. I don't know how you take 22, 28 reports. I'm not sure... you're only divvying off 5 of those, and you still end up with 16, is that correct. I hope you can get that position filled quickly."

Chair Dominguez asked if that means we're going to have the evaluation by then, too. Is that the intent.

Mr. Snyder said, "I have committed to having that done prior to the end of the fiscal year."

Chair Dominguez said, "Hopefully, it all lines up then. And then we're going to see efficiency in this organization."

VOTE: The motion was approved on a voice vote, with Councilors Harris, Lindell, and Villarreal voting in favor of the motion and Councilor Ives voting against, saying, "I would vote no for the reason that position was not funded, in terms of the Internal Audit Department, given we were taking all those items together."

c) CITY ATTORNEY

Kelley Brennan, City Attorney, presented information from Document #1, pages 80-85. Please see Document #1 for specifics of this presentation.

Councilor Ives said, knowing the complexities of different areas of the law, and not knowing fully the training and background of all the attorneys in her office, he asked if there is a need and funds available, if needed, to engage outside counsel. He will provide her the name of an airport attorney, has an LLM in the practice, from Santa Fe, living currently in Washington. He worries, in part, about some of the complexities in sophisticated computer software and hardware contracts, as to the level of review for some of those contracts. He asked Ms. Brennan if she has sufficient funds to engage outside legal services with those specialty areas if needed.

Ms. Brennan said, "I think we do. If you recall, last year for the first time, the Governing Body allocated \$50,000 in funds for us to use for litigation services and support, and another \$5,000 for things like stenographic services and such. We used some of those funds this year. As you recall, we did the Hold Harmless GRT litigation. We participated in that for a while. We've participated in response to a Notice of Intent from the PRC and a couple of other minor thing. We funded a stenographer at a hearing where we felt it was important. So those funds have been largely unexpended, but we have asked for

\$45,000 in funds this year, along with another \$5,000 for things like stenographic, investigations and those kinds of things. So we did make a commitment to not BAR those funds over for other uses, so they are there for that purpose and we haven't used them for any other purposes."

Councilor Ives asked if they rolled over.

Ms. Brennan said they don't roll over. She said, "What I would say is that we actually have a good cross section of experience, and I have a lot of confidence in our Assistant City Attorneys, and their ability to learn. Ultimately, a contract is a contract, even a complex contract. And we spend a lot of time, and I've tried to encourage cross-fertilizing, talking to other attorneys, and we do all also know people we can call to point us in the right direction if necessary. But we've tackled some big, complex things. As I say, I didn't know what FBO stood for 2 years ago, now I do. I know a lot more about it. And I do think what keeps the practice of law exciting, is not doing the same thing all the time, but facing new challenges, but being ready to admit what you don't know and where you can learn it."

MOTION: Councilor Ives moved, seconded by second Councilor Villarreal, to approve the City Attorney's budget, as presented.

DISCUSSION: Councilor Harris said in his short time on the Council, and his 4 ½ years on the Planning Commission, he really has been impressed with the quality of advice that Ms. Brennan's office has provided. He said he has worked with a number of attorneys in his business throughout the years. He said the way he likes to work with attorneys is what she calls "preventive lawyering," getting in front of it, understanding the situation. He thinks that is by far the most effective way to deal with problems and anticipate things. He asked Ms. Brennan to expand on her work plan in that regard. He said, "I think you have a collegial group when you were answering Councilor Ives' question. When I'm in contact with your people or any of your department, it seemed very collegial to me, which I think is important."

Ms. Brennan said, "I think it's extremely important. I think preventative lawyering really is a way of reaching out. We've talked to department heads. I would have liked to have spent a lot more time going around to the departments with a number of lawyers with brown bag lunches. That was one of my first ideas I wanted to do, but frankly we don't have time to do that. I hope that by being accessible, by offering to help when I hear about a problem in a meeting or something like that, and our other attorneys doing the same, and encouraging them to try new things and learn new things. And also assigning the attorneys to respond to certain people, and letting those people know who they can call, as their first line has been an important part of that."

Ms. Brennan continued, "And I would hope there would be some word of mouth and encouragement by getting an answer. And one question to come forward again in that field that people need to do things on their own. And in fact, not being lawyers make a mistake which then makes more work for everybody down the road."

Councilor Harris believes she will have to enforce that to make sure. He asked Mr. Snyder if the various department directors and division directors understand the concept of preventative lawyering and that we have what he considers to be an excellent in-house staff, and if they take advantage of that.

Mr. Snyder said he believes they do, from his experience of dealing with the department directors we have a good group of department directors and as you stated with the Assistant City Attorneys. He believes, the way Ms. Brennan has them assigned, broken out through all the departments in the City, it helps that they have a voice and somebody they can speak to. He noted he has gotten that feedback from the department directors staff. "So yes."

Councilor Harris said, "Keep up the Good Work."

Councilor Villarreal said she echoes the appreciation for the support the legal staff gave us, especially around Land Use issues, and it has been helpful having that perspective to make appropriate decisions. She asked about labor, the Living Wage, and who does that, if that is contracted, and if that expertise is available in-house.

Ms. Brennan said, "We do and Zack is assigned to that. That poses a number of very unique issues for enforcement and I would be happy to sit down with you and Zack and talk about that, if you have a particular interest in it. I think we have an interest in it, but making a case in court and using your resources to make that case, you need to know when making choices about you are going to allocate your legal resources, you need to feel confident that you can win. And it can be very hard with the kinds of proof or lack of proof, that are sort of systemic and intrinsic to the problem. So I would be happy to talk to you about that."

Ms. Villarreal said she would like to know more. She said in the newspaper Zack was quoted as saying he doesn't have enough resources to be able to make.... that he wasn't able to get the resources he needed to act on a certain case.

Ms. Brennan said, "There was some inaccuracies in the article. I will not say. Also, in a court of law, you have to introduce proof that it will meet a certain standard, and if we don't feel we have that level of proof, whatever we may personally feel, we have to make a decision to not take the case. And I very often have occasion to say that law and justice are not always the same."

Ms. Villarreal said she just wants to make sure we have the staff capacity.

Ms. Brennan said, "We need the materials so we can prove the case."

Councilor Villarreal asked if we have the ability to translate documents into Spanish, especially legal documents related to the Living Wage or others we haven't fulfilled. She is curious if there is a plan to address that.

Ms. Brennan said, "We have talked about this a number of times, and we do allocate some grant money to some civic groups that we feel might be able to some of the translation. I think that it can be difficult across the City, because we do have some staff that speak enough Spanish to get along when someone comes, for instance on a vehicle forfeiture case or something like that, or just calls with a Land Use legal question, we can do that. But it means taking those people away from their jobs, typically the Records Custodian or the Office Manager, the person who reviews all the contracts. So it's not something we want to do as a

matter of course, but also there isn't justification to have a full time person to do that. I think that arises across the board in the City and Brian can speak to that more clearly than I can probably."

Mr. Snyder said he agrees with what Ms. Brennan said, and he doesn't have much to add. He said it is a challenge across the City. He said there is a bilingual incentive to employees, so maybe there is an opportunity we can utilize the bilingual incentive for those Spanish speaking employees... the intent is to utilize that on a regular basis to communicate with those in the public that speak Spanish only. So maybe there is an opportunity to figure something out that works.

Councilor Villarreal said she thinks we should jump on that. She feels it is important, not just for translation, but our documents should be in Spanish as well, especially those pertaining to the Living Wage, because the Spanish speaking population are most affected by that. She said hopefully we will have a Deputy City Manager that is bilingual.

Councilor Ives said last year we created the position of the City Public Defender, and funded that position. He asked how that position has been working, and understands that isn't under the City Attorney. He asked Ms. Brennan whether or not, based on her experience with the person in that position, if we have been meeting and/or exceeding our minimal duties under the constitution to provide adequate defense.

Ms. Brennan said, "I believe we have been meeting our obligation to the extent that a single person can do that. I think it limits the universe in which they're dealing."

Mr. Snyder said he agrees, noting the feedback he's gotten is she does her job well and creates work for the prosecutor, and keeps the prosecutor on their toes. He thinks it's accomplishing what we're going and a good thing to have in place.

Councilor Ives said it is good to hear that it's working out and that perhaps not a full *[inaudible]* of meeting all our constitutional obligations, but he suspects we are much better off than we were.

Ms. Brennan said, "I do think we're meeting our Constitutional obligations. We might, at one point, want to extend that to other aspects of life, but right now, I think we're on good grounds."

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

d) CITY CLERK

Yolanda Vigil, City Clerk, presented information from Document #1, page 18, and pages 81-85, and. Please see Document #1 for specifics of this presentation.

Ms. Vigil noted two changes on page 19 and 20 [Document #1]. Those are to forego the mandated funding of \$150,000 to the Public Campaign Finance Fund, and discontinue the printing and publishing of already available committee agendas said currently the Council Agendas are published in the

newspaper which has become rather costly, noting to date they have spent \$19,000 just to publish the Council Agendas. She said it is not required by law that they publish the Agenda. The agendas are posted in City Hall, and the weekly meeting list is published in the newspaper weekly and advise them to visit the City website for copies of the agendas and packets. She said Councilor Ives follows up to make sure that is happening. She said Council meetings are televised lived and we air them twice daily until the next meeting, and it is also available through the City's website. She said they have contacted Albuquerque, Rio Rancho, Las Cruces and Taos and those municipalities just posts at City Hall and then publishes on line which is similar to what we do, and they don't publish in the newspaper. She anticipates spending a total of \$23,000 by the end of the fiscal year.

Ms. Vigil noted that the Campaign Financing Act requires that each year the City put \$150,000 into the Public Campaign Finance Fund. She said 9-3.4(C) says the balance in our fund should be \$600,000 119 days before the 2018 election, which is November 7, 2017. She said there is \$662,654 in the fund, which exceeds the required \$600,000 to be in the fund 119 days before the 2018 election.

Ms. Vigil said when she first started working to get software for Ranked Choice Voting it was \$350,000. The Charter provides that when the software is available at a reasonable price we will purchase the software. She said there was no software that was compatible with the voting machines at that time. She said there is software that will be available for the next election, noting it has to be certified by the Secretary of State. The company reduced the cost of the software to \$40,000 for a city of our size. She said the Thornburg Foundation has said it will support the ranked choice voting, and has budgeted the \$40,000 for purchase of the software, and also will consider budgeting additional funding for education and outreach. The City would have to do a donation agreement between the City and Thornburg. She said, "If you want to do that, they would not have to budget funds to purchase the software."

Chair Dominguez asked if the \$40,000 is loaded in the budget.

Ms. Vigil said it is budgeted under the Election Budget for Software.

Councilor Harris thanked Ms. Vigil for all of the assistance she gave him during the election, commenting he finds he office to be on top of things and very helpful.

Councilor Harris said the 2015 budget was \$1,950,000, and the proposed budget for 16/17 is approximately \$1.3 million. He asked what accounts for the decrease in the budget.

Ms. Vigil said it is because of the election, and there is no budget for an election and 16/17, but will budget in 17/18. She said she did include some funds for education and outreach for Ranked Choice Voting.

Mr. Snyder said the actual expenditures for 14/15 were \$1.2 million, and we're back in line with that with the budget for the election cycle.

Councilor Villarreal said then the Thornburg Foundation is willing to cover the cost of the machines to do ranked choice voting.

Ms. Vigil said that is for the cost of the software, \$40,000, noting the voting machines are provided by the County.

Responding to Councilor Villarreal, Ms. Vigil said she spoke with the Secretary of State's office, and we would need to a number of trial runs to make sure everything is compatible, but the software should be compatible with the voting machines purchase by the Secretary of State, which we used at the last election.

Councilor Villarreal asked Ms. Vigil if she is recommending, instead of putting the \$40,000 in the budget, that we utilize the other source of funding.

Ms. Vigil said, "I don't have a position. I'm just offering that if you want to have a \$40,000 savings, this could possibly work for use."

Councilor Villarreal asked if this is through the company's good governance and transparency initiative.

Ms. Vigil said she believes so, yes. She said the City Attorney's Office has said we can do the donation agreement.

Responding to Councilor Villarreal, Ms. Vigil said there currently is \$663,654 in the Public Campaign Financing Fund.

Councilor Villarreal said, "I do appreciate the time that you take with the candidates. Thank you."

Councilor Ives said he is looking at 4.06 in the City Charter, which is the Ranked Choice Voting. He said, obviously our obligation, pursuant to that is March 2010, *'or as soon thereafter as equipment and software for tabulation of votes and the ability to correct incorrectly marked in-person ballots is available at a reasonable price and at all subsequent elections we use ranked choice voting.'* He said it sounds as if you have made a determination that \$40,000 is a reasonable amount for that.

Ms. Vigil said yes, and the software is now created.

Councilor Ives said then the Secretary of State still hasn't weighed-in on the appropriateness of using that, and that is a necessary determination before we change machines.

Ms. Vigil said that is correct.

Councilor Ives asked Ms. Vigil if she has been in communication with the Secretary of State's office to see where they are on these issues.

Ms. Vigil said, "I had a conversation even today. And the company doing it has not been in contact with them regarding the software. Right now, they are looking at doing some upgrades of their current software for ADA requirements and reporting requirements. So they haven't even touched on Ranked Choice Voting. It is my understanding that the vendor wants to let the June Primary go through, and possibly between the Primary and General Elections start the conversations. So I spoke with Kelly Fresquez today from the Secretary of State's Office. We both felt it's the time to start talking and get Dominion, the City and Secretary of State's Office to the table."

Councilor Ives noted on page 19 [Document #1] on the bullet point with regard to funding to the Public Finance Campaign Fund it says, *'Forego the mandated funding of \$150,000 to the Public Finance Campaign Fund.'* This prompted him to look at the provision that states, *'Beginning with the City budget for fiscal year 2009/2010, and in each fiscal year thereafter, the sum of \$150,000, shall be budgeted for and deposited in the fund.'* He realizes there is a Subsection C which follows, which says, *'Beginning with the election of 2014, the Governing Body shall appropriate and deposit in the fund such additional funds, if any, as may be necessary to ensure that the balance is at or exceeds the \$600,000.'* He said he wonders if we need an ordinance change to Item B, which seems to create a clear mandate for the \$150,000 to be deposited, notwithstanding the fact that if we did that, if there is a deficiency, we would have to pump in additional funds in a Mayoral election cycle so that the funds totals to the \$600,000 or more.

Ms. Vigil said, "If this were the Governing Body's decision, we would come forward with an ordinance would change 9-3.4(B) and take out the requirement of the \$150,000 being deposited every year."

Councilor Ives said then you're looking for direction as to whether or not to bring forth such an Ordinance.

Ms. Vigil said, "Yes sir."

Councilor Ives said, "I'm seeing the City Attorney nodding her head back there."

Mr. Johnson said, "The intent always was, what we thought was the spirit of the ordinance, that the fund balance should be \$600,000 in its most active year. And so what we would hope, is we would get language that would simply set that ceiling, and not require the recurring \$150,000 when we've met the spirit of the \$600,000."

Councilor Ives said, "And I suppose the peoples' notion of the spirit of these provisions versus what is plainly stated, are perhaps not often not in conflict, but I do think the mandate is pretty clear to deposit that funding pursuant to Section B. That said, we also know we have a somewhat unique circumstance in the sense that this will be the first ever mayoral election where we will have funding for that position. It's going to be a full time position, and there will be funding availability, so we do face perhaps a serious question as to whether or not we should be putting that \$150,000 in, because it is likely there will be a number of folks running for the Mayor's office and seeking public campaign financing as part of that process. And it's not unreasonable to believe that number might be greater than it has been in years past, due to the fact that it would be full time, and paid an actual, reasonable salary based on the position. So I

look forward to the discussion on that. I'm not sure I'm in favor of foregoing that, given that circumstance in the first instance."

Ms. Vigil said, "For the 2014 election, we had 3 Mayoral candidates and 7 Councilor candidates that received public financing. And we released \$285,000 for that, and actually, what was expended, because some people did return some monies, was \$281,000. So I don't envision this reaching \$600,000, but you never know."

Councilor Ives said we also have amendments to the Election Code to consider.

MOTION: Councilor Villarreal moved, seconded by second Councilor Harris, to approve the City Clerk's budget, as presented, with "the amendment on the \$40,000 that will be covered by the Thornburg Foundation."

FRIENDLY AMENDMENT: Councilor Ives proposed a friendly amendment, with regard to foregoing the \$150,000, that is dependent on an Ordinance change, such that payment need not be made, to be brought forward at the appropriate time. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE COMMITTEE.**

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

e) INTERNAL AUDIT

This item was approved with Item 16(B)(a) and (b).

f) MUNICIPAL COURT

See minutes of April 28, 2016.

17. ENTERPRISE FUND REVIEW

a) AIRPORT

See minutes of April 28, 2016.

b) TRANSIT

See minutes of April 28, 2016.

c) PARKING

No action.

d) SANTA FE CONVENTION CENTER

See minutes of April 26, 2016.

e) ENVIRONMENTAL SERVICES (SOLID WASTE)

See minutes of April 26, 2016.

f) WASTEWATER

See minutes of April 26, 2016.

g) WATER

See minutes of April 26, 2016.

18. PUBLIC HEARING

There was no Public Hearing.

19. REQUEST FOR APPROVAL OF OPERATING BUDGET AND ORGANIZATIONAL CHART FOR FISCAL YEAR 2016/2017

No action.

20. REQUEST FOR APPROVAL OF CAPITAL OUTLAY BUDGET

No action.

21. MATTERS FROM THE COMMITTEE

Chair Dominguez said, "For the record, we have adjourned the Regular Finance Committee, and soon I will be recessing the Budget Hearing."

Chair Dominguez said, at the next meeting, we should anticipate wrapping up the rest of the outstanding departments/divisions – Library, Housing & Community Development and Parking. He said at that meeting we should have our public hearing, and hopefully we will have a recommendation for approval.

Mr. Rodriguez said it is anticipated that the Capital Budget will be available by the next meeting, and asked if he would like to add it to the agenda.

Chair Dominguez asked if there will be a recommendation from Public Works on May 9, 2016.

Mr. Rodriguez said it will go to Public Works, but the goal is to have it available to the Finance Committee by this Friday evening.

Chair Dominguez said he wants to get the Operating Budget approved first, noting the Capital Improvement Budget is on the agenda for separate approval, whatever comes from Public Works.

The Committee members discussed their availability for the next meeting.

Councilor Ives said he isn't available on May 12th and would like to be here for the discussions, especially on Community Housing and Economic Development.

Chair Dominguez said there aren't many other options other than May 10, May 12, and May 13, 2016, unless we want to meet during the day which doesn't work for him.

After further discussion, it was the consensus among the Committee to hold the next meeting on May 12, 2016, at 4:00 p.m., and to hold final approval for the regular Finance Committee of May 16, 2016.

Councilor Harris asked about the process, and if there will be a summary statement or document of what has happened at the previous meetings.

Chair Dominguez said staff has been keeping track, and in the end there will be a motion to approve the Operating Budget, and if there are things that need to be highlighted with specifics that will be part of the motion as well.

Mr. Rodriguez said the Chair had asked staff to provide language to change the financial policies.

Chair Dominguez said everything can be captured in an errata sheet and we can add to it. He foresees at Council, he, or another member of the Committee, will move for approval, including the information on the errata sheet, and whatever additions or clarifications we want to make to the motion. He said it will be the same thing for what we approve at Finance, and that needs to carry forward to the Council.

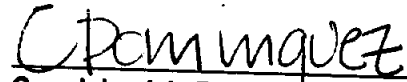
Mr. Johnson said staff has been keeping a running list via the Errata Sheet, and at some point in the very near future, they will be updating the document that was handed out that is known as the City Manager's Recommended Operating Budget, and it will become the Finance Committee's Recommended Operating Budget. He said the Errata Sheet will capture the titles of all the changes that have been made since we started the hearings to final adoption with references to the pages in the book that have changed.

Mr. Johnson said to be clear, at the next meeting, the Errata Sheet will be updated with all the changes, and at that time we will have the opportunity to be sure that everything made it on that Sheet. He said following that meeting, all of that information will be plugged into the financial software and generated through the reports that show up in the Operating Budget that goes to the Council as the Finance Committee Recommended Operating Budget.


Responding to Councilor Harris, Chair Dominguez said the goal is to have all of this to happen on May 12, 2016, but it might be as late as May 16, 2016.

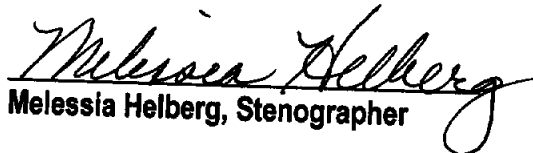
22. ADJOURN

There was no further business to come before the Committee, and the meeting was recessed at approximately 9:30 p.m., to reconvene until May 12, 2016, at 4:00 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Oscar S. Rodriguez, Finance Director
Department of Finance


Melissa Helberg, Stenographer



..... April 2016

Revised Water Fund Scenarios

City of Santa Fe, NM Water Division

Exhibit "1"

You asked us a couple of questions last time...

1. What is the maximum amount of cash the Water Division can use to refinance its bonds without causing rate increases?

We prepared two scenarios to compare:

Use of Cash	Scenario 1: Prioritize Repayment of State Loans	Scenario 2: Prioritize Repayment of Series 2009
Cash used to refund the 2006 Bonds?	\$31m	\$31m
Cash used to refund the State Loans	\$13m	\$0
Cash used to partially repay the 2009 Bonds?	\$4m	\$16m
Total Water Cash Used*	\$48m	\$47m

** Different amounts in total reflect a slight difference in reserve requirements between the scenarios*

You asked us a couple of questions last time...

2. What is the appropriate franchise fee after removing GRT revenue and refinancing all outstanding debt?

For both scenarios: Water could afford a 4% franchise fee treated as an operating transfer-out. This is a decrease to past practices, which would have resulted in 14% of operating revenue.

General Assumptions – Both Scenarios

- GRT revenue is removed from Water Division
- Series 2006a bonds are paid-off (defeased)
- \$4.7m is removed from future O&M costs
- Increased minimum required cash reserves to 365 days of O&M (increased from 90 days)
- Increased statutory minimum debt coverage to 1.5x (up from 1.25x)
- 4% of operating revenues included as franchise fee transfer out; approximately \$1.4M in FY2016-17

Scenario 1 – Overview of Results

Description	2016	2017	2018	2019	2020	2021
Ending Cash Balance (\$million)	\$88.0	\$43.1	\$38.6	\$33.7	\$28.2	\$23.2
Days Cash on Hand	1,426	856	749	639	523	420
Debt Service Coverage	2.10	4.87	4.72	4.58	4.44	4.25
Rate Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
New Bond Proceeds (\$million)		\$51.3				

This alternative can be implemented with no rate increases before 2021. Water will issue \$51.3m (est) new bonds to refinance the 2009 series but will have no other debts

Scenario 2 – Overview of Results

Description	2016	2017	2018	2019	2020	2021
Ending Cash Balance (\$million)	\$88.0	\$43.5	\$38.8	\$33.5	\$27.8	\$22.5
Days Cash on Hand	1,426	866	753	636	515	407
Debt Service Coverage	2.10	4.49	4.33	4.20	4.07	3.89
Rate Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
New Bond Proceeds (\$million)		\$39.1				

This alternative can be implemented with no rate increases before 2021. Water will issue \$39.1m (est) new bonds to refinance the 2009 series but will have approximately \$13m in outstanding State loans remaining.

Summary of Other Utilities

WASTEWATER	ENVIRONMENTAL SERVICES
4.9% per year to FY19-20	12.7% this year only

CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO RESOLUTION NO. 2016-__
Verde Fund

Mayor and Members of the City Council:

I propose the following amendment(s) to Resolution No. 2016-__:

1. On page 1, line 13 after "AUTHORIZING THE" *insert* "ONE-TIME" ~~\$300,000~~ ^{\$350,000}
2. On page 1, line 13 after "APPROPRIATION OF" *insert* "~~\$300,000~~ OF UNBUDGETED EXCESS LAND USE PERMIT FEES; AND"
3. On page 1, line 14 *delete* "JANUARY" and *insert* in lieu thereof "JULY"
4. On page 1, lines 15-16 *delete* "WITHIN 90 DAYS"
5. On page 3, after line 11 *insert* a new paragraph:
"BE IT FURTHER RESOLVED that the Governing Body authorizes the one-time appropriation of \$300,000 to the Verde Fund from unbudgeted excess land use permit fees for Fiscal Year 2016/17."
6. On page 3, line 14 *delete* "January" and *insert* in lieu thereof "July"
7. On page 3, lines 16-17 *delete* "within 90 days of the effective date of this resolution" and *insert* in lieu thereof "for consideration in a public hearing"
8. On page 3, *delete* lines 23-24 in their entirety.

Respectfully submitted,

Javier M. Gonzales, Mayor

ADOPTED: _____

NOT ADOPTED: _____

DATE: _____

Yolanda Y. Vigil, City Clerk

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)

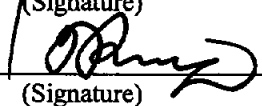
Short Title(s): **A RESOLUTION ESTABLISHING THE VERDE FUND TO REDUCE SYSTEMIC POVERTY, ACHIEVE CARBON NEUTRALITY, AND EMPOWER SANTA FE'S WORKFORCE; AUTHORIZING THE APPROPRIATION OF 5% OF THE ¼% GRT EFFECTIVE JANUARY 1, 2017; DIRECTING THE CITY MANAGER TO PRESENT A PLAN TO THE GOVERNING BODY ON STEPS TO IMPLEMENT THE VERDE FUND WITHIN 90 DAYS; AND ALLOWING FOR A PUBLIC HEARING TO MAKE DESIRED CHANGES TO THE PLAN AND APPROVE AS MODIFIED.**

Sponsor(s): Mayor Gonzales

Reviewing Department(s): Housing and Community Development

Persons Completing FIR: Zackary Quintero/Alexandra Ladd Date: 4/21/15 Phone: x6042/ x6346

Reviewed by City Attorney:  Date: 5/2/16
(Signature)

Reviewed by Finance Director:  Date: 5-2-2016
(Signature)

Section B. Summary

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

This resolution establishes the Verde Fund within the City of Santa Fe with the goals of: reducing systemic poverty, addressing the 2040 carbon neutral goal, and promoting workforce empowerment. Staff will return with a report on how to implement and run the Verde Fund. An allocation of \$350,000 from unbudgeted excess land use permit fees will provide initial funding for FY 16/17. Thereafter, five percent (5%) of the ¼ (a quarter) of GRT revenue will provide annual funding for the Verde Fund. This and other City investments in the Verde Fund shall be subject to Finance Committee review.

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: _____

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY <u>16/17</u>	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY <u>17/18</u>	"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	<u>\$350,000</u>	<u>N</u>	<u>R</u>	<u>\$350,000</u>	<u>N</u>	<u>R</u>	<u>General Fund</u>
Total:	<u>\$350,000</u>			<u>\$350,000</u>			<u>General Fund</u>

* 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 request is for a one-time appropriation of \$350,000 to a newly created Verde Fund from unallocated revenues that are projected to come into the General Fund from higher than normal Land Use Review and Permit fees. Thereafter, the Verde Fund will be considered for continuing funding from a set-aside 5% of new GRT revenues subject to approval by the Governing Body during FY 17/18 budget discussions. If approved by the Governing Body, it would equate to approximately \$350,000 in FY 17/18. Approval of this resolution would not allocate funding to the Verde Fund except as appropriated by the Governing Body through the annual budget process.

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.

The goal of the Verde Fund is to address several linked issues through one financing mechanism. If not approved, the City would not have a single avenue through which to tackle the issues of poverty, carbon neutrality, and workforce empowerment.

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 impact of the Verde fund has the potential to increase Santa Fe's preparedness and resilience to climate change, improve the transition to energy sustainability, help fight systemic poverty, improve the skillsets and profile of Santa Fe's workforce, and foster long term economic mobility. This would positively benefit all facets of society and business in Santa Fe, especially for those with inequitable access to resources and community amenities.

Ms. Perez continued, "We also had a discussion of the premium splits. Currently the City pays 76.25% and the employs pay the other roughly 24%. Aon pointed out that split isn't unusual for plans of our size given the richness of the City's plan, and add on that split and it puts us at an even higher valued rate than even the richest plan on the federal exchange. The Finance Committee after all those discussions, challenged the GIAC to go back through the various suggestions that Aon had been making over several years and to seriously consider them. Basically, the marching orders were to go back to the GIAC and asked them to tell us what your real opinions are and what your real comments are, or instead we could give you our Committee."

Ms. Perez continued, "After the initial discussion and exercise with the GIAC having failed, the City Manager then instructed myself to help lead the Group Insurance Advisory Committee in a different approach for the task. The instructions were to approach it from an angle with start with the end result and see what comes out in options. So we were tasked to come up with a variety of options that would save \$500,000, \$1 million or \$2 million out of the benefits plan. We reconvened the GIAC in December for a 2½ day working session. With Aon's help, we came up with a menu of savings options, an a la carte style of options and it was spread all around the room on all kinds of white pages, and then from those menu choices, we carved two options to save roughly \$500,000, one option savings \$145,000, an option for \$1 million and one option for \$2 million. The safety net for the group was to say we are going to lay out the options and we're not holding anybody to the task or reflection that there was any kind of agreement by them as a Committee member on behalf of the particular group they happen to represent as a change to the plan. It was simply to provide back to the Finance Committee and the City Manager that there were ways to save money out of the benefits plan by making certain changes."

Ms Perez continued, "We presented those options to the Finance Committee in February, along with overall sustainability projections from Aon. After narrowing the information, the Finance Committee further directed Aon, staff and the GIAC to continue its work giving very specific direction on outcomes to be brought back to them in 3-4 different options for choice on March 30, 2015 of this year. We presented the options at the March 30, 2015, Finance Committee meeting. The Committee discussed those and subsequently adopted one of the options after much discussion and we'll get to that in a moment."

Ms. Perez continued, "Additionally, the packet contains my verbal presentation to the Finance Committee on March 30, 2015, which was basically a report of the GIAC's opinions and discussions related to the options that were then provided. So if you will turn to page 7 of the packet. Option 2 begin on Page 7. Page 8 was a scenario leaving premiums flat, having no change to premium cost for the City or the employee. That option was rejected. Page 9 outlines Option 2A which accepts the \$860,000 in reduced benefits in the Health Plan as a savings and then it laid out a premium trend premium increase over the 5 years. With that in mind, the motion for adoption that night was to approve Option 2A, noting the \$860,000 savings to the benefit changes, but instead of following the premium's increase trend on industry standard, that the premiums would be set to a fixed fund balance of \$5 million calculated every year through a 5-year period, ending in FY 19/20. And that projection sheet is what has been handed out to you this evening [Exhibit "6"]. Aon has reworked Option 2A into that new projection sheet and is here to answer any questions and address details with that."

Councilor Dominguez said, "So I'm clear, this piece you provided us is really 2A with all of that direction rolled into it."

Ms. Perez said, "That's correct."

Ms. Perez continued, "In addition to that, after we met with the Finance Committee, there was great discussion about continuing discussion with the GIAC, and particularly the interest groups those people represent on the Committee. We send an email to the Committee on March 31, 2015, identifying the action the Finance Committee took, identifying the Option the Finance Committee adopted and would bring to the Governing Body for final approval. We also informed them that the \$860,000 option as adopted, which was laid-out in the Finance Committee packet was the one that was approved. We also sent out the worksheets, the a la carte menus for savings options, and invited them if they weren't happy with the way the Option carved out, to possibly come up with alternatives to save the \$860,000. We gave them the opportunity to start again with a blank sheet."

Ms. Perez continued, "We convened the Committee on Monday for a noon meeting. The results were that nobody came to the meeting with a new option. We did discuss some of the areas that maybe could be replaced, there really are only 4 or 5 areas they really could tinker with. The bigger discussion was around whether the GIAC could come to a consensus to bring back to you all, not only the groups and the individuals, but also in representation of the groups they're there representing, the 3 different unions, the non-union employees as well as the Finance Department which would be the finances for the City, and then the Human Resources Benefit Administration group which is also representative of management and non-union employees."

Ms. Perez continued, "We noted during those discussions and it is important to call this out, that going with the \$5 million balance was a really good landmark that was put into the motion, because that then allows that the balance would include any run-out claims, or IMBR charges we might have like we have to keep in reserves of \$2 to \$2.5 million. So we doubled that to ensure those are covered, and also that we have a healthy fund balance."

Ms. Perez continued, "As we went around the table and went through the discussion, we had an hour for the meeting. Basically what we heard from the majority of the Committee members is that they, individually, pretty much support what the \$860,000 in option and savings really carved out to be. It was some reasonable increases to co-pay, not a lot of difference. The Fire representative, Mr. Hutton, was very clear that as a Committee member he respected the work we had all done in December, it was good hard work, we had taken it seriously, and while that was his personal opinion, he couldn't say or speak on behalf of the entire union. That all he could do is to take that information back to his union membership. He did share that what has been presented in the past as changes to the copays in their union's mind are deal breaker. Anything different than a \$10 copay would be a deal breaker."

Ms. Perez continued, "The Police representative that day was Eric Sanchez and he said, for himself, he understood the option, he had not been a part of the Committee work before in how we derived that option, so he had no opinion in support or not because he hadn't been involved in it. He also relayed

that they had not had much opportunity to talk with the members. He felt fairly confident that they may be able to convince their members to move to \$15 copay, but he would have to take that back, and that discussion had not been had."

Ms. Perez continued, "Patrick Romero from the AFSCME union indicated that in their union agreement they are not tied to copay language. Both the Police and Fire unions are and we've handed out that language to you so you can see it. But Mr. Romero said he really respected the work the group had done that far, he recognized his contract was only about premiums and we weren't talking about any change to the premium splits. He said as head of the AFSCME leadership and representation of that group, that they need to make sure what was being done was good for the whole piece - it was good for the plan, good for the City and good for the employees. He said the Committee has to dedicate itself to help educating the employees about what has gone on with the plan, why we're in the situation we're in, things employees could be doing to help the plan as well as educating them on other benefits the plan may have and how to do that."

Ms. Perez continued, "Nick Schiavo that represents the non-union employees said he still agreed with Option 2A, he found it fair and reasonable in its approach."

Ms. Perez continued, "Teresita Garcia, as the Finance Department representative, made a very bold statement and told the Committee that it is always going to be difficult to get consensus, because by the time you're getting consensus, it becomes personal, because there isn't anybody sitting around the table that doesn't have the health insurance. So it's hard not to make that personal. She reminded everybody about the hard work that had been done in December and we did that in a very non-personal manner, and it would be ill advised of the Committee not to use that information to move forward, and employees are expecting this from that Committee. And the Committee was formed for a reasons and the numbers we brought forward in December and in March were backed up by research and data that Aon has validated."

Ms. Perez continued, "Vickie Gage, Human Resources Representative and Benefits Representatives still confirmed that Option 2A was acceptable and reasonable and not a painful change to employees and reasonable in protecting the asset of our plan with low costs to employees and the City. I checked with Legal if there are changes to the copays that would put us in a position where we would be renegotiating with both the Fire and Police Unions, given the language their contract has."

Ms. Perez continued, "We have also looked again the Resolution that makes up the GIAC, and we believe that the makeup of the Committee is the correct makeup. It has everybody represented. It stretches the City from left to right, top to bottom. We believe the intent behind the legislation in the Resolution does give that Committee the authority and actually an obligation to make recommendations to this body about the health plan. That's the group that's charged with research and data collections, and to run up different options, discuss it with the Finance Committee and to bring to this body what they believe is a sound approach to going forward. However, the GIAC hasn't necessarily been functioning that way."

So we think it's time to revisit the Resolution or to revisit the Committee and reinforce what we believe the intent was originally set. That it is an active, empowered group who should be synergized in its approach to bringing forward viable options to the Committee.

Ms. Perez continued, "One other thing I would be remiss in if I did not remind this group as well as the members on the Finance Committee as we continue to go forward and move into budget discussions is the excise tax that will be coming our way, sooner than later, if we don't make any changes. We've given you a handout [Exhibit "7"], that we've had before from Aon, and that's as we exist today. So if we don't make any changes at all, we will be looking at more than a \$5 million excise tax over the next 10 years, so that's another factor we have to keep in mind. If we go with this, we're still at risk with the excise tax, but our risk is smaller. So while it doesn't resolve the problem, it may very well get us started to resolution of the problem. With that Mayor, I would turn it over for questions, and also Aon is here to address and explain anything that you might have on this spreadsheet."

The Governing Body commented and asked questions as follows:

- Councilor Dominguez thanked staff and the employees for all the work they've done to date. He said, "In the past, we've kicked the can down the road on this issue, and I think staff and the Committee have rolled up their sleeves and not kicked the can as far down the road as we used to."
- Councilor Dominguez said one of the things he likes about this, is that it makes us whole to FY 19/20, and gives more of a cushion. He agrees with Ms. Perez that it doesn't address all the problems, it just doesn't kick the can down the road a little bit farther, but it's a very good attempt to get us to a better place. He said it certainly is one of the outstanding issues we have with regard to our entire budget, commenting that the staff and employees have done a great job.
- Councilor Dominguez said, regarding union contracts, he wants to make sure we get that statement on the record so the Governing Body understands what we can and can't do. He said, "I don't know if legal wants to do that or if you're okay with doing it."
- Ms. Perez said, "I'm okay with doing it. In the Fire and Police Union contracts, it speaks to the premiums and then it says that the copays will remain or go lower, unless recommended by the Group Insurance Advisory Committee and agreed to by both parties. So even if the GIAC came together and had one consensus recommendation to this body, whatever it was that was finally adopted had to be agreed to by both parties, and that would be at the negotiating table. The fact that the GIAC didn't necessarily come forward with the recommendation, I would say there's a recommendation in front of you. We've been clear about where the members stood and their stance about the recommendation, so there it is a recommendation in front of you, it just didn't have consensus. So Legal, what they said, this is like another piece that requires an appropriation. If you end up not appropriating enough money for a certain clause in the contract, it forces it into renegotiation anyway. It could open up other economic areas, but it definitely reopens this area."

- Councilor Dominguez said so, two things. It's contingent on appropriation and management feels we are not in violation of any of the collective bargaining contracts, and Ms. Perez said, "It would be renegotiated."

Brian Snyder, City Manager, said, "Sandy is correct. It would need to be renegotiated with Fire and Police."

- Councilor Dominguez said the list in our packet that is Option 2, has all the recommended copays, on page 7.

Ms. Perez said, "Yes. Those are the recommendations of increases and the far right hand column is what we're estimating or projecting the savings to the plan to be."

Councilor Dominguez said those copays are still part of this Plan 2 that you've given us tonight.

Ms. Perez said, "That's correct. That's what the \$860,000 would look like. That's how you get to the \$860,000. And I would add that this is the most conservative of the increases that could be considered."

- Councilor Dominguez said during Finance Committee there was discussion about giving employees the option to look at the copays and come up with a different solution or different options. He asked, "Did I hear you, in your presentation, say that there was a discussion about that, and a worksheet was handed out and that option was provided."

Ms. Perez said, "Yes. I think you're remembering two different pieces. One was after the Finance Committee took action, there was discussion about this was the page that was adopted. However, it was recognized in the spreadsheet provided by Aon, they had the round number of \$860,000 in savings. In my meeting with the Finance Committee, the Committee instructed me to go back and meet with the GIAC again, which she did. In preparation for that meeting she send out work pages that said it's \$860,000. If you have a different way to get that and you would like us to consider that to see if we can get consensus around it, I'm happy to take that back to the Governing Body if the number is still \$860,000. So there was that exercise."

- Councilor Dominguez believes the \$860,000 is a good target, and said Councilor Maestas needs to be recognized for the work he's done on this, in setting some of the boundaries we've been able to work with. He said he is in support of this, and there may be other solutions from others, but he hasn't see or heard them, he wants to recognize the work that staff, the Committee and everyone has done to get us to a better place than we have been in the past..
- Councilor Rivera thanked Ms. Perez and the GIAC for their work. He said, regarding the copays on page 7 of the packet, almost all the savings that are being suggested involve copays. And if two of the Union contracts have language specific to copays, how is that savings going to be achieved.

Ms. Perez said, "We would go back to the negotiating table and walk through the same exercise and make sure the same education piece was done with those negotiating teams that we did with the Committee as a whole. We would inform them of the status of the current state of affairs with the health plan and the fund balance as it stands today, which if we don't start to do some changes, we run out of money in two years. We would talk through how we came to these minor changes and we would show the other array of options we got to, and we would also show the data and the research. So with that, we feel fairly confident that people are invested in continuing to be self-insured, because they've been investing themselves in this health plan in the employees portion for quite some time. And I believe everybody agrees they would like it to continue. So we're confident we could negotiate and get concurrence. If not, and the copays for those two particular groups for some reason had to stay the same, we would have to recalculate what that membership looks like and see what reduction in savings we end up with, versus the total savings."

- Councilor Rivera asked the state of our fund balance – what do we anticipate having in cash balance at the end of this fiscal year.
- Todd Burley, Aon, said, "On the page handed out today [Exhibit "6"], if you look at row 20 Ending Fund Balance in Column A 2014/15, that's projected to be a little less than \$5.6 million."
- Councilor Rivera said then for future years, we're anticipating a \$5 million fund balance.
- Mr. Burley said, "That's correct. This option was built on the directive given by Councilor Maestas to keep that fund balance at \$5 million going forward."
- Councilor Rivera said in relation to what we hope to accomplish in future years, we're actually ahead of ourselves in terms of fund balance.

Mr. Burley said, "That's correct at this time, and with the increased contributions from the City and employees in Rows 22 and 23, that would keep that fund balance at \$5 million."

- Councilor Rivera asked how we would show we are in a hardship with the Health Insurance Plan with an ending fund balance that's better than what we're projecting in the future.
- Mr. Burley said, "In past years, the fund balance has well exceeded the current \$5.6 million. The City has been eating into that fund balance over the past few years."
- Councilor Rivera said, "What I'm trying to get at, with a fund balance that is better than what we are anticipating to have in the next 5 years, would you not say we still have time to maybe negotiate, not even negotiate, but to have the Committee come back and have additional discussions about how the employees, who ultimately are the ones affected by this plan, really shape and outline the future of their plan."

- Ms. Perez said, "Based on that number, I guess we still could keep kicking that can down the road and continue to try to have the discussions. From my experience in the last 1½ years, in trying to work back with the GIAC committee that represents that group, we don't move anywhere. Aon has been coming to this committee for 7 years plus. Before that the group in place of Aon was Willis, and we have documentation that they came forward with similar suggestions that really didn't go anywhere. With that trend and looking ahead to the viability to would there really be changes, it didn't appear to us to be so."
 - Councilor Rivera said he recalls at the Finance Committee, the unions spoke to changes that they were willing to consider with regard to acupuncture, chiropractic, Naprapathy and medical massage, and the changes may be significant enough that they may be able to save a lot of money, but I'm not sure that discussion took place at the last meeting.
 - Ms. Perez said, "I would have hoped that those were the options that came forward on Monday, but they didn't."
 - Councilor Rivera said previously, Mr. Burley provided a separate handout listing the top 10 beneficiaries of the health plan, and two of the top ten providers in the amount of \$500,000 were alternative medicine doctors. He asked, "If we could realize significant savings from those, isn't that worth further discussion with our employee representatives to try to get that done, instead of forcing something on our employees."
- Ms. Perez said she would defer to this group for that direction, and "certainly there is always room for continued discussion and outlaying of information and data and providing additional dollars that could be saved. I'll do this from memory. I think if we increased the copays to the neighborhood of an additional \$160,000 savings above where we were, so that coupled with medical necessity related to the massages, that brings that savings of \$400,000 down some. But there is always room for continued discussion. What the ends up in savings, we'd just have to just run the numbers and see what it is, but I would defer to the instruction of this body."
- Councilor Rivera said, "In the document given to us, two of the alternative medicine providers to the tune of almost \$600,000, I would hope we could get together and try to discuss changes to that part of the plan, instead of something to forced with the employees, and have to force open union contracts when that might not be necessary to do."
 - Councilor Rivera continued, "The last comment I want to make is that for the past two years we've been giving out small raises and increasing premiums at times or doing other things to make the funds solvent. But again, there is a group of employees out there, and I've brought this up all along, that are classified non-union employees that have gotten no raises at all, but continue to see increases in insurance premiums or whatever other changes happen. So again, they continue to take the brunt of what's going on. And it's amazing to me, and I hope to bring legislation forward at the next Finance Committee, but it's ironic that most of those employees, at the mid-management level that are classified non-union, are women. And there's a Resolution tonight that

talks about non-discrimination, and it's coming forward while we, in our own house, fail to take care some of our best employees at that middle management level. That's all I have Mr. Mayor."

- Councilor Maestas said Ms. Perez did a good job of summarizing where we started and how far we've come. He would like to make a few points about the recommendation which he believes is a balanced recommendation and a great compromise. He said when we compared the City's plan against other plans with other local governments and the State, ours was by far the most generous. He thinks making minor increases to each of the copays to get to the \$860,000 savings still allows this to remain the best plan in the State, certainly among local governments. He said the copay increase is a recognition of our financial capacity as a City, and we know how slow the recovery has been and the impact to our GRTs. He thinks it represents fiscal prudence on our part by increasing those copays.
- Councilor Maestas continued, saying prior to this recommendation there really was no mechanism to keep pace with the escalating cost of health care. He said, "If we do nothing on this, we're going to be experiencing insolvency every 2-3 years, forcing us to come back and make major structural changes to the plan and the employees don't deserve that. They deserve a sustainable, stable health plan. We recognize we can't keep premiums the same in the face of increasing health care costs. This action puts the plan on a path of sustainability and stability. On row 22 you will see how much of the revenues from premiums are required to keep the fund balance at \$5 million. It gives an idea of the escalating health care costs."

MOTION: Councilor Maestas moved, seconded by Councilor Dominguez, to "approve Option #2 regarding the copay changes on packet page 7, in addition to the proposed premium changes in the handout that we have that are set to maintain a \$5 million fund balance."

DISCUSSION: Councilor Trujillo said then a survey was never sent to all the employees. He said he was hoping the survey would give the employees at least a say. He said as a State employee, he never had that option. It was shoved down his throat. This is it. They never had the option, and what he was trying to do was to provide an additional tool to you in making those decisions. He said, "I guess there was reason it wasn't put out. I heard something about undue chaos. I don't think it would create chaos. I was just trying to help you guys out by giving you an extra tool – giving that opportunity to every employee in the City to say what they think – the majority and that's what I was hoping you guys would do with this. I do think you for all of the hard work. I know you've been working hard with this, and I just wanted to give you an extra tool, and I thought you guys could use. That's all I have Mayor."

Councilor Ives said in the handout [Exhibit "6"] on Option 2, line 8A is identified as Benefit Changes. He asked how those numbers relate to Lines 22 and 23 City Actual Contribution Increase and the Employee Actual Contribution Increase. He said they don't seem to line up at all, and he wants to understand the proposal.

Mr. Burley said, "There's a footnote at the very bottom that the 'Contribution increases in lines 22 and 23 are in lines 2-4.' So really the way the spreadsheet works is the medical claims in line 8 are reduced by the value of the benefit changes on line 8A, so the resulting expected claims cost, say for FY 2015/16 would be the \$16.2 million less the \$8.6 million."

Councilor Ives said packet page 7 talks about current and proposed premium plan in network under the Option 2 scenario, with a projected \$2 million fund balance in 17/18, so significant differences are there. He asked what would page 7 look like projected out over time in terms of potential premium changes, or is there any constancy in the premium changes that carried through has this effect.

Mr. Burley said, "The increase to both the City's share and the employee's share is shown in line 24. So, for example that's 2.7% in 2015/16, and then 6.8% give or take a few tenths from there on out. So there would be increases to both the City's share and the employees' share going forward. So, I misunderstood your question."

Responding to Councilor Ives, Mr. Burley said it maintains both the \$5 million fund balance and in Rows 6 and 7, the 76.50 and 23.50 percent split between the City and the employees.

Councilor Ives asked how the excise tax works [Exhibit "7"].

Mr. Burley said, "If you look at the table at the top, there's a year crossing threshold column, 2/3 of the way across. The single premium would cross the threshold in 2018, the threshold for single premiums is \$10,200 annually. The family premium which, in the City's case, is a combination of those 3 non-single tiers, the employee/spouse, employee/children and family tiers. Once that exceeds \$27,500 annually, then the City would be subject to excise tax. The excise tax is 40% of the amount above those thresholds. The thresholds are adjusted at CPI. I think as all of us are aware, medical costs are increasing at a rate significantly higher than the CPI."

Councilor Ives asked if the excise tax is imposed on the City or the employees, or is it shared.

Mr. Burley said, "I don't think that's been determined. It would be assessed to the City and I'm not sure if the legislation excludes employees responsibility for any of it."

Councilor Ives said the aggregate plan costs with the excuse tax is shown at the bottom of the chart, in red. He asked if that is figured into line 22 on the sheet we were just talking about in terms of the City's actual increase, or is that considered on the sheet [Exhibit "7"].

Mr. Burley said, "It is not included on the other sheet, so that would be in addition to any amounts on the other sheet."

Councilor Ives said it is fairly small until 2020, which seems to suggest that by virtue of the quality of the health plan, the costs will increase at a greater rate for the City than employees over time, and Mr. Burley said that is correct.

Councilor Ives asked the additional cost to the City beginning in 2018 or at 2022.

Mr. Burley said, "For 2018 you can see estimated excise tax in 2018 is \$141,000. That would increase for the next 3 years only for single coverage, and then once the excise kicks in for family coverage, it would increase at a much faster rate."

Councilor Ives asked if it is an aggregate number for the 10 years, and how would that break down per year, and Mr. Burley said, "That is an aggregate number for the 10 years, so it starts at \$141,000 and grows throughout that 10-year period."

Councilor Ives asked Mr. Burley, in his experience, what is the reaction by municipalities to the increased excise tax payments, and what measures are the municipalities adopting to address that increasing requirement in the funding for health and benefit plans.

Mr. Burley said, "Because the excise tax is based on the total cost of coverage, the only way to avoid the excise tax is to reduce the overall cost of the coverage. And our clients have not taken action yet, but their course of action would be to reduce benefits to get below the excise tax level."

Councilor Ives asked what would be the effect on maintaining the \$5 million reserve fund.

Mr. Burley said, "I don't have that calculation and that would depend on how the City funded the excise tax."

Councilor Ives said if we include it in the fund, we're saying we would be increasing the City's actual contribution to a percentage that was different from that stated in the other chart.

Mr. Burley said, "What that would do is in Column E, Rows 22 and 23, it would increase by \$141,000 for 2018 and increase by an amount greater than that in following years."

Councilor Ives said it would be interesting to see what changes there would be to premiums to maintain the 23.75% - 76.25% split, once the imposition of the excise tax starts to kick in, just to understand the issue of potential fairness, from that perspective, which doesn't seem to be one we've accounted for. Or, if there is, it's too complex for him to work out in what he's looking at. He would love that information. He asked, if the premiums are increasing to both parties if the excise tax picture going to change, or not.

Mr. Burley said, "It would not. It is based on the total premium regardless of the contribution split between the employer and the employee."

Mayor Gonzales said, "Because we're in the evening session, I just want to make sure if there are questions that we think might go for a period of time, one of the considerations is to put this on time out to the end. Or if you feel the questions you are going to have and the statements are going to move along rapidly, I would prefer to get this thing finished."

Councilor Maestas said when we started this a year ago, the first thing we looked at was the premium *pro rata* share of the split, and we decided not to touch that, because that also makes this plan the best in the State. He said out of regard for employees and maintaining the City's commitment, we didn't touch the *pro rata* premium share.

Councilor Rivera asked if there is anything in the City Rules or the City Charter that says that the ending fund balance for FY 14/15 of \$5.5 million will stay in the health fund.

Ms. Perez said it's not that specific.

FRIENDLY AMENDMENT: Councilor Rivera would like to amend the motion to look at making sure that the monies in the fund balance stay in the program and that these funds aren't used to balance the budget in other areas. **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND AND THERE WERE NO OBJECTIONS BY THE OTHER MEMBERS OF THE GOVERNING BODY.**

CONTINUATION OF DISCUSSION ON MOTION, AS AMENDED: Councilor Dominguez this actually is a good step in fulfilling the promises the Governing Body has given to the employees in the past, and definitely agrees with it.

Councilor Ives said, in response to Councilor Maestas, the imposition of the excise tax, depending on how you characterize it, really does start to change the aggregate balance between the employee and the City over time, as evidenced by the bottom graph. So that's an issue we will have to deal with even if we move forward this Option here tonight.

Councilor Bushee asked if the Emergency Room copay has worked as designed.

Ms. Perez said, "We have seen a decline in claims in the E.R. and we're still dissecting that data. We also know during the same time, there were more urgent care facilities that opened and some extended their hours. We know that some people were going to the Emergency Room because there wasn't availability of urgent care. So we're trying to continue to analyze that data to be sure we're giving the increase in copy the right weight."

Councilor Bushee said it's a pretty steep copay, although she understands why we did it. It is a steep copay for those have to go to the emergency room, and asked if the Committee had looked at this.

Ms. Perez said, "We did. And we also looked at, of those who went to the E.R., if they end up being admitted then that fee is waived. And we've tracked the number of in-patient admissions as well."

Councilor Bushee thanked the staff for their work on this. She hopes this continues to be a good program for the City employees.

Councilor Dominguez asked Ms. Perez to explain the reason she didn't follow up on Councilor Trujillo's request for a survey, which he did bring up during discussion at the meeting prior to the last one.

Ms. Perez said, "At the time we were approaching the Finance Committee, we had the variety of the 4 options, and I had committed to do the employee survey prior to coming to the Finance Committee. When we looked at the 4 options, and without the benefit of the Finance Committee having seen any of the 4 options. The chaos I'm talking about in my verbal statement was, if we had sent all 4 options out to the 1,240 participating employees, we believed it was going to create undue chaos and concern, because didn't know what the discussion was going to be and where would end up. At the end of the discussion at the Finance Committee and we were talking about the GIAC and the makeup of that group and the groups they were there to represent with voices. We also knew between the timing of that, and to get a survey out plus reconvene that group and have further discussions in case they were coming up with additional options for the Governing Body to consider, we didn't send one out. I made the choice that it was going to be more concerning and problematic than it was and we really wanted to reemphasize that the Committee's makeup was for real reasons and they had groups they really represented. It's the choice I made."

Councilor Dominguez said, "That's fair enough. I just wanted to give you an opportunity to sponsor that because I think staff has worked very hard to accomplish all the things the employees, the Committee and the Governing Body wanted. Finally, I just want to thank everyone for the work they have done. This may not be the most popular option, but it is the most responsible we've had in a number of years. And the issue of copays isn't new, and not something that just came up at this meeting or the last Finance meeting, or the last year of Finance meetings. It's an issue that has come up year after year after year. So if anybody thought that at some point the Governing Body was not going to have to take this seriously and so something about it, I think they were mistaken. I think quite frankly, everyone has been well forewarned for many years, so that's all I have Mayor. Thank you."

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

For: Mayor Gonzales, Councilor Bushee, Councilor Dominguez, Councilor Ives, Councilor Lindell and Councilor Maestas.

Against: Councilor Rivera, Councilor Trujillo and Councilor Dimas.

Explaining his vote: Councilor Rivera said, "I'm going to vote no. Again, I appreciate the acceptance of the amendment, but I'm not sure that fear of our employees is a reason to ignore getting input. I feel like our unions should have a fair say in their plan."

Explaining her vote: Councilor Bushee said, "I'm mixed, only in that we didn't have the buy-in. But I have to say we've been kicking this one around for a lot of time, so I think I'm going to vote yes."

Break – 7:15 to 7:35

Mayor Gonzales said at this time we will be moving into the Evening Session, and go through the Evening Agenda, complete it, and then go back and resume the Afternoon Agenda once we're done with all of the Public Hearings, asked for a motion to this effect..

Dept	Div Title	Category	SumOfFC Base
GEN	Mayor/Council	Salaries, Wages & Benefits	494,528
GEN	Mayor/Council	Contractuals & Utilities	95,320
GEN	Mayor/Council	Repairs & Maintenance	200
GEN	Mayor/Council	Supplies	3,300
GEN	Mayor/Council	Insurance	17,553
GEN	Mayor/Council	Other Operating Costs	108,800
GEN	City Manager	Salaries, Wages & Benefits	1,351,838
GEN	City Manager	Contractuals & Utilities	195,320
GEN	City Manager	Repairs & Maintenance	1,200
GEN	City Manager	Supplies	36,502
GEN	City Manager	Insurance	17,143
GEN	City Manager	Other Operating Costs	54,764
GEN	City Manager	Capital Outlay	118,203
GEN	City Manager	Transfers Out	6,667
GEN	City Attorney	Salaries, Wages & Benefits	1,301,066
GEN	City Attorney	Contractuals & Utilities	57,402
GEN	City Attorney	Repairs & Maintenance	457
GEN	City Attorney	Supplies	39,445
GEN	City Attorney	Insurance	18,004
GEN	City Attorney	Other Operating Costs	14,310
GEN	City Attorney	Capital Outlay	15,000
GEN	City Clerk	Salaries, Wages & Benefits	781,207
GEN	City Clerk	Contractuals & Utilities	153,064
GEN	City Clerk	Repairs & Maintenance	69,507
GEN	City Clerk	Supplies	45,273
GEN	City Clerk	Insurance	20,419
GEN	City Clerk	Other Operating Costs	184,543
GEN	City Clerk	Capital Outlay	39,500
GEN	City Clerk	Transfers Out	0
GEN	Internal Audit	Salaries, Wages & Benefits	108,426
GEN	Internal Audit	Contractuals & Utilities	9,125
GEN	Internal Audit	Supplies	1,500
GEN	Internal Audit	Insurance	1,704
GEN	Internal Audit	Other Operating Costs	6,025
GEN	Municipal Court	Salaries, Wages & Benefits	1,189,427
GEN	Municipal Court	Contractuals & Utilities	422,074
GEN	Municipal Court	Repairs & Maintenance	20,600
GEN	Municipal Court	Supplies	23,415
GEN	Municipal Court	Insurance	36,016
GEN	Municipal Court	Other Operating Costs	35,310
GEN	Municipal Court	Capital Outlay	10,000
GEN	Municipal Court	Transfers Out	110,000

**Fiscal Year 2016/2017
Proposed Projects - Permit & Impact Fees
Account Numbers**

[illegible]

Amount authorized by Finance Committee 4/28/16 (transfer to CIP Reallocation):

Discount (to account for \$366,500, reduction)

Discount spread:

Total Amount to Budget General Fund*

*transfer entire amount from 12079.700100.3103 to 31103.600100.1001

Transfer to 31103.600100.272X from:

Exhibit 13-7