



# Agenda

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**Special Finance Committee Meeting  
FY 2016/2017 Operating Budget Review  
City Council Chambers  
April 25, 26, 28, 2016  
9:00 a.m. – 3:00 p.m.**

**ALL MEMBERS OF THE GOVERNING BODY ARE INVITED TO ATTEND THIS MEETING**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. CHAIR OPENING REMARKS
5. COLLECTIVE BARGAINING UNIT REMARKS
  - a. AFSCME
  - b. Police
  - c. Fire
6. MANAGEMENT PRESENTATION OF OPERATING BUDGET:
  - Year-End Savings Plan
  - Attrition Plan

**12:00 pm – 1:00 pm LUNCH BREAK**

7. DEPARTMENT REVIEWS:
  - Public Safety**
    - a. Police
    - b. Fire
  - Community Development**
    - a. Community Services
    - b. Tourism Santa Fe
    - c. Planning & Land Use
    - d. Housing & Community Development



# Agenda

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**Special Finance Committee Meeting  
FY 2016/2017 Operating Budget Review  
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**7. DEPARTMENT REVIEWS CONTINUED:**

**City Services**

- a. Parks and Recreation
  - GCCC
  - MRC
- b. Public Utilities
- c. Public Works

**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
- f. Municipal Court

**8. ENTERPRISE FUND REVIEW:**

- a. Airport
- b. Transit
- c. Parking
- d. Santa Fe Convention Center
- e. Environmental Services (Solid Waste)
- f. Wastewater
- g. Water



# Agenda

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**Special Finance Committee Meeting  
FY 2016/2017 Operating Budget Review  
City Council Chambers  
April 25, 26, 28, 2016  
9:00 a.m. – 3:00 p.m.**

9. PUBLIC HEARING
10. Request for Approval of Operating Budget and Organizational Chart for Fiscal Year 2016/2017.
11. Request for Approval of Capital Outlay Budget.
12. ADJOURN

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

**SUMMARY INDEX FOR  
SANTA FÉ CITY FINANCE COMMITTEE  
FY 2016/2017 Operating Budget Review  
April 25, 2016**

<b>ITEM</b>	<b>ACTION</b>	<b>PAGE</b>
1. CALL TO ORDER	Convened at 9:07 a.m.	1
2. ROLL CALL	Quorum Present	1
3. APPROVAL OF AGENDA	Approved as amended	1-2
4. CHAIR OPENING REMARKS	Comments	2
 5. COLLECTIVE BARGAINING UNIT REMARKS		
a. AFSCME	Discussion	2-3
b. Police	None	3
c. Fire	None	3
 6. MANAGEMENT PRESENTATION OF OPERATING BUDGET:		
a. Year-End Savings Plan	Presented by Mr. Rodriguez	3-4
b. Attrition Plan	Discussion	10-12
c. Errata Sheet	Discussion	4-10
d. Other Budget Discussion	Discussion	12-14
 Lunch Break		14
 7. DEPARTMENT REVIEWS		
• Parking	Discussion	14-16
• Libraries	Discussion	16
• Budget Planning		
 8. RECESS	Recessed at 2: 50	23

**Special Finance Committee Meeting  
FY 2016/2017 Operating Budget Review  
City Council Chambers  
April 25, 26, 28, 2016  
9:00 a.m. – 3:00 p.m.**

**1. CALL TO ORDER**

A special meeting of the Santa Fe City Finance Committee was called to order by Councilor Carmichael Dominguez, Chair, on the above date at 9:07 a.m. in City Council Chambers. A quorum was present for conducting business as follows:

**2. ROLL CALL**

**MEMBERS PRESENT**

Councilor Carmichael Dominguez, Chair  
Councilor Michael Harris  
Councilor Signe Lindell  
Councilor Peter Ives (afternoon only)  
Councilor Renee Villarreal

**OTHERS PRESENT**

Javier Gonzales, Mayor

**STAFF PRESENT**

Brian Snyder, City Manager  
Yolanda Green, Finance Department  
Oscar Rodriguez, Finance Director  
Adam Johnson, Budget Officer

**3. APPROVAL OF AGENDA**

Chair Dominguez noted that under item #6, there should be a third bullet titled Errata Sheet Document #2 that was provided to the Committee on Friday. He asked to have a concise discussion with Staff on the contents of that document.

Secondly, he asked to move Public Safety towards the end of the agenda just before Administrative Support Services and after City Services.

Thirdly, he asked to combine under Enterprise Fund Review, Santa Fe Convention Center to Community Development under Tourism Santa Fe to have that conversation together.

**Councilor Lindell moved to approve the agenda as amended. Councilor Villarreal seconded the motion and it passed by unanimous voice vote.**

#### **4. CHAIR OPENING REMARKS**

Chair Dominguez read his written statement. In his remarks, he reviewed the ground rules for the budget review.

#### **5. COLLECTIVE BARGAINING UNIT REMARKS**

##### **a. AFSCME**

Mr. Miles Conway provided some brief remarks on behalf of Local 39 which, for over two decades, has represented City Staff. He said they are privileged to do that work and proud of their union and the CBA established with the City. He said the union employees have done more than most cities as a capitol city. And he called into question the number of City employees, including the Fire and Police staffs who are already with pinched resources. "The writing is on the wall that we will become leaner and leaner to deliver services that the citizens expect to have delivered. Since 2010, the scope of services has grown larger with more parks, annexed land but at same time work force shrunk." In 2010 there were around 1,615 employees and 257 supervisors. We now have 1,511 employees and 261 supervisors, and anticipate around 1,450 after May 20 with the layoffs of E-90 employees. Some of the supervisors are in name only. But we have had a fairly robust number and growing number of supervisors. That is recognized in the City Manager's budget to have the right span of control. Thanks for keeping revenue part of the picture.

He stated that using the Water Fund was a good idea and heading toward the franchise fee is a good measure and a progressive tax measure. The graduated tax on gasoline could sunset if prices go too high. Those are essential as the City seeks for the needed \$5 million. Pages 17-19 is where rubber meets road in the CBA. Effective input from the community as a guiding principle is important. The obvious problem is that, with over \$5 million in savings, doing it through attrition is a roll of the dice. We will have this large attrition in the next few years. But we will have three buckets: 1 is the essential staff; 2 is positions open temporarily; 3 is the elimination of certain positions.

In the guest column yesterday in the New Mexican, it said two years is too short a span of time to realize that many in the elimination bucket. Local 39 will present a resolution proposing a committee to oversee a new performance evaluation program that has \$50,000 in it. This committee must assess, as a community voice, how the attrition program is working. The City has not done that in a long time. Contracting staff numbers and expecting the same level of service. We will see if that resolution is of interest to the Governing Body in order to establish what the City Manager's budget proposes.

His colleague, Mr. Patrick Romero, stated that he has worked for the City for 10 years coming up. He began as an E-90 employee and has had many opportunities for the benefits here - certificates and such. But now he cannot go any further and will receive no more increases, despite our CBA. He works as a facilities maintenance technician with a phone that never turns off. He gets texts or emails from 24 hour

operators. He said the best approach in our work is to get our house in order. Eighteen months ago, when we went through the insurance, it means we need the permanent fund to be solvent in the future. With the increases in health care costs and with this state of affairs, it is tough for the union. Thanks for having us.

Mr. Romero read the opening paragraph of the resolution and commented that they need to look further than two years out. With 10 years now, he has more seniority and is looking to stay with this government and move on.

Chair Dominguez asked him to make that resolution available to the City Clerk.

Mr. Romero said they will have it out by tomorrow.

There were no questions for the union representatives.

Chair Dominguez thank them for their willingness in helping out and noted that Police and Fire are not present.

**b. Police**

There was no presentation from Police.

**c. Fire**

There was no presentation from Fire.

**6. MANAGEMENT PRESENTATION OF OPERATING BUDGET:**

**a. Year-End Savings Plan**

Mr. Snyder referred to the two documents in front of the Committee. The budget (bound) and the errata sheet. He thanked the Staff for their work on them. They stepped up to right-size the budget. He gave special thanks to Mr. Rodriguez and the whole finance team. With these, the City is stepping in the right direction - away from past budget practices and making good headway.

At a very high level the budget meets the framework of the Governing Body budget on cuts, franchise fees, etc. We did our best to live within the budget. We missed the mark with revenue enhancements. We looked for efficiencies and sustainable revenue as shown in the errata sheets.

The bottom line is that the budget is balanced. We've aligned funds with services provided. We definitely have taken some great strides to get there.

One thing AFSCME brought up is balancing through attrition. We will discuss that as we go through. Services are now being delivered with the current attrition rate. The reason it is big is that we have scaled

back and want it recurring, such as how departments have been spending for personnel. Some of these practices may not be sustainable. We want to make sure the message gets across.

Most of the budgets were reviewed and approved. We are setting up a budget committee and looking into more detail to make sure we are meeting our marks. Chair Dominguez brought up disappointment in not meeting performance matrix. Mr. Snyder was disappointed too.

Mr. Snyder wants to make sure the performance metrics are in line with the budget. After approving the budget, we will move into the strategic planning process. That is an opportunity to work as a team and get community input on what is needed or not needed. Then we can align attrition with planning needs and have metrics that meet what we are doing. And we will get feedback both from Council and the community. It will say what you can expect from us. That's how we should move forward to make sure we meet the needs of the community.

Mr. Rodriguez will highlight the department budgets to understand what the questions may be and department staff can speak to what they included. It is not the City Manager's budget or Mr. Rodriguez's but the City's. A lot of hard work was done by departments and staff. It was a collaborative effort and we will take the Committee's statements and questions about it.

Mr. Rodriguez recalled that at this time last year, it was a struggle to balance the General Fund. We took several hours in workshop to go over the many funds that were out of balance. It was a sad story. We went through them all and said we have a lot of work ahead. Then we spent time to get ready and get in balance. Why it was, where it was to finally get it balanced. But it finally happened so this is the reunion of the stars in getting it done. There is a need to bring in \$7 million more in revenue.

So this budget is balanced in every way. On page 26 is the summary of all the operating funds. Hardly any of them are negative. With the exception of the airport, they are bringing forward an accumulated deficit. The MRC has a million-dollar deficit. The negatives are either carry-forward deficits or one-time capital costs.

Also central to this process is they treated the General Fund as parent fund and any deficits will show up as transfers from General Fund except for the Airport. So you can see them all in the General Fund budget. That is established practice for finance. The City had 400 funds and that is now under 300 funds. They are all linked together with the General Fund in the budget.

### **c. Errata Sheet**

Mr. Rodriguez went next to the Errata Sheet to correct things that will be covered later.

There are big changes in the organization chart were in Tourism and Public Works. What was in the Transportation Department is now part of Public Works. The other change is in Tourism which now has what was Economic Development. They also inserted tables that break out of all the different proposals for increases.



The Water Fund is on page 22 in the proposed budget. The GRT is \$97 million and is understated by about \$2 million. We missed the assumption that even though GRT capital outlay fund - takes two months to stop. So TRD will still remit November and December of the \$1.2 million that will all go to the Water Fund. The assumption is that if rates change, \$37,000 will not be transferred to General Fund. That is on page 1 of the errata sheet.

He went next to page 51 where the table shows full-time equivalents and shows where those positions actually reside. All positions now show up in Finance. We had a couple that showed up in Water but now they show up in the departments where they belong and are paid for by the department. He prepared an analysis that shows how to follow that in the double sheet handout.

Councilor Villarreal asked if that also includes part-time positions in that column.

Mr. Rodriguez agreed. In Police and Economic Development, he did not know what they proposed but the department request is not what they requested. In Police, the major shift there resulted in it not being what the department requested. It is just a caution that it is not accurate.

in the charts on pages 22-25, it did not account for inflation which would make the decline steeper. They also tried to tie it to the previous budget.

Councilor Lindell referred to page 22, under fees and services impact fees and asked why that cumulative change is a minus 400,000.

Mr. Rodriguez it is what is proposed versus what it was. In the proposal they are not recommending that.

Councilor Lindell asked if this proposes that it continues.

Mr. Rodriguez agreed. The other part, on page 31, is the General Fund ending balance, the General Fund Summary. He pointed out, in the middle column, the end of year actual to transfer \$4.3 million to the capital budget. That is the net of the almost \$2 million it will take to balance all negative balances. It is the net amount of cash we will ask Council to use to balance all the deficits. That will be transferred to the capital improvement fund. On page 39 is the ending balance for the Water Fund. It is \$8 million.

The \$95 million exists in a number of different funds. We usually show that to you as the last two pages of the financial report but missed those two so that is in the handout. With those corrections, it goes straight into the General Fund. This is a balanced budget in every respect. The money coming in covers expenses going out. And all is covered with operating monies. This is the first time for that in a long time.

The framework is on page 16. We originally asked, as a result of refinancing, for \$11 million more - \$7 million in fees and cuts of \$4 million that Council also asked for. Throughout the whole year there will be double scrutiny - with many positions not filled and achieved the \$4.3 million.

This year, we think we will end with about \$3.5 million as part of the plan and moving into next year, reduce the \$5.5 million and then will it will balance.

Mr. Rodriguez said the biggest piece - when we approved the capital budget for first time, is with a section called Maintenance and Operations. That was \$6.5 million in capital money used to pay for operations. That was part of the \$15 million deficit. We were able to take out those operating expenses and make them up with extra revenue and were able to change some operating costs into capital expenses. That is how it happened. We were not able to achieve the increase only in fees.

In the second table on page 1, you can see how we did everything possible. The biggest fee increase is \$1.2 million in parking. No specific plan for that yet. It is a goal to meet. The other big increase was airport - to have better collections there. For fee waivers, we are recommending a basic policy that more than half of them get cut. At least half have to be paid instead of giving fee waivers.

Moving forward, the full operation fund this year is starting on page 22 with revenue of \$320 million against expenses of \$306 million. So about \$20 million more in revenue and most of that will go to utility funds and the rest goes to capital expenses. The \$2 million difference in the General Fund goes also to capital.

Over the years, even accounting for inflation, revenue has generally been going down and that will continue. The big picture starting on page 26, is that most of those funds are positive now and in a couple of weeks, the BAR will put it into positive values with cash. Hopefully, there will be no negative balances at the end of next year.

Councilor Villarreal asked him to explain what transfers in and out are doing in the budget.

Mr. Rodriguez said transfers out are where General Fund or funds transferred from one fund to the other make it balance. Transfers in would be franchise fees and things like that. For instance, the franchise fee from the Water Fund to the General Fund. It is only between funds.

Councilor Villarreal asked for an example of transfer out.

Mr. Johnson said gasoline at airport in one. Page 26 shows it in fund 3116, which is a GRT fund. All of the money comes in from GRT and all goes out as a transfer out for which GRT is controlled by ordinance. Any remaining balance would transfer back to the General Fund. There are very few cases. Some of them are at the Airport, MRC and GCCC.

Councilor Harris asked if the \$20 million balance would be dedicated to capital expenses, primarily utility expenses.

Mr. Rodriguez agreed. That is part of the complication of having all of these funds. Some are transfers from elsewhere. Over time, they get crazy. We are trying to sweep them out. There is a \$56 million difference there now, such as in Police and Fire. We put that all into General Fund. Otherwise, it makes it hard to administer. The Fire Tax Fund runs a deficit every year. He didn't know what to do about it. That is why it is so complicated. There should be a very short list of transfers.

Chair Dominguez understood that part of it cannot be avoided. But you provided the transparency and minimize the number of transfers. It is a fundamental policy shift in this.

Mr. Rodriguez agreed. A transfer that was not transparent in the past was from Solid Waste. The lower the transfers, the better job we are doing. We try to give an overall picture and where everything is balanced and reveal the weaknesses and strengths.

In the total expenditure of \$82.3 million on page 30, almost half is for Public Safety. Compared with other cities, that is- in the ballpark. The biggest part of revenue (70%) comes from one source. It is very dependent on GRT. It is volatile and subject to change. A single event like a forest fire that drives visitors away would have a big impact.

Page 31 is the main thing. In the General Fund, we recommend a budget to put us in the black by about 11%. From the top, \$6.5 million is needed to meet the 1/12 reserve. We recommend that amount plus another 3% as contingency. We are embarking on something new here - to achieve the \$4.8 million cut in personnel through attrition. We can achieve that very safely through attrition. The attrition rate reflects current conditions and we are comfortable that we have enough resources to meet the need.

Next, we are recommending a net increase in revenue of 2.4%.

Mr. Johnson said the analysis of GRT applied 2.9% and adds back in lower expectation and an increase in hold harmless so it is really closer to a 2.3% increase.

Mr. Rodriguez said regarding the GRT increase, that we won't receive January until March - so about \$2.2 million less in income than previously expected. On the water side, it will come up by that amount.

Based on that, everything else is a safe concept. No increase in property tax is recommended.

The only other big change is in franchise fees. That is reflected as franchise tax next year, going from \$3 million to \$4.6 million. It is about \$1.48 million for the average of the last three years. That comes out to about \$1.48 million. It also includes \$900,000 in transfers from Solid Waste and will pay that amount for Solid Waste. So that zeros out.

Going down the departments, you will see a higher, almost 8% attrition rate but it is higher in the General Fund budget because all of the costs that were once shifted to other funds are no longer doing that. All of them are now shown where they report. So the Southside Library doesn't show in CIP or some other fund. Storm water is in Public Works. Now, the street maintenance expenses are in the General Fund. There are some costs that remain where they were. The River Coordinator is out of the Drainage Fund. A drainage engineer and parks support. Also in the drainage fund is a study to decide what to do with that department. That will have a \$1.8 million balance at the end of next year.

Most of the other departments will stay the same because they had no transfers.

Councilor Villarreal noted on page 31, in the expense section, that compared to last year, a lot of them went up so she asked if that had deficits.

Mr. Rodriguez said they mostly went up because positions in other funds were put in the proper places. It wasn't transparent before but we now show the costs where they belong.

Councilor Villarreal asked if there are other factors.

Mr. Rodriguez said no expansions are recommended, but there are no cost shifts either.

Mr. Johnson referred to page 29 for the detail on transfers to the General Fund and simplification of other funds. We would also account for paying for things that previously were paid for from other funds.

Mr. Rodriguez said that as a result, it will be hard to compare with previous years. It is a very different looking budget than in the past. It is balanced to within.

Chair Dominguez noticed in Quality of Life, that the outdoor rec budget is zero and asked if the base budget covers that.

Mr. Rodriguez agreed. As a result, we are balancing.

He commented that in the Police Court, that the Police are funded through police sources and some through property tax. It was a hard chore to report that in the past so we just combined those. Police is funded to the extent Council wants. Our Budget Officer wrangled all of that. It does make it hard to compare with previous years. This is a lot closer to what you have.

The biggest change is in the Capital Improvements Fund. Over the years, it was invaded by operations. It is now balanced. It was projected to have \$11 million deficit. The only issue is that this fund - we want to use from now on truly as a capital fund for capital improvements. So if we ever issue bonds, the projects will truly be shovel-ready. So at this point, there is not enough revenue to do that.

This fund used to be quite negative with lots of things that were not capital.

Chair Dominguez said it needs to have an overarching policy to just spend capital money in capital projects. He didn't see that in the general policies.

Mr. Rodriguez said it starts on page 4. That is the guide we used to follow this. Everything in our budget tries to follow that. One-time money is only for one-time projects that are shovel-ready.

Chair Dominguez said future Governing Bodies might not understand that as clearly. It is not part of our City Code. It could change next year. There should be some extra steps required to change that.

Mr. Rodriguez agreed. So an expansion of that will be part of the preamble. As you approve the budget, you approve things to implement. There has been a lot of conversation in Finance going that direction. Thanks for pointing that out. In this operations budget, there are no capital projects.

Mr. Rodriguez said for Parking - page 38 - he is recommending a significant tax increase as part of the \$1.3 million, and an increase in parking fees to balance it. That is shown behind the errata sheet on page 11 of the extra packet-

Councilor Lindell asked if the Committee will discuss that when we get to document 2.

Chair Dominguez agreed.

Mr. Rodriguez said in the Water Operating budget the costs went down about the same amount as the franchise fee. That was due to the increase in the franchise fee.

The other significant one is the Benefits Fund. It is on very last page of the budget - page 96. We estimated where we will end up this year and where we will end up in the future. There were hard decisions to make to get it back in the black. And now shows a \$5 million balance.

This year, the increased costs from insurance were small - less than 2%. Given all of that, we think it will stay at about \$4 million in future years.

Page 51 shows the higher attrition rate. Before we take that attrition rate into account, the total count is 1,483 FTE and 1,647 individual people, some of whom are part-time. Overall we think the count will go down slightly. Next year, we expect it to be several hundred lower. In calculating the attrition rate, we are trying to solve for a vacancy that hasn't occurred yet. We've talked about vacancy savings. We don't anticipate all positions will be 100% filled. So we always budget for less than that. Last year it was about 2%. We think at the end of the year, we will be well within those figures. We will report monthly on how it is going. He trusted that by the end of year, we'll be more comfortable with this.

Mr. Snyder said the errata in the yellow packet shows a way to do that by scaling back hours of library, etc. They are there for discussion purposes. Largely it is on pages 15-21 with examples by staff.

Mr. Johnson thought the overview covers it well. If anything is missing, we can get it to the Committee.

Mayor Gonzales commended the Staff for this document. It is complex mostly because of years of practice with too many funds created and a number of challenges. With the hopes that we can have a budget over time that is more user friendly and allows us to make better decisions and strategic offerings. Safe neighborhoods are important. He hoped that in looking at government operations, the public will see transparency and accountability. It is obviously a simpler process and people can find out on line how we are serving people. He hoped we can assure citizens that we have a government that helps them prosper.

Mayor Gonzales identified the five priorities. It is evident in the FIR that EGRT tax would start in January and gives several months to work with staff to balance budget goals. As we go through committees, this is set up and we know is subject to things like climate change and poverty. For those living in poverty, there is a sense of urgency at their doorstep. He believed this fund is innovative enough that we can find local and national partners to address them. He also commended the two new Councilors for their work here. We are moving in the right direction.

He said we will create a budget advisory committee to Finance. We cannot create a subcommittee under the charter so it will consist of Finance Committee members and community leaders with performance metrics and early buy-in to the process.

Chair Dominguez said the errata sheet is very confusing. It is important but confusing, because it talks about attrition, etc. He hoped it can be made clear. The GCCC rate structure is very clear even though he disagreed with some of it. Parking is the same - clear methodology. The rest of it - options for libraries and rec centers. He asked which option was used to balance the budget.

#### **b. Attrition Plan**

Regarding personnel, it summarizes his frustration with all the transfers. The City's biggest expense is personnel but Council has very little control over that. We need a policy on reporting and control of personnel. An example is E-90s. We didn't know how many we had. The attrition rate has many questions. Council has very little control over that, too. We need to keep our community safe but Council needs more information sooner. If it gets worse, it could be unsafe.

Councilor Lindell had many, many questions on document 2. It will take some time, but getting through document 2 will give the Committee a better focus. So if you will allow us to ask the questions on it, it will help.

Chair Dominguez agreed. The more we can talk about it now, the better when we get to departments.

Councilor Lindell said Finance is making great strides here - the transparency and re-righting the wrongs of many, many years. We do sometimes have to get into the weeds.

First, she asked where and how we are. We are televised and some people don't understand the terms like E-90s. She asked how many the City has.

Secondly, when we talk about attrition, we need to talk about how positions get transferred among departments or if we actually are eliminating that position.

Mr. Snyder said regarding E-90, that it is an emergency, ninety-day hire. The city has 62 right now. Of those 62, only 7 are within the 90-day period. Obviously, the system is broken. He signs off on all personnel actions and there are some 2,000 actions per year. He had no idea that the city had 62 and definitely didn't understand we had only 7 are in the 90-day period.

When you hire an E-90 - there are limitations on documentation. We put into place a process when the E-90 starts and when the employee stops being an E-90. There are 55 outside that window. E-90s have been around for many years. The intent is when a position becomes vacant and will be difficult to fill this process allows the function to continue with emergency hire no benefits but that person can apply for any vacant position in the City.

In looking backwards, some of them go back to 2008. So he asked staff to make a plan to phase them out by June 30 so we don't have them on the books as E-90s. It doesn't mean the function isn't needed. So we are working through a process for determining how and if the position is needed. And then move into permanent classification and if not, to justify why we need to keep the function and get a recommendation to meet those needs. Every position will be accounted for in the budget. It is now a moving target.

Some of the E-90s are not within the organization chart but all of them are in the budget. So we will make sure you know.

Councilor Lindell asked how that is reflected in the new budget. And are they reflected at all in the old organization charts. She asked how we would know which positions are E-90.

Mr. Snyder said, "You wouldn't and neither do I. If it is not on the organization chart, it will be done away with." Some positions on those organization charts might be E-90s. But they won't be after July 1. And even the employee probably couldn't tell you they are an E-90.

Councilor Lindell asked if that was addressed in the budget and whether those employees would have a position that is permanent and have benefits.

Mr. Snyder said they are going through right now. It is a justification process through HR and Finance.

Mr. Rodriguez said no E-90 is in a permanent position. Sometimes, departments use vacancy savings to pay for E-90 persons. That question is a perfect example of the confusion here. The policy is to cull down those to having no E-90 employees beyond 90 days.

Councilor Lindell appreciated very much that being addressed. It is very important. She noticed on page 31 of document 2, under City Clerk, one position is mail and duplicating. But she thought there was a budget section that says "no more paper packets." Mr. Snyder agreed.

Councilor Lindell asked about those three positions if we are no longer duplicating packets. She wondered if they would be transferred somewhere else. If we go paperless, we probably don't have a need for 3 people.

Mr. Snyder said their work is going more toward electronic duplicating. It will go through a process. He believed they are classified within AFSCME to work with the union about relocating and repurposing them to another part of the City. If no longer needed, they would not fill the E-90 position. It is like utilities as they moved to autometer reading.

The Mayor left the meeting at 11:21.

Mr. Snyder said a lot of the union personnel were absorbed within utilities and at least one retired. So that position is not budgeted and no longer exists. There are others in the organization chart that have no funding and will be deleted.

Councilor Lindell asked why the organization chart changed radically in 2 days.

Mr. Snyder said the first one is in the other document. The reason it is in errata is because of changes of personnel that were in Airport and Parking that are now in Public Works and were not shown on here. The other ones not shown were Affordable Housing and Economic Development that are now moved to Tourism. The Economic Development Department no longer will exist and that Department Director position will not be filled. Long Range Planning and MPO staff will be aligned with Land Use. Years ago, the department was Planning and Land Use. He did not know why LRP was removed from Land Use.

Affordable Housing and Economic Development will report directly to Tourism; whose Director has the skills to oversee them.

Councilor Lindell said, philosophically, she didn't see the rational for Affordable Housing to be under Tourism. She suggested that function is much more part of Planning and Land Use

Putting Economic Development under Tourism is also not a proper placement. She did not think she could support those two placements.

Chair Dominguez said the Committee can have that debate with staff and move in a direction.

#### **d. Other Budget Discussion**

Councilor Lindell referred to page 3 on city-wide fee waivers asked why there are no recommended proposals for fee waivers to address things like parking. We are cutting fire and police fee waivers in half; so she wanted to know why they are keeping the parking waiver.

Mr. Johnson clarified that the first list is for us just to catch errors. The rest of the document can be viewed in two ways: All that is related to fees is in the budget document. All positions to be deleted is in the attrition area, to move toward the vacancy rate proposed. In fee waivers, you're right that many are in the Parking Division. The analysis didn't have any direct impact on the General Fund so his approach was to focus only on those that impact the General Fund which are Fire, Police, and Recreation. With Parking, there is an option - either achieving the \$1.2 million through increased fees or lowering the waivers.

Councilor Lindell asked if that included the fee waiver for Violet Crown Theater.

Mr. Johnson agreed. Spanish Market, Indian Market, various convention center things, functions that Council waives like the Santa Fe High School graduation, parades and other events at the plaza, events at the Railyard. Those are the types. The budget is balanced without offsetting some of those fees. The waivers percentage has been reduced. Nonprofits would have to include parking in their budgets.

Councilor Lindell asked how we expect fire and police to be passed along. Those being cut in half.

Mr. Snyder agreed. Staff manages them in overtime.

Councilor Lindell asked if there was a list of those parking fees.



Mr. Snyder said for some departments, he has the complete detail and would provide it.

Councilor Lindell pointed out that whether changing or not, the Governing Body needs to own what is given away. We talked long about having fees cover the costs. So we need more specifics. Giving away \$600,000 is not a small amount of money. We need to have everyone take their responsibility on this.

Councilor Villarreal agreed. The City is giving waivers to support to community events but what about the overtime. Staff overtime is a big part of that cost. So we need to see where those waivers play into overtime. It is confusing in this breakdown.

Chair Dominguez asked Mr. Snyder to be ready to talk about overtime as part of fee waivers.

Councilor Villarreal added that we will have to decide which events will have no waiver. It should not be political but it is challenging and we need to avoid favoritism.

Chair Dominguez agreed that some policies right now do give that favoritism to several organizations. We can look holistically or discuss individual events. He made a note of that.

Mr. Snyder said avoiding that conversation altogether was why they proposed a 50% cut. He agreed to calculate the cost for overtime for the events and 50% across the board would keep the Council out of favoritism.

Councilor Lindell referred to page 10 on summer youth program and asked if there is no increase in summer program fees.

Mr. Snyder said in the current budget there is no fee increase. What is on page 10 is an evaluation by Staff on fee adjustments. Some cost us \$500,000 and bring in about \$89-90,000 on fees. The bottom line is that they are trying to get Staff to come up with 50% cost coverage and keep the bottom of the scale intact. That means covering \$37,000 to fund this program.

Councilor Lindell noted on page 36 in the organization chart that the City has 90 summer hires for this program. She asked how long the program goes.

Mr. Snyder said it is 8-10 weeks from 7:30 - 5:30 and provides breakfast and hot lunch. The proposed increase is on page 10 to raise the fees and it is not incorporated in the budget. This would go into effect in 2017 on May 17.

Chair Dominguez noted it is 11:50 and asked about a lunch break.

Councilor Lindell said she has a fair amount of questions on parking.

Chair Dominguez agreed to deal with that when we come back.

Councilor Villarreal had a concern for community development disappearing and the other one was

Public Works taking on the other departments that had division directors for three different areas. She thought that will lead to a bigger problem.

Chair Dominguez recalled in previous years, the Committee talked about aligning the facilities. He asked if that is still being looked at.

Mr. Snyder said in 2011, he was not the City Manager and was not aware of those discussions. This effort on fees charged was directed by himself with input by the divisions and they came back with what they felt are sustainable and similar to others in the community. They can comment on the fees. It was an effort by staff to compare with the private sector and whether the City could charge more competitive fees without driving people away.

Chair Dominguez could see that with GCCC but did not see that in the rest of the facilities. Are we keeping it consistent or will we allow big changes? On that same issue regarding alternative options on facility closures was a potential loss of revenue and there is no analysis on that. We need some methodology on it.

**12:00 pm – 1:00 pm**

**LUNCH BREAK**

The Committee recessed at 11:56 a.m. and reconvened at 1:05 p.m.

## **7. DEPARTMENT REVIEWS:**

- **Parking**

Chair Dominguez went back to Councilor Lindell's discussion on Parking.

She said, starting on page 11 in document two, that she appreciated the background on metered spaces. She asked for the capacity on City parking garages and how often they are at capacity.

Mr. Snyder said the Convention Center Garage is rarely at capacity. Sandoval is at capacity on a regular basis from downtown use and the Lensic.

Councilor Lindell didn't see parking managed on Sundays. When she comes here on Sunday, cars park in a spot and stay there all day - 8 hours. She was not sure why the City would not have enforcement on Sundays. That is something she would like to be considered. From the front page it is clear that we are trying to create a space turnover.

On page 13, on permits, she asked if those are done at current rates or increased rates.

Mr. Snyder deferred.

Councilor Lindell went to page 17 regarding alternative hours.

Mr. Noel Correia said they are addressing those items from document two, specifically starting after the introduction on page 13 on the monthly meter parking permit. The rates in this memo are first, the current rates and then the proposed rates. The current rate is less than \$10 per day.

Councilor Lindell thought consideration of proposed rates is good but she did not think charging \$120 for a monthly permit is enough. At \$125 per month, it would be \$6.25 per day which under the proposed rates for less than 3 hours. That doesn't seem to be enough. She would support permits that would direct them into the garage rather than metered spaces which are more important for visitors, customers, shop employees and tourists.

Mr. Correia agreed 100%. The reason is that going from \$63 to \$125 is doubling the rate. All the rate comes in ahead of use and monthly meter parking is not applied on Saturday. Some people would still buy the permit but we anticipate the number would go down.

Councilor Lindell asked if they couldn't raise that street meter parking permit higher and make garages a more reasonable alternative. She did not think \$125 is enough to park there all day, every day.

Mr. Correia said that is one reason they considered the increase. The parking garage still stays at \$62.25 so it is still an incentive.

Councilor Ives arrived at 1:15.

Councilor Lindell would like those who use permits to see that the garage is the only option.

Mr. Snyder said the budget is \$1.25 million and about 3/4 of that is from meters.

Councilor Lindell said she was just trying to create more turnover on the meters and didn't think this contributes to that.

Councilor Villarreal thought the language is unclear. It was \$63 and now \$125 but you give examples - that say it yields more than \$10 per meter. So if we doubled it, they would get there.

Councilor Lindell asked what the reserved parking spaces are.

Mr. Correia said that at the Railyard, some owners want reserved parking in front of their shops. That is the only place it is reserved.

Councilor Lindell asked how the Department determines who is an employee for the \$25 per month rate.

Mr. Correia aid they use the pay check stub.

Councilor Lindell said \$25 per month is a dollar a day. It is not unreasonable to consider 20 days in the month. She would suggest \$2 per day. That is not unreasonable to ask.

Mr. Snyder said the goal is to change behavior without penalizing. Downtown Merchants say that is where their customers come. He agreed that if it is cheaper to park on the street, there is no turnover. He was comfortable with this proposal. He often circles around 2-3 times for on-street without looking to park in the garage. This is a good conversation. We have a budget cap. The deficit is all on parking and however we move forward, we have to be mindful of that behavior change.

- **Library -**

Councilor Lindell went to page 15 in document two - library branch closures for 2 days per week. She asked how they came up with \$540,000 savings for that.

Mr. Snyder said if the City closes each library two days per week, the bottom line would be \$540,000. Most of that is for personnel and also security.

Councilor Lindell said if all were closed on weekends it calculated the total savings at \$76,000. But closing on alternate basis provides \$540,000. She asked why it was such a big difference.

Mr. Rodriguez said the reason they have staff here is so they can listen carefully to your questions. "Ask away - we'll make a note of those we can't answer right now."

- **Budget Planning**

Councilor Lindell said page 17 is basically same kind of questions. Closing Fort Marcy and Salvador Perez provides \$9,300 savings but closing further down the page at 6:30 gives \$52,000 savings. She also asked why O&M at Salvador Perez appears disproportional to Ft. Marcy. On page 20, at the bottom of the column there is the number \$37,000. She asked what that number represents. He asked if it is mas or is it menos?

Mr. Snyder thought it should be \$137,000.

Chair Dominguez welcomed Councilor Ives and explained they are talking about everything under the City Manager's Budget now.

Councilor Harris thought this is a multi-year project of at least two years. This is surely the first year toward long-term stability. He attended Council and Finance prior to election and was impressed by the people who serve the City. There is a genuine acknowledgment of what needs to be dealt with. From that came best practices in a five-year plan. It is a problem-solving approach. His take is that people have not been dogmatic. They are looking for opportunity and refinancing debt is a demonstration of that. What came up recently is the departmental discipline for the budget in place and he thought the Department Directors were cooperative. We've also factored in the attrition rate of 7-8 %.

So here we are looking at the second year - looking at a balanced budget with greater transparency. The fact that we are under 300 funds is necessary but we have a lot more to go. Having the General Fund as parent fund is good. The transfers in and transfers out is confusing. He had heard Mr. Rodriguez say a much lower number of transfers is a good performance indicator and he agreed and will watch out for that.

This budget is a strategic plan. We've heard general agreement on the budget committee. With the Patrick Romero resolution, hopefully we can be at the same table.

He had some of the same questions on the organization chart.

He noted the discussion on conductivity indicators and had more questions.

All of his comments are in document 1. On page 8, as he understood, this effort is part and parcel of creating the strategic plan. Particularly after two years of attrition, implementing the metrics makes sense. Implementing it in 2017 rather than now is a question. In the 3<sup>rd</sup> year, the indicators will have a more solid basis and he hoped we still have economic activity. We should do what we can to continue it.

For detail questions, Councilor Harris said it took him time to understand "span of control" and asked how they would use this principle to move forward.

Mr. Snyder said span of control is a well-published term. To be a good supervisor, their span of control should be 5-7 employees directly reporting. But organizationally, the City is all over the place. Currently, he has 22 reporting to him and some supervisors have only 2. 5-7 is a good target. For those with only two, he would have recommended eliminating it when it comes vacant.

Park Supervisors have a larger span of control because of the type of work they are supervising. Tourism and Housing & Community Development are outside of that range on the low end.

Councilor Harris asked how productivity indicators are worked into the plan.

Mr. Snyder looked at this as an integrated process within the City, meaning not only with Council and Staff but also community input. As somebody not involved in the City, many take for granted the services provided. People are astounded when all of them are identified. What is reasonable and realistic? Through a strategic plan, we create a vision for what this City provides. In talking with Kathryn Miller, we know that changing plan is >> It addresses how well are we doing internally and externally.

What we can see in the budget process is how we need to shift our resources. It is a gauge of measurement. With some, we are gathering good data now - like fire and police. Expanding that to Public Works is like filling pot holes.

Councilor Harris asked if he will craft such a plan.

Mr. Snyder agreed. We have \$50,000 in the budget for that. The ERP is integrated with that data collection.

Councilor Harris noted the assumed attrition rate on page 17. The City had a 2% vacancy rate this year. He asked if those are synonymous.

Mr. Snyder said no. The vacancy rate is an average of 2% right now. Fire has zero. Police has much a larger rate. Above that, throughout the year, there are about 5.8% still sitting in the personnel department and that is the attrition rate. It may or may not be sustainable into the future.

Chair Dominguez noted in the document that- you say "strategically slow the hiring process" on page 16. He asked what that means.

Mr. Snyder said they have justified positions. Some are hard to fill. It is a balance between being strategic (when unable to fill positions). If we can fill it internally, we will try that. And some people have to do two jobs.

Councilor Harris asked how that assumed 5.8% attrition rate will happen in the next fiscal year.

Mr. Snyder said that depends on how we do it. Setting levels of expectation. Some, as they come up the career ladder, have to do multiple jobs. The goal of strategic planning is to align our services to perform those tasks.

Councilor Harris referred to page 13 where there is a reserve balance of \$22 million. Most of it is in the utility department.

Mr. Rodriguez said that is only about \$8 million. You can see the cash balance on the last two pages. That is what it is tied to for all the funds out there.

Councilor Harris asked what is unrestricted.

Mr. Johnson said they are the balances that came from the most recent finance report.

Mr. Rodriguez added that there is a lot of cash out there but a lot has accumulated deficits against it.

Councilor Harris asked if there is bond money in that total and if they are considered unrestricted.

Mr. Rodriguez said all the restricted is taken aside. He pointed him to page 24. You can see by fund the actual cash that is there. We bring the report every month with all that is there. There is \$50 million there but much of it has obligations attached. So we have to clear up the remaining debt. Most of that is Water and wastewater.

Councilor Harris referred to page 22 and said Councilor Lindell highlighted that under impact fees. He thought the impact fees went back into place for residential.

Mr. Snyder agreed but that money can only be used if they are not used on operations.

Councilor Villarreal asked how does that amount gets allocated.

Mr. Snyder said it is collected through Land Use and distributed by Public Works. At one point we talked about moving police fees in there. He offered to provide the break out.

Mr. Rodriguez said the Governing Body will have a chance to determine that later. We will bring the proposals to you to decide.

Councilor Harris said most of that is in the "other grant" category.

Councilor Harris asked Mr. Snyder to confirm the footnote on page 31 - year end actuals and estimated transfers. Mr. Rodriguez said it is needed to balance the funds. So that balancing occurs this fiscal year or into next.

Mr. Rodriguez said it is this year plus the \$1 million deficit at MRC.

Councilor Villarreal asked if they got the breakdown on parking.

Mr. Snyder said they are trying for a balance of on-street and off-street parking. The garages close in the evening so they get free parking and possibly no charging on Sundays.

Councilor Harris said we keep bringing up the performance measures in the future. He asked if we have those in all departments.

Mr. Snyder said that could tie in with PDP (personnel evaluation) and how they are achieving those goals.

Councilor Villarreal encouraged empowering employees and how they could function better in the City as a whole.

Chair Dominguez asked, on that point, if we currently have performance evaluations for every employee.

Mr. Snyder agreed but they might not be doing them well in all departments.

Chair Dominguez reasoned that needs to come out of this body. Every department and every employee needs to have that done.

Councilor Villarreal went to page 22 and said she wished there was clarification of what these Airport rentals and other rentals are. The Airport is a drastic increase but doesn't explain what that includes.

Mr. Johnson said it is directly related to rental cars but we don't have exact details on that.

Councilor Villarreal asked what the others are, like ambulance fees, meals fees, police and court fees.

Mr. Johnson agreed to provide that to her with specific definitions on those later.

Chair Dominguez added that the department staff should also respond.

Councilor Villarreal said she has been talking with Mr. Rodriguez about participatory budgeting. She knew it doesn't fit well how the public understands the budgeting but there is a place for it - maybe under CIP. That would provide a more transparent process and help to understand priorities. It helps the public understand the tough job we have. It requires more time but works well. We may have to make adjustments - give up something. She would like to work with Finance Staff to see.

Chair Dominguez said he could sign onto that. Some sectors are much more active than others.

Councilor Ives agreed it is the beginning of a long process. He said under change highlights on document 1, page 1, to cut through the 7.8% attrition rate, while good and ultimately the goal we need, we can't predict who will be leaving so we don't know where attrition will occur. In some areas we are very thin.

He asked how this attrition is occurring and when a department is thin already, if they can identify what places attrition should not happen. What process will be used?

Chair Dominguez had that questions too.

Mr. Snyder saw it all starting with the strategic plan - how we get the alignment that falls in the categories we've put in place. How are we delivering service now and what can we do to improve it?

Councilor Ives thought they should not wait for a strategic plan to make the assessments. We probably know enough now in the departments where we are thin and also where staff is in excess. It should be informed by a strategic process.

Regarding performance measures, if it is something you should be doing, it is something to start now as opposed to waiting - to define what those are and what they should be. There are procedures that can inform that process as we go through budgeting.

Councilor Ives yearned for the capital budget. He knew the first version is just what is in everyone's head and not so much a strategic plan. Maybe we'll have it next week.

In the budget on page 19 - increase parks fees to generate \$100,000, he heard half of \$500,000 was needed so fees need to be more

Chair Dominguez said, in that same light, that is a question he had. The magic number is \$200,000 as he heard.

## SUMMARY



Chair Dominguez said they want information related to attrition - a better picture on what it looks like

We don't want to wait until strategic planning is done. We just need to understand the work flow.

For Parking, we need to consider an increase in parking fees but have a philosophical discussion about it. He understood they either do the \$1.5 million with the waivers in place.

Mr. Snyder said it needs to generate another \$900,000 in new revenue and on the new revenue side, what effect it would have on the on-street parking. They need about \$1.2 million, largely from transferring the debt service to parking.

Chair Dominguez asked if it should be moved back.

Mr. Rodriguez said we don't have a choice. The parking does get revenue and should bear some of the debt service. This is the third year of that plan. Parking assumes 10% and then 20% and then 30% - now it is the total amount.

Chair Dominguez said the Parking Department was completely dysfunctional but now it is okay.

Mr. Rodriguez said it was part of General Fund and now is solely parking.

Councilor Ives mentioned the policy shift on parking violations from criminal to civil to enhance getting tickets paid. He asked if that is figured in in any way or yet to be seen.

Mr. Rodriguez said that should be considered one-time money.

Councilor Ives clarified he was talking about going forward. The city wrote about \$34,000 in tickets annually. So in doing so, does it enhance connections?

Mr. Johnson said the current plan anticipates a more realistic calculation. The proposal on the table by Parking is that we would be issuing fewer parking tickets because more people would use the garage.

Chair Dominguez said, to summarize, that there will be decisions when going to the departments. Obviously we need some more discussion on that. Libraries need a decision as well.

Regarding performance measures, to make that shift over, Council needs to create a vision - a message to staff that it is important. That is one of the things - not coming from management but we as representatives of the public. To be honest, there are little measurements in each department. They still need some work on getting a clear picture to account for personnel. We have too many employees but the reality is that we don't know. He would also like a policy on keeping Council informed about personnel decisions.

Regarding the book provided on the page on long term debt, the intent is that Council approval is needed on those.

Mr. Rodriguez agreed.

Chair Dominguez said those need to be highlighted.

The other question he had was the joint agency collaboration with the County. He encouraged including Santa Fe Public Schools in that. They have a big payroll and a fleet to gas up. We ought to bring them into the equation if we can.

He asked if the City has gotten any buy-in from the County on those items in the budget book.

Mr. Snyder said the City and County will each put in \$30,000 to do those collaborations. In evaluating this, it is a sign they are committed to it and so are we.

Chair Dominguez didn't hear much about that. So the message back to the County is that we are considering it.

For Wastewater, there are two things - are those improvements mandates from the feds or just internal measurement.

Mr. Snyder said it is just a requirement for renewal of the permit. It gets more stringent each year. It is hard for us to remove those bio-solids from the water. But we must meet the permit requirements (bio solids). We are also mandated by the state to get off the amount of effluent injected into the ground.

Chair Dominguez asked if the requirement has changed from last year.

Mr. Snyder was not sure but the permits are more stringent. We did heavy lifting this year on renewing the permit. But we must meet the state requirements.

Councilor Harris asked for thoughts on hold harmless.

Mr. Rodriguez said we have a \$12 million mountain to climb. On top of that, he still sees the trend of GRT overall to be declining. On the other side of the mountain is a revenue stream that is better than GRT. There has to be greater reliance on other sources including property taxes.

Lastly, we need to truly look at all efficiencies. The idea that we operate out of five city hall buildings has to be solved. At some point we have to rethink those. And get the solution to get out of deficit.

Councilor Ives noted on Wastewater reclamation, his understanding is that the current digester meets the needs from wastewater. But we don't have any failsafe if that digester goes down. We couldn't perform that function. So not only do we need increased capacity but also a safer and more secure system with redundancy.

Mr. Snyder agreed there is not a lot of redundancy and our systems are large and conventional. The Parks Master Plan is looking at that and also looking for land for another digester. It would bring large problems without the digester.

Councilor Ives was curious to hear about excise tax revenues and health care and understanding the need for changes to our leave policy.

Mr. Rodriguez said currently, we are outside the scope of a Cadillac excise tax plan. We will be just outside of the scope for that.

Councilor Ives knew that last year, we had a significant liability.

Mr. Rodriguez said the criteria for that ax is clear. It is getting negotiated.

Chair Dominguez had questions from Mr. Snyder on how to move toward.

Mr. Snyder said he has a summary of what we discussed today and suggest we begin tomorrow morning on department reviews.

The Finance Committee recessed at 2:50 p.m.

Approved by:

  
Carmichael Dominguez Chair

Submitted by:

  
Carl Boaz for Carl G. Boaz, Inc.

