



Agenda

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

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

CITY CLERK'S OFFICE

DATE 12/1/16 TIME 1:40p
SERVED BY Yolanda Green
RECEIVED BY [Signature]

Regular Finance Committee Meeting – October 31, 2016
Regular Finance Committee Meeting – November 14, 2016

CONSENT AGENDA

6. Request for Approval of Memorandum of Understanding – Wastewater Service for Turquoise Trail Business Park, End of Trail Condominium and the Industrial Park at Rancho Viejo Developments; Santa Fe County. (Stan Holland)
7. Request for Approval of Cooperative Price Agreement and Construction Services Agreement in the Amount of \$67,452.26 – Ft. Marcy Recreation Complex Building, Family Locker Room Remodeling; Cooperative Educational Services (CES)/Facility Build, Inc. (Jason Kluck)
8. Request for Approval of Procurement Under State Price Agreement and Service Agreement in the Amount of \$77,700.72 – Maintenance and Repairs for City's Land Mobile Radio System; Motorola Solutions, Inc. (Larry Worstell)
9. Request for Approval of Procurement Under Cooperative Price Agreement and Service Agreement in an Amount to exceed \$50,000 – Automotive Vehicle Maintenance, Parts, Repairs and Labor for Transit Division; Fincham Enterprise, Inc. (Lois Amador)
10. Request for Approval of Amendment No. 1 to Professional Services Agreement and Budget Amendment in the Amount of \$57,942 – City-Wide ADA Ramps Being Surveyed as Part of the Mandated Public Rights-of-Way Transition Plan and Term Extension; KFH Group, Inc. (David Chapman)
11. Request for Approval of Memorandum of Agreement – Establish Roles and Responsibilities Related to US Department of Transportation and New Mexico Department of Transportation Air Service Grants for Santa Fe Municipal Airport; Santa Fe Chamber of Commerce Opportunities Fund, Inc. (Cameron Humphres)



Agenda

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

12. Request for Approval of Amendment No. 1 to Professional Services Agreement in the Amount of \$136,411 – Agua Fria Street/Cottonwood Drive Intersection Safety Improvements Project (RFP #16/16/P) Phases 2 and 3 Services; Souder, Miller & Associates. (James Martinez)
13. Request for Approval of Amendment No. 2 to Professional Services Agreement in the Amount of \$10,346.64 – GRT Reimbursement for Data Consultant Services for Children and Youth Commission; Jill S. Reichman, Ph.D. (Chris Sanchez)
14. Request for Approval of a Resolution Establishing City of Santa Fe Legislative Priorities for Consideration by the New Mexico State Legislature During the 53rd Legislature - State of New Mexico – First Session, 2017. (Mayor Gonzales, Councilors Lindell, Villarreal, Ives, Maestas, Dominguez, Rivera, Trujillo and Harris) (Brian Snyder)

Committee Review:

Public Works Committee (approved)	11/07/16
Finance Committee (postponed)	11/14/16
Public Utilities Committee (scheduled)	12/07/16
Public Works Committee (scheduled)	12/12/16
City Council (scheduled)	12/14/16

Fiscal Impact – No

15. Request for Approval of a Resolution Directing the City Manager to Work with Staff to Explore the Feasibility, including Fiscal Impact, of Creating a Recreational Vehicle Dump Station for Local Residents and Travelers to our City. (Councilor Trujillo) (Shannon Jones)

Committee Review:

Public Works Committee (approved)	11/07/16
Public Utilities Committee (scheduled)	12/07/16
City Council (scheduled)	12/14/16

Fiscal Impact – Yes - \$1,200 for Personnel, Fringe and other Operating Costs.

16. Request for Approval of a Resolution Calling for a Series of Meetings Between the City of Santa Fe and Santa Fe County Regarding a Potential Future Joint Water Authority. (Councilor Ives) (Andrew Erdmann)

Committee Review:

Public Utilities Committee (scheduled)	12/07/16
City Council (scheduled)	12/14/16



Agenda

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

Fiscal Impact – Yes

17. Request for Approval of a Resolution Amending the Membership Requirements of the Santa Fe Water Conservation Committee so that a Resident of Santa Fe County is Appointed to the Membership; and to Clarify Term Limits of the Membership. (Councilor Ives) (Christine Chavez)

Committee Review:

Water Conservation Committee (approved)	11/15/16
Public Utilities Committee (scheduled)	12/07/16
City Council (scheduled)	12/14/16

Fiscal Impact – No

18. Request for Approval of a Resolution to Accept the Donation of a Prefabricated Building for City Ownership. (Councilor Harris) (Matthew O'Reilly)

Committee Review:

Public Works Committee (approved w/amendment)	11/07/16
City Council (scheduled)	12/14/16

Fiscal Impact – Yes - Expenditure = \$13,000; Revenue = \$40,000 for Value of Building and Relocation Costs.

END OF CONSENT AGENDA

DISCUSSION

19. Request for Approval of Exempt Procurement in the Amount of \$75,000 – Annual Membership Fees, Training and Consulting Services for Government Officials; New Mexico Municipal League. (Robert Rodarte)
20. Request for Approval of Report on Program and Service Inventories Development and Performance Measurements Pursuant to Resolution No. 2016-67 (Strategic Planning). (Adam Johnson)
21. Discussion on Quarterly Financial Report. (Andrew Hopkins, Christina Keyes and Bradley Fluetsch)
22. Request for Approval of City's Investment Policy with Recommended Amendments Required on an Annual Basis. (Bradley Fluetsch)



Agenda

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

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23. MATTERS FROM STAFF
 24. MATTERS FROM THE COMMITTEE
 25. ADJOURN

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

**SUMMARY INDEX
FINANCE COMMITTEE MEETING
Monday, December 5, 2016**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER & ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved [amended]	2
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
<u>APPROVAL OF MINUTES</u>		
REGULAR FINANCE COMMITTEE MEETING – OCTOBER 31, 2016	Approved	4
REGULAR FINANCE COMMITTEE MEETING – NOVEMBER 14, 2016	Approved	4
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – WASTEWATER SERVICE FOR TURQUOISE TRAIL BUSINESS PARK, END OF TRAIL CONDOMINIUM AND THE INDUSTRIAL PARK AT RANCHO VIEJO DEVELOPMENTS; SANTA FE COUNTY	Approved w/direction to staff	4-7
REQUEST FOR APPROVAL OF COOPERATIVE PRICE AGREEMENT AND CONSTRUCTION SERVICES AGREEMENT IN THE AMOUNT OF \$67,452.26 – FT. MARCY RECREATION COMPLEX BUILDING FAMILY LOCKER ROOM REMODELING; COOPERATIVE EDUCATIONAL SERVICES (CES)/FACILITY BUILD, INC.	Approved	7-9
REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – ESTABLISH ROLES AND RESPONSIBILITIES RELATED TO U.S. DEPARTMENT OF TRANSPORTATION AND NEW MEXICO DEPARTMENT OF TRANSPORTATION AIR SERVICE GRANTS FOR SANTA FE MUNICIPAL AIRPORT; SANTA FE CHAMBER OF COMMERCE OPPORTUNITIES FUND, INC.	Approved	9-11

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$136,411 – AGUA FRIA STREET/COTTONWOOD DRIVE INTERSECTION SAFETY IMPROVEMENTS PROJECT (RFP #16/16/P) PHASES 2 AND 3 SERVICES; SOUDER, MILLER & ASSOCIATES	Approved	11-12
REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING CITY OF SANTA FE LEGISLATIVE PRIORITIES FOR CONSIDERATION BY THE NEW MEXICO STATE LEGISLATURE DURING THE 53 RD LEGISLATURE, STATE OF NEW MEXICO, FIRST SESSION 2017	Approved as amended	12-21
REQUEST FOR APPROVAL OF A RESOLUTION CALLING FOR A SERIES OF MEETINGS BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY REGARDING A POTENTIAL FUTURE JOINT WATER AUTHORITY	Approved	21-22
REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE MEMBERSHIP REQUIREMENTS OF THE SANTA FE WATER CONSERVATION COMMITTEE SO THAT A RESIDENT OF SANTA FE COUNTY IS APPOINTED TO THE MEMBERSHIP; AND TO CLARIFY TERM LIMITS OF THE MEMBERSHIP	Approved	22-23
***** END OF CONSENT CALENDAR DISCUSSION *****		
<u>DISCUSSION AGENDA</u>		
REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT IN THE AMOUNT OF \$75,000 – ANNUAL MEMBERSHIP FEES, TRAINING AND CONSULTING SERVICES FOR GOVERNMENT OFFICIALS; NEW MEXICO MUNICIPAL LEAGUE	Approved w/direction to staff	23-26
REQUEST FOR APPROVAL OF REPORT ON PROGRAM AND SERVICE INVENTORIES DEVELOPMENT AND PERFORMANCE MEASUREMENTS PURSUANT TO RESOLUTION NO. 2016-67 (STRATEGIC PLANNING)	Approved	26-28

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
DISCUSSION ON QUARTERLY FINANCIAL REPORT	Information/discussion	28-38
REQUEST FOR APPROVAL OF CITY'S INVESTMENT POLICY WITH RECOMMENDED AMENDMENTS REQUIRED ON AN ANNUAL BASIS	Approved	38-40
MATTERS FROM STAFF	None	40
MATTERS FROM THE COMMITTEE	Happy Holidays	41
ADJOURN		41

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, December 5, 2016

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:20 p.m., on Monday, December 5, 2016, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

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

OTHERS ATTENDING:

Adam Johnson, Acting Director, 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

Adam Johnson, Acting Director, Finance Department, said he would like to pull Item #13 and postpone it to the Finance Committee meeting of January 3, 2016.

Councilor Lindell said this was one of the items she had marked to remove for discussion. She said, in preparation when this comes back to the Committee, she has questions regarding the language on page 2 of the PSA, Item B, which says, *"The contractor shall be responsible for payment of Gross Receipts Tax levied by the State of New Mexico on the sums paid under this agreement."*

MOTION: Councilor Ives moved, seconded by Councilor Villarreal, to approve the agenda, as amended.

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

4. APPROVAL OF CONSENT AGENDA

A copy of a Legislative Summary, with attachments, for Item #14, is incorporated herewith to these minutes as Exhibit "1."

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

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

CONSENT AGENDA

6. *[Removed for discussion by Councilors Villarreal and Lindell]*

7. *[Removed for discussion by Councilors Villarreal and Lindell]*

8. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND SERVICE AGREEMENT IN THE AMOUNT OF \$77,700.72 – MAINTENANCE AND REPAIRS FOR CITY'S LAND MOBILE RADIO SYSTEM; MOTOROLA SOLUTIONS, INC. (LARRY WORSTELL)**

9. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT AND SERVICE AGREEMENT IN AN AMOUNT TO EXCEED \$50,000 – AUTOMOTIVE VEHICLE MAINTENANCE, PARTS, REPAIRS AND LABOR FOR TRANSIT DIVISION; FINCHAM ENTERPRISE, INC. (LOIS AMADOR)
10. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT AND BUDGET AMENDMENT IN THE AMOUNT OF \$57,942 – CITY-WIDE ADA RAMPS BEING SURVEYED AS PART OF THE MANDATED PUBLIC RIGHTS-OF-WAY TRANSITION PLAN AND TERM EXTENSION; KFH GROUP, INC. (DAVID CHAPMAN)
11. *[Removed for discussion by Councilor Ives]*
12. *[Removed for discussion by Councilor Harris]*
13. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$10,346.64 – GRT REIMBURSEMENT FOR DATA CONSULTANT SERVICES FOR CHILDREN AND YOUTH COMMISSION; JILL S. REICHMAN, Ph.D. (CHRIS SANCHEZ) This item was removed from the Agenda and postponed to the Finance Committee meeting of January 3, 2017.
14. *[Removed for discussion by Councilors Ives and Villarreal]*
15. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO WORK WITH STAFF TO EXPLORE THE FEASIBILITY, INCLUDING FISCAL IMPACT, OF CREATING A RECREATIONAL VEHICLE DUMP STATION FOR LOCAL RESIDENTS AND TRAVELERS TO OUR CITY (COUNCILOR TRUJILLO AND COUNCILOR IVES). (SHANNON JONES) Committee Review: Public Works Committee (approved) 11/07/16; Public Utilities Committee (scheduled) 12/07/16; and City Council (scheduled) 12/14/16. Fiscal Impact - Yes - \$1,200 for personnel, fringe and other operating costs.
16. *[Removed for discussion by Councilor Lindell]*
17. *[Removed for discussion by Councilor Lindell]*
18. REQUEST FOR APPROVAL OF A RESOLUTION TO ACCEPT THE DONATION OF A PREFABRICATED BUILDING FOR CITY OWNERSHIP (COUNCILOR HARRIS, COUNCILOR IVES AND COUNCILOR LINDELL). Committee Review: Public Works Committee (approved with amendment -12/07/16; and City Council (scheduled) 12/14/16. Fiscal Impact - Yes - Expenditure = \$13,000; Revenue = \$40,000 for value of building and relocation costs.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES

**REGULAR FINANCE COMMITTEE MEETING – OCTOBER 31, 2016
REGULAR FINANCE COMMITTEE MEETING – NOVEMBER 14, 2016**

MOTION: Councilor Ives moved, seconded by Councilor Lindell, to approve the minutes of the regular Finance Committee meetings of October 31, 2016 and November 14, 2016, as presented.

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

CONSENT CALENDAR DISCUSSION

6. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – WASTEWATER SERVICE FOR TURQUOISE TRAIL BUSINESS PARK, END OF TRAIL CONDOMINIUM AND THE INDUSTRIAL PARK AT RANCHO VIEJO DEVELOPMENTS; SANTA FE COUNTY. (STAN HOLLAND)

Councilor Villarreal asked Mr. Holland to give a little background about these facilities at the time they were built, asking if he knows the impetus at the time for these to be private facilities run by the County versus looking at hooking up to the City's system.

Stan Holland presented information from his Memorandum of October 31, 2016, with attachments, to the Public Utilities Committee/Finance Committee/City Council, which is in the Committee packet. Please see this document for specifics of this presentation. He said at the time these facilities came on line they did get City water, but he is unsure of the reason they were not allowed to hook-up to the City sewer, and they weren't included in the Thornburg Development.

Councilor Villarreal asked Mr. Sommer to provide more information.

Karl Sommer, Attorney, said, "The two developments we're talking about are fairly old in comparison to the other infrastructure that you are now familiar with, which is the lift station and the Thornburg Master Plan. This goes back to... the Council will recall there was a lawsuit involving PNM when it owned the system and the prison and the extension of water service outside the City boundaries. And there were no sewer service facilities that were available to the City system, but PNM owned the City's Water System at the time, and extended water service out there. There was a big lawsuit. It was settled. These two developments became City water customers and were City water customers throughout this time until the City and the County entered into the agreement whereby customers south of the Interstate here became County customers. So the answer to your question is when the City water was extended, Councilor you probably recall, Joe Gonzales was the head of the Department. And the implication was when City water is extended, other City services..... but they weren't available."

Mr. Sommer continued, "After the extension, the Thornburg Family did the Thornburg Master Plan. This was not part of that Master Plan. That came after this. And so had it been part of this master plan, it would have been included, but it was already developed, already approved and finished actually. And when the Thornburg Master Plan was done, that's when this lift station that provided actually access to the City Sewer System was developed. So these facilities that are in place right now, which is a private package plant that's operating, and it was privately owned, privately maintained throughout these years. And there was no other choice because City Sewer wasn't available at that time. And the sequence was that it became available much later."

Councilor Villarreal asked Mr. Holland to talk about the annual water budget of the businesses, which is provided in the packet, and the impact it will have on the wastewater system and infrastructure. How does that correlate. She's said she is talking about the amount of water and the budget, and she's trying to figure out if there is a way to quantify how it impacts the wastewater system – is there a formula or something.

Mr. Holland said since we have this lift station, it acts as a check valve, meaning the pumps probably will come on a little more frequently, but they're only to put out so many gallons per minute into our system. He said he is unsure of the exact amount, but it's been in place, and it's not like they will be increasing the flow to it. He said we have a line that is adequately sized to handle it. So, as far as our collection system, the pipe that gets up to the plant, we don't foresee any problems whatsoever with that. He said, regarding the plant itself, we've been discussing that, and we have the capacity to treat it, but we have to look at our Permit issues and what limits might be coming up – that's a moving target now.

Councilor Villarreal asked, "What do you mean by that last statement."

Mr. Holland said he doesn't know what the State will come up with down the road, in terms of pollutants and so forth.

Councilor Lindell said we've talked about this some, and she would like him to talk about it again. She said this is a little different than some of the other requests we've had. She said we have talked about how people hook into the system, but don't bear any of the cost of having built that system. We talk about the long-term capacity of this system. She asked him to speak to either of these in terms of the capacity we have for hooking people into the system.

Mr. Holland said we have the sewer pipe collection system and the plant itself. He said in this case, we are aware that if people outside the City are going to start collection, there will be limited points where they can connect. In this case, we have a lift station that was designed, and we knew they were going to connect. They actually built a line from our Arroyo Chamiso line in Cerrillos Road near the Las Soleras subdivision. They brought that line to Mutt Nelson specifically to service this lift station. He said in the future there will be others that come in, and it will be a question of where to tie them into our system, and "is it meant to be tied into our system. He thinks that is where the City will be flexing a little more muscle, saying this isn't a good place for you to be connecting. For example, tying-into a residential neighborhood with a line going through it, the odor can be a problem. It can be an older section of town,

we could have capacity issues with a lift station or something like that. He said to date, we've been blessed with the ones we had in the sense they have been able to tie-into areas where they could tie-in. However, he thinks it will be more difficult as we go forward and a development comes on board.

Mr. Holland continued, saying the plant issue is something of which we need to be aware. We are doing studies right now to see what kinds of nutrients we can have coming in. He said that can change every 5 years, as we renew our permits. We're in good shape right now, but we need to keep an eye on it and let you know when we think we will see trouble with that.

Councilor Lindell said these aren't things she has an in-depth knowledge about. She can read her packet, but really depends on a professional such as Mr. Holland to help us through this and make sure we're doing what's best for our citizens.

Councilor Harris said he understands the County is anticipating building a waste treatment facility in the general vicinity.

Mr. Holland said he is unsure, but there are representatives from the County that might be able to address that.

Councilor Harris said then it's probably very far in the future.

Mr. Holland said there is the Quill Plan at the State Penitentiary, there is Rancho Viejo with this system, the Community College, but he's heard nothing concrete about it.

Councilor Ives suggested Claudia Borchert might have a full answer for the last question.

Claudia Borchert, Santa Fe County, said the County has a wastewater treatment plant which is just north of the State Penitentiary, and the County currently is doing a preliminary engineering report to analyze what it would mean to convert that, noting it is about 30 years old and needs to be overhauled into a new wastewater treatment plant.

Councilor Ives said the agreement talks about a Wheeling Fee, and asked if that is being used, and if so, how has that been developed, and if not, why not.

Mr. Holland said that was included for an MOU, but is unsure if it was for St. Francis South because of the length of the pipe we've had. He said since it was put in, it has been left in, and it was actually dealing with the pipe for the transportation of the water at that time. He said, with regard to how it applies to this case, somebody from the Water Division would need to come in to speak to that. But that's where that came from. He said they may have been able to remove it with no harm/no foul if we had done that, but again, it is one of those things that was almost standard to be left in the MOU.

Councilor Ives said it can be imposed for the use of City-owned infrastructure in accordance with the agreement relating to water/wastewater/solid waste. He said he previously said until we sit and understand the full impacts of these kinds of expansions into the County, he isn't a fan of approving these. He said in this circumstance the existing private system is failing, and he doesn't have a problem in being a good neighbor in trying to facilitate the conveyance of wastewater in a limited amount. He reiterated he would welcome the opportunity to sit with staff and would ask staff to please set up a meeting. He is curious if there are other projects currently being considered.

Mr. Holland said there may be 2 in Agua Fria Village that would involve a public main line extension. He said because it is in the County and a public main line extension, it will have to go through the whole review process and be brought forward. He is unaware of any on his radar right now.

Councilor Ives asked Mr. Holland to find dates in January when this Committee and interested Councilors and staff can sit and talk through the details of that relationship and how these MOUs work and get a handle on it, because it may have negative impact on the City in the end.

Chair Dominguez asked staff to work with the Public Utility Committee to make that happen. He is happy to work on it for the Finance Committee as well.

Councilor Ives said he is requesting an informal meeting with staff to talk through the issues as a preliminary step.

MOTION: Councilor Ives moved, seconded by Councilor Villarreal, to approve this request, with the aforementioned direction to staff.

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

7. REQUEST FOR APPROVAL OF COOPERATIVE PRICE AGREEMENT AND CONSTRUCTION SERVICES AGREEMENT IN THE AMOUNT OF \$67,452.26 – FT. MARCY RECREATION COMPLEX BUILDING FAMILY LOCKER ROOM REMODELING; COOPERATIVE EDUCATIONAL SERVICES (CES)/FACILITY BUILD, INC. (JASON KLUCK)

Councilor Villarreal said she didn't get a clear understanding of what remodeling will be done here from the packet, and asked Mr. Kluck to talk about this.

Mr. Kluck said the remodeling at Ft. Marcy came about because two young boys were molested in the male locker room two years ago. He said they are completely removing one of the two existing single uni-sex bathrooms in the administration office, and remodeling the second to be ADA compliant. And then putting in a little locker room that opens on the pool area where the other bathroom was, in effect, making a family style locker room.

Councilor Villarreal said then when you first walk into Ft. Marcy the bathrooms on the left for staff will be converted to the family locker room, and Mr. Kluck said this is correct.

Councilor Villarreal asked if this is the same contractor that did the remodeling for the other locker rooms at Ft. Marcy recently.

Mr. Kluck said to his knowledge it is not the same contractor.

Councilor Villarreal said the previous contract work was deplorable. She wants to make sure we don't have the same people doing the work.

Mr. Kluck said this is the contractor with which LeAnn Valdez worked with at one of the Senior Centers, and they had good results with them.

Councilor Villarreal asked the warranty for this contractor's work.

Mr. Kluck said it is 1 year, and they do an 11 month warranty walk-through, to address anything in question prior to the end of the warranty.

Councilor Villarreal asked, "Do you do walk-throughs as they make progress."

Mr. Kluck said yes, noting they have to do that to be able to pay.

Councilor Villarreal said she would be cautious about the flooring for the family locker room, and that they do not use the same flooring the put in the other locker rooms.

Mr. Kluck said they are going to burnish the floors in the family locker room, just like the natatorium, which he believes was the preferred method.

Councilor Villarreal said it was a matter of the color, and other factors that should have been considered.

Mr. Kluck said they are not replicating that.

Councilor Lindell said Councilor Villarreal covered her points.

Councilor Harris said he has known this company for a long time, and they do quite a bit of this kind of work, and we should get a good result. He said on the spreadsheet for the CIP that cost seems to be appropriate for the work he described, and asked the budget on this segment.

Mr. Kluck said it was \$67,500, and the cost of the work is slightly less, noting they bid slightly under the call. He said it is so close, because it went through a round of value engineering.

Councilor Harris asked if they are drawing from either of the two line items with this project.

Mr. Kluck said he can't answer that, and will check with Mr. Pfeifer to see if he can clarify that.

Councilor Harris said he wants to see how we're tracking against the CIP, so it will be a common question he will have in the future.

Mr. Kluck asked to what Councilor Harris is referring specifically.

Councilor Harris said it is the CIP spreadsheet.

Mr. Johnson said he will be happy to relay the question to Mr. Pfeifer, and get back to the Committee with that information.

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

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

11. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – ESTABLISH ROLES AND RESPONSIBILITIES RELATED TO U.S. DEPARTMENT OF TRANSPORTATION AND NEW MEXICO DEPARTMENT OF TRANSPORTATION AIR SERVICE GRANTS FOR SANTA FE MUNICIPAL AIRPORT; SANTA FE CHAMBER OF COMMERCE OPPORTUNITIES FUND, INC. (CAMERON HUMPHRES)

Councilor Ives asked Mr. Humphres to walk through the agreement we have had saying it was being developed, and thinks he understands the structure in terms of how the grants are being made. The City becomes a fiscal agency for the fund. The 501(c)(3) formed by the Chamber of Commerce will be providing the matching funds and pursuing the work associated with the grants. He asked if he is missing the mark, or reinforce that by talking in a little detail about the results we are looking from this MOA.

Cameron Humphres, Airport Director, said Councilor Ives has given a thumbnail sketch. He said this Committee and the City Council approved 2 grant agreements which provide air service support. There was a \$500,000 federal grants to provide minimum revenue guarantees and/or marketing support. There was a State grant from the NMDOT for marketing support for the new service starting next week on December 15th. These two grant agreements require 50% match. He said local community leaders, as well as from the greater Northern New Mexico region that have come to the table to support air service in Santa Fe because it is important for them as well.

Mr. Humphres continued, saying the group organized as the Northern New Mexico Air Alliance under the Opportunities Fund of the Santa Fe Chamber of Commerce. They have committed to raise the matching funds for these two grant agreements. The MOA before the Committee tonight, which they hope to bring to the City Council, provides the framework allowing the City as the signer of the grant agreements to be the conduit between the Federal and State governments and the private organization. These are reimbursement grant agreements – reimbursement to the Alliance after the funds are expended.

Councilor Ives said because it is a reimbursement, the granting agencies will make a determination about the acceptability of the expenditures before reimbursement is made. Therefore we would never be in the position of having reimbursed funding which would not be reimbursed at the federal or state level. He asked if this is a fair assessment.

Mr. Humphres said yes, although it is theoretically possible for us to have done the review to ensure that it was reimbursable and for the Federal and State governments to come back and say there was a problem. However, the MOA states specifically that the City is not financially liable, so in that case, the City would have to be reimbursed for that ineligible cost.

Councilor Ives said that would be true unless the Opportunity Fund were "kaput."

Mr. Humphres said he understands, but there are a lot of checks and balances, the first of which is the MOA. The second is the MOA states specifically the Alliance has to state in all of its agreements that the City is not financially liable. And when they enter into an agreement, or move to make any decisions in terms of marketing campaigns or minimum revenue guarantees must be reviewed by the City, essentially the Airport, to ensure they are in compliance.

Councilor Ives asked if it is simply a review for compliance, or is there an approval component as well.

Mr. Humphres said it is a review for compliance, but if the City says it is not in compliance, that would be notification the City will not be reimbursing that expense.

Councilor Ives said then the 50% match will be about \$500,000.

Mr. Humphres said the two grants combined are \$700,000, so the 50% cost share could be up to \$700,000 if both grants were exercised fully.

Councilor Harris said this is the document he has been seeking since September, and answers his questions. He said the Opportunities Fund and the Alliance clearly are responsible for performance. He asked if there are costs the program will incur the Opportunities Fund or Chamber will put in place – is there a fee associated with this.

Mr. Humphres said there will be costs associated with this, but not costs to the City. The Opportunities Fund has provide the umbrella organization so the Alliance can have a 501(c)(3) non-profit status. So people can donate money and get the tax advantage of donating. So they are hiring someone to help them manage this program on behalf of the Alliance, but the Alliance has agreed to bear those costs.

Councilor Harris said then the \$500,000 is part of its obligation.

Mr. Humphres said, "Yes, and beyond that."

Councilor Harris said quarterly reporting is required, and asked who and where are those reports are cleared.

Mr. Humphres said the Air Alliance would draft the report, send it to the Airport for review. He would review it for compliance with the grants. He also would like to take it to the Airport Board as well.

Mr. Humphres said that should be a good check for us.

Councilor Ives said the Summary of Contracts lists the original contract amount as zero. He asked if this the appropriate to handle State and Federal grants.

Mr. Humphries said overall it is a net zero, and said he would defer to Mr. Johnson's advice on this.

Councilor Ives said they seem to be grants to the City, so presumably should be reflected somewhere in our fiscal system.

Mr. Johnson said when the Agreements are approved, that is the fiscal impact. In this case, the MOA that doesn't carry the fiscal impacts, so at that point it is noted in the budget.

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

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

12. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$136,411 – AGUA FRIA STREET/COTTONWOOD DRIVE INTERSECTION SAFETY IMPROVEMENTS PROJECT (RFP #16/16/P) PHASES 2 AND 3 SERVICES; SOUDER, MILLER & ASSOCIATES. (JAMES MARTINEZ)

Councilor Harris asked if an alternative has been identified.

John Romero, Director, Engineering Division, said Phase 1 was to do an alternatives analysis, which we did, and which included a public involvement meeting. He said the problem is caused by people making a right turn into Cottonwood Drive, and people making a left out of Cottonwood Drive block their view. In order to mitigate, 3 alternatives were considered. One was offsetting the right turn lane, pulling it further from the road so it does not impeded the sight distance to oncoming traffic. The second was placing a roundabout at the current location of the intersection. The third was realigning Cottonwood Drive so it would intersect with Fairview Village across the street, and make one roundabout that serviced both roadways. He said Alternative 3 was selected.

Councilor Harris asked if this has been to the Public Works Committee, saying he didn't see it listed as having been reviewed, and wondered the reason.

Mr. Romero said the plan is to bring it to Finance today, then to Public Works and City Council next week. He said the rush for this is that it involves right-of-way acquisition, so we wanted to be able to get the consultant working on the design as soon as possible.

Councilor Harris said he likely will ask all of his questions at Public Works.

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

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

- 14. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING CITY OF SANTA FE LEGISLATIVE PRIORITIES FOR CONSIDERATION BY THE NEW MEXICO STATE LEGISLATURE DURING THE 53RD LEGISLATURE, STATE OF NEW MEXICO, FIRST SESSION 2017. (MAYOR GONZALES, COUNCILORS LINDELL, VILLARREAL, IVES, MAESTAS, DOMINGUEZ, RIVERA, TRUJILLO AND HARRIS). (BRIAN SNYDER). Committee Review: Public Works Committee (approved) - 11/07/16; Finance Committee (postponed) - 11/14/16; Public Utilities Committee (scheduled) 12/07/16; Public Works Committee (scheduled) 12/12/16; and City Council (scheduled) 12/14/16. Fiscal Impact - No.**

Councilor Ives said this Resolution picks up the District-wide projects, and there seems to have been a little disconnection. He said the two items from District 2 which he and Councilor Maestas had looked at doing were lighting along Canyon Road and the final phase of the Water History Museum. He said the intersection of Sandoval/Montezuma Intersection is worth of consideration, but he doesn't know the nature of the improvements proposed to that intersection. He thinks this may have come from the realignment of our former ICIP list with the CIP list. On the ICIP list we had various Water History Park Museum complements. He said the items he had identified have been removed and replaced with something that they didn't suggest, although he did ask for an evaluation of the timing of the street lights at that intersection.

Mr. Snyder said he is unsure why the intersection is on there, but thinks Councilor Maestas probably asked for it to be put on. He said Mr. Guillen was populating the Resolution as a blank structure, and as they received requests it was populated. He said he thinks it is a reasonable assumption that it was requested by Councilor Maestas, but he can verify that. He said the Canyon Road lighting and the Water History Museum are not on the City's ICIP. He said ICIP and CIP are similar, and the past year was the first year we migrated from having multiple lists to having one list. So, our CIP list because our ICIP list which was approved by Council, and the ICIP list ultimately handed off to the State. He said any project we receive funding for has to be on the ICIP list or it isn't funded. He can't speak to where the disconnect happened.

Councilor Ives said he presumes this is going to Council next week, and asked where it goes between now and then.

Ms. Snyder said it is going to Public Utilities on Wednesday, Public Works on Monday and then to the City Council.

Councilor Ives asked Mr. Snyder to send the latest ICIP listing to he and Councilor Maestas, and he is hoping they can check off those items on that list that relate to District 2, so they have real clarity "what the universe we're dealing with is."

Mr. Snyder said he can do that, commenting he believes Mr. Guillen has divided that into District projects.

Councilor Ives would like to see guidelines for adding to the ICIP list, and would like to see something formal in that regard so that "we, on the Governing Body understand that process."

Mr. Snyder said for the CIP there is a process to add projects. He said adding items to the ICIP, that process is based on the project list on the CIP, and in the late Summer time frame, those projects come forward on the ICIP list in a different format to Council for approval. And ultimately, have to be submitted to the State by a deadline, and after that date, no changes are allowed for the upcoming Legislature. This is the first year we are trying to have one list, so they are synonymous in some ways, so we don't get confused on what is what on one list and what is not on the other. In the past, the ICIP has been thought of a wish list, where now we're moving forward with a concept of CIP. He said this is a comprehensive list of all projects City-wide for which we have a need, whether or not funded and get it on the list so we can make sure we needs need to be met from a bond standpoint, financial standpoint, and from a communication standpoint with Council and the public.

Councilor Ives said that is one reason he is curious as to the reason the Water History Park is not on the ICIP because it's a project we've been working on for probably 5 years. The first amounts dealt with the exterior portion, and the second with the interior of the building, and he is "still hoping that the money that was not used in this latest round is still available for exhibits, noting internally that is another discussion. He said there was a third phase contemplated which he thought he had asked to be included on the District 2 priorities. He thought it was there at one point, but now it's gone, so he is trying to better understand that.

Mr. Johnson said, "Succinctly, there will be another opportunity to go through the CIP process, every year to add projects, funded or unfunded, so we capture it and that funnels to the ICIP which would ultimately would funnel to this. Regarding the Water History Museum, they can look at that. He said, "If my memory serves me correctly that it actually is on the CIP but perhaps under a different name, which perhaps is the confusion with the ICIP, so I'll be happy to follow up on that and see where that may have gotten disconnected."

Councilor Villarreal thanked staff for making this document so much better than the last time it came to this Committee in terms of being more complete, with thanks to Mr. Guillen for adding the missing sections and to Becky for clarifying the revisions we got today that were very helpful – especially the one we just passed about comprehensive background checks. They also added a Resolution passed by the School Board to check. She asked if we need to add legislation we may introduce in the future, for

example, supporting the Child Nutrition Program and the Double-Up Food Program which are State legislation that support local interests. She asked how those will get on the list. She is confused about what we are supporting that are State Legislature focused – don't we need to put it on this list, even though there is a timing issue.

Mr. Snyder said this is the work plan that Mark Duran, Lobbyist, will work from. He said he looks to distribute a comprehensive a list as possible.

Councilor Villarreal asked at what point we would add the two Resolutions concerning nutrition.

Mr. Snyder said this is the reason for blanks, and as it goes through the committee process, each Committee can add to it or take from it. He said any Resolutions in play right now that haven't been acted on do not appear on this right now, because staff doesn't want to make the presumption they would be approved. He said that said, the Finance, Public Utilities and Public Works Committees and the City Council can add them at any point before this goes to Council.

Councilor Villarreal said there may be a timing issue, noting the two resolutions she referenced will be introduced next week at Council and will be voted on in January. She asked the timeline for those two, noting there may be more like this.

Mr. Snyder said the legislative breakfast is scheduled for December 16, 2016, and staff puts a packet together. One of the components of the packet are resolutions. As we speak to the local delegation on our priorities and various legislation important to the community, we raise that to them at that time. He said we will try to have a comprehensive list by that time. The two Resolutions she is speaking about will not be part of this Resolution, but we can forward approved Resolutions to our local delegation and Mark Duran via email so they are aware.

Councilor Villarreal said she likes the ones we added for the Municipal League Resolutions. She said she is still confused about the second Resolution in the packet that talks about how we request "that the following items be monitored by the City's lobbyist. The majority of them are measures about the availability of alcohol. She asked if Mr. Duran looks at other measures such as monitoring bills about womens reproductive health or gun control measures, or anything that comes up in the Legislature about sanctuary City status, or civil rights related Legislation. She said as worded, it seems we're monitoring anything related to alcohol.

Mr. Snyder said in email sent out this afternoon, pages 1-9 are the substitute bill, and 10-18 are the original bill. He said 10-18 are in the packet because that is what was presented before and that goes away. So there are no alcohol related topics in the substitute bill as it stands now, but they can be added by the Committee, as well as other topics.

Councilor Villarreal said then we can make requests now. She said she wants to add monitoring of gun control measures, anything related to womens' reproductive health and the Sanctuary City Status. She also would like monitoring of civil rights bills, but she doesn't know how to synthesize that so it is more specific, so she will think about that a little more.

Chair Dominguez asked at what point does Mr. Duran's price tag go up. He said one of the questions he has is that in the Substitute Resolution, we are asking him to monitor "hold harmless." However, at some point we may need him to do more than just monitor and actually lobby.

Mr. Snyder said his contract is set at a hard number, it is 4-year term, and he is in the 3rd or 4th year, 4 year contract, and the reason it is very important to get in here what we want him to look at, monitor, lobby. He said Mr. Duran is at the Roundhouse all the time, and we do help him as staff to monitor to keep things moving, but the cost will not increase.

Chair Dominguez said then we can throw in all of the things Councilor Villarreal spoke about, and he would like to have a discussion about alcohol, not as extensive as what was done before, but certainly something regarding alcohol. He asked how we give direction or make it clear, with regard to Hold Harmless, we want him to do more than just monitor. He said he has no idea what to expect regarding that issue alone at the Roundhouse.

Mr. Snyder said in the last 2 Legislative Sessions, Hold Harmless has been listed to monitor, but in his opinion, Mr. Duran has done a lot more than monitor. He said the large part of his conversations with him throughout the Legislature the last 2 years have been around Hold Harmless, although there have been other conversations about other things for which he is advocating and/or lobbying. He said even though we are using the word "monitor," Mr. Duran knows and we are doing more than monitoring. We are advocating for or talking to the local delegation, analyzing the bills from a staff standpoint.

Chair Dominguez said he agrees that Mr. Duran has done a very good job. He asked what happens if we end up coming up with a position regarding Hold Harmless that is not consistent with the New Mexico Municipal League position. What if we want to be more aggressive than the League has been with regard to Hold Harmless.

Mr. Snyder said the City can do that. We can advocate for it, pass a resolution, pass something from the Council to get a consensus position and Mr. Duran can lobby for that. He said from a language standpoint, he looks at what is in the packet as a draft and the reason for blanks to add items, and gaps with regard to monitoring. He said it is flexible and anything can change. If you want to change "monitor," or have a separate section so it's not "monitor," it is another term, that can be done.

Chair Dominguez said there are NMML Resolutions in our Resolution which are broad. For instance, Section 1 would be concerning State and local tax reform which is the email he received. He asked what NMML Resolution 16-18 says. He said perhaps Mr. Snyder or Mr. Duran have looked at it. He asked if it is consistent with the position we may want to take with regard to Hold Harmless. He said he supposes Hold Harmless is local tax reform.

Mr. Snyder said he has seen that, but neither he nor staff has analyzed it to develop a position or make a recommendation based on past Council action on Hold Harmless and our positions. He said Mr. Guillen emailed an extensive list of the Resolutions from the NMML. He said these area Jessie tried to focus on which we discussed at some time in the past, but we did not do a specific analysis on what the City's position should be.

Chair Dominguez said then Mr. Guillen was able to pull out the League Resolutions, and received no direction that we want every NMML bill to be supported by the City.

Mr. Snyder said he is unaware of such direction. He said he is sure the NMML would love to have Santa Fe endorse all its bills, but that's not realistic. It is more things that have been discussed and staff has worked on for the Governing Body for the past 1-2 years bringing those to your attention.

Chair Dominguez said Mr. Duran does a fine job, has represented the City well, has a good relationship with our delegation and they have a lot of respect for him. He thinks at times there is some confusion between all the other lobbying entities and our lobbyist that we pay for and what the City is supporting, and want the delegation to support. He wants to make sure there is a continued, clear line of communication between the Governing Body and Mr. Duran, as well as, in this particular case, the NMML. He would hate to see us in the position where we are supporting everything from the League when it isn't applicable to our situation, and for us to be in odds.

Chair Dominguez said he would ask the following as part of any motion, with regards to alcohol, Section 2, lines 9-13, on page 4 of the old bill which says, "The Lobbyist will monitor any measure pertaining to alcohol tax and increased revenue for prevention and treatment, such as A and B." He said this is so we can ask our lobbyist to keep an eye on what is happening at the State pertaining to alcohol.

Councilor Lindell said we did get the NMML Resolutions – 36 of them – from Mr. Guillen, along with an email sent to us on November 17, 2016. She said in looking at these, she has a certain level of discomfort with how we have 8 of them pulled, and who focused on those, who directed that they were pulled, who analyzed these. She has no comfort zone of putting her name on recommending these Legislative priorities on which she hasn't seen a true analysis. She said it does take time to analyze the Resolutions, and she is unsure why our name isn't on the Resolution regarding Whistle Blowers or preservation of municipal water supplies. She is uncomfortable with this process.

Councilor Harris said he agrees with Councilor Villarreal, that we received much more guidance this time than two weeks ago which is good. And Mr. Guillen sent out a good bit of information. He said in the previous Resolution, we supported 4 NMML resolution. He said he read all 36 resolutions, and assumed he would pick a certain number and then prioritize them. He said the 7 he submitted are what show up here, commenting he had no other conversation with Mr. Guillen. He assumed other Councilors would do the same.

Councilor Lindell thanked Councilor Harris for shedding more light on this. She said this isn't the process she understood was to happen.

Mr. Snyder said this is the Governing Body's Resolution of what we, as a whole, want Mr. Duran, our Lobbyist, to do. This is the reason for so many blanks, and going through committees for discussion. He said after the last discussion at Finance where it was postponed, he worked with Mr. Guillen to create more of a template and sending it out with a email giving details on an "a la carte menu" of choices for the Governing Body to choose. He reviewed the District priorities in the Resolution, noting there are blanks for additional projects to be added from the ICIP list. He said then we get into the Water Trust Board

application, and so forth. He asked the thought of the Committee on populating the Resolution with NMML legislation. The next step is to move to where Councilor Villarreal started the conversation on monitoring – what is the interest on that and we can fill in the gaps, Hold Harmless, gun control, sanctuary cities, civil rights, women's reproductive health. If that is part of the motion, we can move forward and build some legislation or build specifics around those topics. He sees this as a blank slate, and the purpose of bringing it to each of the committees is so each of you see it once or twice, and populate the Resolution along the way, so on December 14th, there is a Resolution on which all Councilors have had input and have agreed to.

Chair Dominguez asked if we know if the League wants our support on these bills – has anyone had a dialogue with them other than Councilor Maestas about whether or not they would like our support. He doesn't want our Lobbyist to be doing their job. He thinks our Lobbyist should work with them. He said based on the previous discussion regarding the League, and the information we received today with regard to the League, he has concerns. He said it doesn't seem they want to work with us.

Mr. Snyder said he has not spoken with the League.

Chair Dominguez asked if Mr. Duran has an opinion about how we look at these League resolutions.

Mr. Snyder said he can ask that question. He said this is a guidebook for Mr. Duran as he moves forward, as well as a representation of what the City stands behind. He said as the League does its lobbying, it can use that to leverage support. He said more importantly, these are more for Mr. Duran to monitor.

Chair Dominguez said if the Resolution said that, he would feel a little more comfortable about, but it doesn't say that. It just says that the Legislature enact legislation in accordance with the following resolutions of the New Mexico Municipal League. He said before we approve the League stuff, perhaps we need to ask staff to do an analysis and determine whether any or all are of interest to us, along with our Lobbyist, and find out from the League if they want our support. However, the League needs to be responsive to us as well if they want our support.

Councilor Harris said clear direction was not provided. In his response, he dealt with all sections. He assumed that Councilors would respond on the League Resolutions and establish some sort of priority, not on all 36. If Councilors haven't done that, he thinks they should. He doesn't know why we do it.

Chair Dominguez said his experience is that all of these are "vanilla pieces of legislation."

Councilor Harris said, for example, he thinks the City should support the legislation on firearms and domestic violence offenses which are specific.

Chair Dominguez said he thinks that's what Mr. Snyder Harris was saying – we have the opportunity to be that specific if we want. He said he doesn't know if he trusts the information he is getting from the League.

Councilor Lindell said she spoke with our Lobbyist and asked him specifically about times when it appears the League has an agenda, noting the League has a diverse membership and the City is one of the big municipalities that belong to the League. She said the League has an obligation to all of its members, and sometimes the League's agenda is not in alignment with what would be best for us. She said at one point in time, Hold Harmless is a perfect example. The League took absolutely no position or specific indication, and leave it to the individual municipality to take its position, and ascertain what the impact will be, with no certainty from them on the bill. She said these are things that have not served us particularly well, and that worries her, commenting we will discuss that later. She appreciates the Councilor bring up the idea of how the League is working with our Lobbyist. The indication she got was, "not very much." She said we hire our own lobbyist, and that's who we should be depending on.

Chair Dominguez said he doesn't want to sound disparaging of the League. The League provides a service, but we need to make it clear through this Governing Body what our expectations are. He said it could be just asking our Lobbyist to monitor all League bills, with the City's established priority coming first. He said we haven't had a debate about what we support that the League also supports, except in this format.

Mr. Johnson said the League did put out a Newsletter which shows its prioritized legislative bills, so they reduced it from the 36 Resolution, and it would be helpful for our Lobbyist to review that with the League, and bring it back here. He will make sure the Committee gets that information right away, and then you see how we align with that.

Mr. Johnson continued, saying in working with the League, he thinks the League has our interest in mind, but knows it's hard to balance small municipalities with large municipalities because we have different challenges. This is an opportunity to improve that policy. He said the language in this Resolution regarding Hold Harmless probably is no longer valid. He said the State's financial problems came out this morning, and he believes there is no change that Hold Harmless will be repealed. He said in the special session, we fought off the idea that it would be accelerated, so that would be the priority we will be looking at. He said he is saying the idea of repealing Hold Harmless likely is not a discussion that is going to take place this year. He said since Hold Harmless was passed, the second part of our legislation deals with the repeal of the double taxation issues which they didn't get write when they wrote the bill.

Mr. Johnson continued, saying many counties have issued Hold Harmless Gross Receipts Bonds since that time. The issuance of that essentially will prevent the ability to change the structure of that for the covenants of the bond ordinances. He said we need to step back and look at what our focus would be with regard to strategy with the Hold Harmless and look more at a broader tax reform which is the first time in a number of years they will have the opportunity to do that with the change in the makeup of both houses. I think we would want to get Mr. Duran in contact with representatives from the League and get some details on those types of aspects to their bill and get that here to see if it's supported.

Chair Dominguez said we can get a motion and give direction at some point.

Councilor Harris said he asked Mr. Humphres to stay for a while. He said he attended a meeting of the Airport Advisory Board, and there was a summary of the working papers last week to the Airport Master Plan Advisory Committee. He said they are headed toward a Master Plan and there is an FAA process. He said nothing has been approved, but the Master Plan will cover the next 20 years, and the short term program used 1-5 years. He said as part of the Legislative it characterizes Airport Expansion as \$1 million, with a description, *To design and construct an expansion of the Santa Fe Municipal Airport Passenger Terminal Building within the City of Santa Fe, Santa Fe County*. He said in discussion last Thursday, there is a real consideration about developing a new terminal and not just expanding what we have. He said the draft CIP for the Airport Master Plan anticipates in 2018 a terminal building expansion/relocation study and preliminary design. He said, given all you know about the Airport and what the future holds, is it appropriate for us to ask for \$1 million to design and construct an expansion of the current passenger terminal building.

Mr. Humphres said they have far more needs than funding, so it is appropriate to be looking for every opportunity to provide capital improvement funds. Regarding this specific request, when the ICIP request was initially set up, part of that deliberation was prior to receiving the update from the Airport Master Plan. At that time, it was determined there would have to make updates to the passenger terminal. He said the passenger terminal is well beyond its current capacity. He said then in discussions with Isaac Pino, we were working on changing the request from the terminal to parking and road improvements that would be beneficial to wherever we end up with the terminal – in its current location or another alternative. He is unsure that language has been inserted in the question, but that is the course currently being pursued.

Councilor Harris said then we need to look at this language, and create language that is more appropriate to the discussion with Public Works as well as in response to where we think the Master Plan is going to be. He said Representative Trujillo was in attendance and is very interested in the development of the Airport, and is aware of everything anticipated in the Master Plan. He thinks it would be foolish to go to the Legislature with a request in writing saying we want to expand the terminal, when he knows that they may be taking a whole new tack. He said the FAA is more interested in a new terminal in terms of location, airport operation and other issues that need to be studied.

Councilor Harris said if the Committee agrees on the City-wide request, he will work with Mr. Snyder and Mr. Pino and come up with language that is more reflective of where they are going.

MOTION: Councilor Villarreal moved, seconded by Councilor Ives, to approve this request with the following amendments: Chair Dominguez's proposed language on alcohol on page 14 of 18, Section 2(A) and (B) of the old bill on packet page 11, the Airport recommendation for language change as requested by Councilor Harris, and Councilor Villarreal's request to monitor the 4 topics she suggested which are gun control measures, sanctuary city status, civil rights and women's reproductive health, to ask staff to develop updated language for Public Works on Hold Harmless, and to ask staff to speak with the NMML staff and asked what position we should take on the Resolutions in the packet.

DISCUSSION: Ms. Helberg asked if the motion includes Hold Harmless as discussed earlier on this item.

Chair Dominguez asked staff if they can come up with a Hold Harmless strategy before Council. He said if the language in this bill doesn't work, they are no longer applicable. We are going to have to have something on how to deal with Hold Harmless.

Responding to Mr. Johnson, Mr. Snyder said this is the last stop at Finance for this bill, and will be heard by the Public Utilities this Wednesday, Public Works next Monday, and then to the Council.

Mr. Johnson said staff can try to get updated language for Public Works on Hold Harmless.

Mr. Snyder said he sent it back to Public Works since it was getting reworked, noting originally there were 2 Resolutions which were merged into one.

Councilor Ives would like the information he requested earlier to be sent to him and Councilor Maestas so they can have any proposed amendments ready.

Mr. Snyder said he needs no clarification, but he wants to verify that, as we move this forward, there are no additional projects being added for request – District-wide projects.

Councilor Ives said he may want to look at that specifically in District 2, and Chair Dominguez said he has consulted "with my colleague, and we are fine."

Councilor Ives said in the District priorities, it states the general amount of \$250,000, and then some projects are more, some less. He asked if we are looking consistency in terms of the identification of projects.

Mr. Snyder said he would prefer consistency, being that we are requesting an amount of \$250,000 for each project, but in some case the request is listed for more. He is unsure how much State funds are available for appropriation. However, we need to put our best foot forward on putting legislation forward that Mr. Duran can go and lobby.

Councilor Ives would like the amount to be \$300,000.

Mr. Snyder said to change any amount, we would have to go through the committee process again to get the rest of that funding to get that project done.

Councilor Ives said he is unclear how consistent you want it to read when it is submitted.

Ms. Helberg asked for clarification if the increase to \$300,000 is part of the motion.

Councilor Ives said they probably will proposed amendments to District 2, so that's being excepted out. He was pointing out that in the preliminary statement before projects identified within the Districts, there is a reference to \$250,000, and one is in excess of that. So on one hand we're saying we want \$250,000, but the amount we want is \$300,000 plus. He leaves that to the drafters of the Ordinance as how to cover that discrepancy if it needs to be done. So that is not part of the motion.

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

- 16. REQUEST FOR APPROVAL OF A RESOLUTION CALLING FOR A SERIES OF MEETINGS BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY REGARDING A POTENTIAL FUTURE JOINT WATER AUTHORITY (COUNCILOR IVES). (ANDREW ERDMANN)**
Committee Review: Public Utilities Committee (scheduled) 12/07/16; and City Council (scheduled) 12/14/16. Fiscal Impact - Yes.

Councilor Lindell said she asked to pull Item #17, which she will not pull, but we can address that very quickly. She said regarding this item, she would ask Councilor Ives, "Why. And why now."

Councilor Ives said the why is because there has been talk about trying to creating a regional water authority, and there are many issues involved in that which the City would highlight in terms of the practicality, mechanics and equities of it. He thinks it is an important discussion to have. He said the County passed a Resolution a number of years ago saying they want a joint water authority. He said there seems to be more and more interest in those kinds of joint authorities. However, given all the issues we've had, he thinks sitting down, rolling up our sleeves and say where we think we might be able to work cooperatively, and where we have differences. He thinks this would a good thing to do leading into the Legislative Session.

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

DISCUSSION: Councilor Harris said the important question to him is why now. He thinks most of us read about the difficulties the County is having with the Regional Utility, regarding the Aamodt settlement. As he understood from the article, they have until September 2017 to accomplish a lot of work. He said 3 new Commissions will be sworn in January. He thinks it's a worthy conversation, but thinks we should wait at least until the new Commissioners are sworn, and get a handle on what they will be able to do in terms of the Board for the Regional Utility.

Councilor Harris continued, saying last Thursday at the BDD, Councilor Dominguez and Councilor Ives had a side comment with Commissioner Roybal and "he's got his back to the wall, that's all you can say, in terms of what is going on in his District. He thinks this is worth working on, but, as a matter of professional courtesy, we should wait until the new Commission is sworn and see if they can resolve the other big problem before we move forward."

Councilor Ives noted that Commissioner Chavez is introducing a similar measure to the one he introduced on December 13th.

Councilor Harris said this will be one of his last acts as a County Commissioner since he is leaving the Commission. He reiterated he wants to wait until the new Commissions are sworn

Chair Dominguez asked if the Resolution can be amended to say the meetings will be 6 months from January 1, 2017, to recognize some time period after they are sworn.

Councilor Ives said this is a proposal for a series of meetings, commenting he thinks the issues to be discussed will be too many for one meeting.

Chair Dominguez asked about delaying for 90 days.

Councilor Ives said he thinks starting to have those discussions, noting both sides are well versed. He said the County Commission has been talking about for a number of years, but the City has resisted that. He thinks we have to raise our voice about the issues we see, so if the Legislature contemplates something along those lines, we will be in a position to move forward. He said he sees no reason for delay.

Councilor Lindell said she shares the concerns of Councilor Harris with regard to the 3 new Commissioners in January 2017. She thinks they do need more time.

WITHDRAWAL OF MOTION: Councilor Lindell withdrew her motion for approval.

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

VOTE: The motion was approved on a voice vote, with Councilor Ives and Councilor Villarreal voting in favor of the motion, Councilor Harris and Councilor Lindell voting against the motion, with Chair Dominguez voting in favor of the motion to break the tie. **Explaining his vote:** Chair Dominguez said, "I vote aye. Let's get it out of here and keep the discussion going. I will say for the record that in some instances, it's better to be ahead of the curve, than behind the curve. It is not our fault that the County is not as up to speed, if you will, on their issues. When you become an elected official, you are expected to have a certain amount and a certain level of information about, especially, large issues like this, and an opinion. I recognize though, that it's not as easy running as it is to govern."

17. **REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE MEMBERSHIP REQUIREMENTS OF THE SANTA FE WATER CONSERVATION COMMITTEE SO THAT A RESIDENT OF SANTA FE COUNTY IS APPOINTED TO THE MEMBERSHIP; AND TO CLARIFY TERM LIMITS OF THE MEMBERSHIP (COUNCILOR IVES) (CHRISTINE CHAVEZ)**
Committee Review: Water Conservation Committee (approved) 11/15/16; Public Utilities Committee (scheduled) 12/07/16; and City Council (scheduled) 12/14/16. Fiscal Impact - No.

Councilor Lindell said she doesn't need to remove this item at this point in time. She said, I think the answer was in what we talked about in the last issue, of why would we want to do that. And I think Councilor Ives could answer that. That would be who I would look to. It's his Resolution.

Councilor Ives said they are trying to clarify the constituency of the Committee members. We wanted to ensure that we have 3 County residents who are not City residents on the Committee.

Christine Chavez said the Resolution allows only one person on the Committee to be from the County. She said they were just trying to make sure the conservation program and messaging overlaps at the Citizen Advisory Group, and we thought it would be helpful if we had a member from the County there to honor that consistency.

Councilor Ives said it is a member of the County, not a resident of the City, so of the unincorporated County, because we're all residents of the County.

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION AGENDA

19. REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT IN THE AMOUNT OF \$75,000 – ANNUAL MEMBERSHIP FEES, TRAINING AND CONSULTING SERVICES FOR GOVERNMENT OFFICIALS; NEW MEXICO MUNICIPAL LEAGUE. (ROBERT RODARTE)

A copy of the *2016-2017 Budget – New Mexico Municipal League - Final Budget*, dated December 5, 2016, at 8:05 a.m., is incorporated herewith to these minutes as Exhibit "2."

Mr. Johnson said this item was postponed at the last meeting so we could get specifics about what the NMML offers and its operating budget and financial statement. He said unfortunately, the timing of the financial statements and operating budget was a bit late, but it was provided. He said the Executive Director, Bill Fulginiti offered to attend the full Council Meeting to answer any questions about the City's participation and services provided by the NMML.

Responding to the Chair, Mr. Johnson said this information is from Mr. Fulginiti.

Chair Dominguez asked if the League gets all this revenue from meetings.

Mr. Johnson said these budget work papers appear to breakdown specific different events they hold across the State. He said Mr. Fulginiti also provided the League's Audit Statement, which was not handed out, and he can make that available. He also provided the Audit Statement disclosing all revenues and expenditures. He said it is a short audit because it is a fairly small organization, with the exception of its insurance business.

Chair Dominguez asked if the City participates in the Local Government Budget Conference.

Mr. Johnson said he hasn't participated in that.

Chair Dominguez asked if we are a cosponsor of that Conference.

Mr. Johnson said he would have to follow up on that.

Chair Dominguez doesn't believe so. He said, regarding the Aviation Conference, for example, it is a cosponsored event, and they get \$4,000 from some sponsor, \$20,000 in sponsor fees and \$6,000 in registration fees.

Councilor Lindell said the big expenditure, for example on page 1, the Annual Conference, the meeting services are almost \$180,000. She said the bottom line for her is trying to ascertain whether the City gets \$75,000 in benefits from its membership in the League. She said we haven't questioned it in a long time, and we join out of habit. Said she would like to consider this a year where we do a real evaluation of what we get for \$75,000, specifically evaluating the Legislative benefits. We have a long session this year. She would asked Mr. Snyder, at the end of the session, to look at a list of the Legislative logistics, policy support and communications the League has with the City manager. Also, look at the support that the League gives our own Lobbyist. She said of instead of continuing to grind away on this, we need to make an evaluation of whether we receive \$75,000 in benefits out of this. She said she wants to consider doing this evaluation after the close of this year's Legislature.

Chair Dominguez said he has no idea how the League is structured. He supposes the League Lobbyist is full salaried staff, an FTE.

Mr. Johnson said the League is structured as a 501(c)(3), and Mr. Fulginiti spends countless hours at the Legislature throughout the whole process on behalf of all the various municipalities. He is very much involved full time involved with the Legislature and is the main Lobbyist for the League, and there are other support staff that help him with specific initiatives surrounding their areas of expertise.

Chair Dominguez asked how much lobbying time Mr. Fulginiti gives to the City of Santa Fe. He said in terms of performance measures and all that.

Mr. Johnson said to Councilor Lindell's point, he thinks this would be the year to try to quantify that. He thinks the earlier conversation feeds into this well because it is about how we are communicating and asking them to deliver on what we're paying for as well. He said that hasn't taken place for some amount of time in recent history.

Councilor Lindell thinks that is a fair statement. She said, not to sound harsh, but this is a year that we are taking great notice of what value we are getting for this membership. We do have our own Lobbyist, and asked how the League is supportive of our Lobbyist, who we know is in alignment with our needs. She said it is of great concern if the League is supporting or has legislative priorities that are not in alignment to the City. She said it would be very very hard to continue our membership and supporting an organization that isn't supporting our priorities.

Councilor Lindell continued, saying additionally, the League functions as an insurance company for many many small municipalities which isn't of importance to us. She said Santa Fe is self insured, and don't participate in the League's insurance, commenting that is a sizable benefit that a lot of municipalities garner from the League. She said we pay a pretty hefty price tag, noting we pay the League more than we pay our Lobbyist. She asked if we would be better off having two lobbyists – she doesn't know the answer. She said our Lobbyist has our interest at heart every time.

Councilor Harris asked if the dues are budgeted for this fiscal period.

Mr. Johnson said yes.

Councilor Harris said he agrees 100% with Councilor Lindell. He said no one is proposing that we act arbitrarily. However, he agrees that we need to step back, look at it, and during and after the Legislature. At the end we will be moving into the budget, so we can have a real focused discussion at that time and make a decision as to whether we want to continue our membership.

Councilor Ives said he doesn't know the League's dues structure, and missed the last meeting when this information was requested, which deals only with meeting revenues as opposed to the League's budget. He said apparently we don't have the requested information. He said to him, it is a question as a participating member, if the League is doing anything that seems inappropriate in any way, and isn't suggesting there is anything like that. He asked if the \$75,000 is a reasonable membership, commenting he thinks the dues are based on the size of the City and other factors. He doesn't mind moving this forward. He thinks it is important that we participate. He also would like to know if there are other municipalities that don't participate.

Mr. Johnson said the \$75,000 is population based, and it's the floor. He said, we, along with all of the smaller municipalities are paying this amount, so that is the larger burden on the smaller municipalities' budget. He would not suggest there is anything inappropriate. He said this does appear to be a means based budget. He said we have their full audit which can be provided. He said audits are very high level detail, and isn't sure that would be helpful, also it explains in the notes that the insurance business is separate to give context to the League context. He said he is sure Mr. Fulginiti can answer those questions and more at the next Council meeting.

Councilor Ives said the Memo suggests that \$75,000 plus smaller membership and training fees, and asked what that references.

Mr. Johnson said one of the issues is that the \$75,000 include the additional training fees for newly elected officials or staff to attend these conferences. He said Santa Fe doesn't have recent history of attending conferences. He said there is a Mayor Conference of which the Mayor is a part, noting Councilor Maestas is on the Board. It is difficult to understand the direct values of the \$75,000, but we do have a relationship with the League.

Chair Dominguez said part of the big problem is that relationship needs to be all-inclusive, and not just a particular few on the Governing Body. He said to be fair, this is the way it's always been. He said there have been times when we don't have the luxury of having a Board member, but yet we pay these dues and we still have to pay for all these other things in which we participate. He said, a final message he would like to deliver on his behalf to the League, is that we invite them to establish a better relationship with the entire Governing Body and the City in general. He said we're lucky to have them in Santa Fe, but we shouldn't be taken for granted.

Councilor Villarreal said she thought the membership dues were based on the GRT revenues.

Mr. Johnson said he has to double-check on that.

Councilor Villarreal agrees with her colleagues about comprehensive analysis about their service, especially after we do newly-elect training, we never hear from them at all except for the newsletter. She would love to have a connection to the people across the State which are doing similar work. However, there is no common bond, and feels other interest groups do that better than the League.

Councilor Villarreal continued, saying she thinks we need to analyze all of our memberships, commenting she is curious as to the reasons for our membership in other organizations, although not to the level of \$75,000, and it doesn't provide lobbying support. She wants to look at the costs and the benefits of those membership.

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

DISCUSSION: Councilor Lindell said, "I see no reason to asked Mr. Fulginiti to come and speak to the Council."

Councilor Ives said the by-laws were attached, and it talked about memberships. It says, "*Dues for municipalities having less than 100,000 population shall not exceed \$75,000, except as provided in Subsection C.*" He said, "Apparently we pay the maximum, although we don't know if anybody is paying much less. I would like to get a clarification from the League how they charge... whether everybody pays \$75,000 therefore. Just a request. Thank you."

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

Councilor Lindell departed the meeting

20. REQUEST FOR APPROVAL OF REPORT ON PROGRAM AND SERVICE INVENTORIES DEVELOPMENT AND PERFORMANCE MEASUREMENTS PURSUANT TO RESOLUTION NO. 2016-67 (STRATEGIC PLANNING). (ADAM JOHNSON)

A copy of the 247-page compilation of Program and Services Inventories Development and Performance Measures, is incorporated herewith to these minutes by reference.

A Memorandum dated December 5, 2016, to the Finance Committee, City Council, from Adam Johnson, Acting Finance Director, in this matter is incorporated herewith to these minutes as Exhibit "3."

Mr. Johnson reviewed Exhibit "3." Please see Exhibit "3," for specifics of this presentation.

Adam Johnson said, "Behind Tab 20 is a compilation of some activity that has been ongoing since the passing of the Strategic Resolution. The way it reads on the Agenda is specific to us following up on all resolutions, including the one passed at the end of August. One of the first steps in moving toward the development of performance measures is to take an inventory of all the programs and services we offer. This represents the fairly heavy lift of getting that done. It's been an interesting process. We attempted to provide a relatively consistent framework for what the ask was. What you'll see actually is somewhat of a similar format in the forms that were filled out to what you saw earlier today, in the sense that those eventually will be score cards for the program. I anticipate the program inventory exercise is essentially over. There certainly is some refining to be done."

Mr. Johnson continued, "There are, as is to be expected, some early adopters that did this quite well, and others that had a little more challenge getting it done. I am pleased... I believe what you have before you, and especially as managers, we have before us the ability to look at the whole organization in a way that's not been done before, in the sense that you see goals that may cross over between programs. It has been an interesting exercise to see where certain structures work, from management's point of view. You then can see why certain things to or don't work a certain way, and maybe we can start to take things that work well for other departments and apply them in places where they don't work as well. I'm talking about just consistent processing of information, and those types of things at the business process level."

Mr. Johnson continued, "The last thing I'll say is that I did fail to get Community Services into the packet, they did turn it in and did all of their work as well, and I do have that in a new compilation that actually is also dated, so I can keep track of the changes that have been made. The last thing I would say that's probably the most interesting part of this, is that it's different to take an organization like a City that silos everything into departments and divisions and get it to think more broadly about initiatives and programs. And here, we had varying, I would say mostly positive, but varying results in being able to do that. It's difficult to take people that think Organizational Chart and see maybe their greater purpose. So it's been a great exercise. I stand for questions. Again, I don't anticipate this exercise to necessarily take place again. Programs could come off if for some reason they were eliminated with that kind of thing."

Councilor Ives said this looks similar to what we were looking at, at 3:00 p.m., in terms of its structure and formatting. His first request is a full printed copy of this, because he is reading this on a small screen, especially when it's 247 pages, more when Community Service is added. He said there are lots of blanks in many of these, especially in terms of the success of the exercise, seem to be some of the issues we want to grab a handle on which is how well we would do, the quality, who is better off, outcome and such. He is unsure how complete these were meant to be. There are portions where people have identified a few potential partners, but many of them are blank as well and what opportunities exist that are not being pursued currently.

Mr. Johnson said that was by design. He said you saw this afternoon we're headed down this course to learn how to do this. This is just the first step which was to get documented what we then do on a measure. In the instructions, which he and Mr. Snyder created, they asked people, when possible to think about the partners. That will be an important part moving forward in trying to get people to start to think about that. We specifically asked them not to work and develop performance measures because they haven't been taught to do so, and so this process took a couple of months. He anticipates that the development of performance measures to take at least that and beyond. He said, "Just to point out, the blanks are by design, not by failure."

Councilor Villarreal said she was concerned about the same thing, because all of the "How Are We Doing," spaces aren't filled out.

Councilor Harris said he sent an email to Mr. Johnson earlier, and he was already aware that Community Services were missing and he knows we'll get that. He suggested that we have almost a table of contents, one document listing the various departments with the programs in those departments, which he thinks would be useful for him – get the big picture of what people have identified they're doing. This is a work in progress, and this "document seems to float," where oftentimes they don't. However, this document is "all over the map." He suggested that we are provided a document which considers a table contest by department, just listing the programs. He that is a good starting point for him.

Mr. Johnson said they can work on that, but this is a good start. He said behind each cover page is an outline of what precedes all of them, and he can compile that into a consistent format, which would achieve what Councilor Harris suggested.

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

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

21. DISCUSSION ON QUARTERLY FINANCIAL REPORT. (ANDREW HOPKINS, CHRISTINA KEYES AND BRADLEY FLUETSCH)

A copy of the City of Santa Fe Quarterly Financial Performance Report as of September, 2016, is incorporated herewith to these minutes as Exhibit "4."

Mr. Johnson noted there was a slow response on Property Tax this month.

Mr. Johnson introduced two new employees, Christina Keyes, Treasury Officer and Bradley Fluetsch, Cash and Investment Officer."

Ms. Keyes reviewed the information regarding GRTs in Exhibit "4." Ms. Keyes said this month's GRT report was challenging. She spoke with staff at the TRD, digging into the reason September GRT's were so high. She said they said they didn't know, but they saw that spike across the State

Responding to Councilor Ives, Mr. Johnson said his plan is to take this report directly to the City Council after this Committee.

Councilor Ives said in the chart on page 4, which is looking for outliers, those seem to be as follows: Mining down 49%, Transportation & Warehousing up 59%, Public Administration up 100%, and Unclassified up 132%. He asked staff to speak about those significant percentage changes over the prior year.

Ms. Keyes said she believes the significant decrease in Mining is due to a widespread downturn across the State in that sector. She would attribute the areas of Public Administration as well as Unclassified to an increase over the summer, and filing activity at Taxation and Revenue.

Councilor Ives asked, in saying it is the increase in filing activity, if Ms. Keyes means more people paying what they owe the State.

Ms. Keyes said, "More than likely."

Mr. Johnson said in general it is more filers as well.

Councilor Ives asked if there is a reason more filers would fall into this period this year as opposed to last year. He said he understands the lack of information from the State makes it difficult in trying to really understand these changes.

Mr. Johnson said these are excellent questions that would require a much more rigorous kind of metric analysis performed by either another entity, or perhaps a future endeavor wanting to understand these things, and the lack of getting evidence from the TRD. However, these are "questions we can't answer, given the voluminous and rolled-up data."

Councilor Ives asked if there is an opportunity to ask them to deconstruct that data a little more, commenting that presumably they have all that data at a much greater level of detail at TRD.

Mr. Johnson said Councilor Ives is getting to the heart of an approach TRD has taken for some time where they mask a lot of that information for confidentiality reasons.

Responding to Councilor Ives, Mr. Johnson said he thinks TRD's concern is what could be re-engineered with more information. He said he can't speak further on that, but Taxation & Revenue is very sensitive to giving us more information than we already are given.

Councilor Ives said it could be of great interest, especially as we are approaching a new method of the RBA that was discussed earlier.

Mr. Johnson said the relationships that Ms. Keyes brings and the idea we have, is to try to do a better job partnering with organizations like UNM, and its Bureau of Economic Research, and try to get more research honed on Santa Fe that we can point to when we get this information and see if we can find those correlations. Those are discussions we're trying to build into next year's budget.

Councilor Ives said continuing to pursue additional information would be a smart and reasonable thing to do, so he would support those efforts.

Andy Hopkins highlighted the Revenue/Expenditure Projections, beginning on page 7 of Exhibit "4." Please see this document for specifics of this presentation.

Mr. Hopkins said we are running closer to budget because of the significantly high attrition credit in this budget year. He noted there was almost a doubling of the Finance Department Budget. That was due entirely to a large amount transferred from General Fund into the CIP, which was all part of the plan, but wasn't in the plan soon enough to get into the original budget. He said, based on information they received from Planning and Land Use, he bumped up licenses and permits by a significant amount. He said we are expecting an even larger amount than the significant bump we already had built into the budget for the current fiscal year. He reiterated that we are not anticipating this to be a sustainably large revenue increase. This will be mostly a one-time increase.

Bradley Fluetsch reviewed Section III, Investment Portfolio, beginning on page 11, noting he is replacing the previous Cash & Investment Officer's Schedules with pie charts. Please see Exhibit "4," for more specifics of this presentation.

Mr. Fluetsch said at the end of September, the duration of the portfolio was .29 which is about 90 days which is an extremely short portfolio, meaning we have very little exposure to interest rate risk. The portfolio does not take credit risk – we don't invest in corporates – everything in which we invest is full faith and credit of the United States or is collateralized by full faith and credit of the United States. The primary risk to which we are exposed is interest risk and reinvestment risk. He said the interest rate environment has changed dramatically, and we are no longer in an environment which will have lower rates in the future. We can expect higher rates in the future, and we will be investing at higher and higher rates.

Mr. Fluetsch reviewed Market Expectations. Please see Exhibit "4," for more specific information on this presentation. He noted the bond market had one of the worst months last month in 10 years. He said almost \$2 Trillion was lost on a global bond market in November. He said it is expected the Federal Reserve will raise rates next from 25-50 basis points to 50-75 basis points, which will result in an immediate pickup in our investment income.

Mr. Fluetsch reviewed Investment Strategy beginning on page 14. Please see Exhibit "4," for more specific information on this presentation. He said things will become blurred between investment strategy and investment policy. He said last week he sold some securities with maturities of 1-3 months, and extended those to 18-36 months, which moved the yield on that \$20 million from about 60 basis points to about 250 basis points. He said, "To improve the overall performance of the portfolio, "We moved the duration from .29 to .54."

Mr. Fluetsch said Section 6-6-10 NMSA allows any municipality, with approval of its Governing Body, with a population of more than 65,000 people at the last decennial census, 2010, can invest in pools, trusts and common trust funds that invest in corporate security. The City's population in the last decennial census was 67,934, making it eligible to implement Section 6-10-10(G)(1) through (3), NMSA 1978.

Mr. Fluetsch said Charts 12 and 13 demonstrates what would happen if we took the \$50 million in money market funds and invested it in the government agency money market fund, the \$50 million would earn about \$250,000. If we were to put into the prime money market fund that invests in commercial paper and corporate notes, we would earn about \$417,000. Mr. Fleutsch said Chart 14 compares 2 indexes – Bloomberg 1-5 year Government Bond Index against the Bloomberg 1-5 year Corporate Index.

Mr. Fleutsch continued, saying Chart 14 shows the quarterly return, and Chart 15 is the cumulative quarterly return for the last 5 years, which addresses Interest Rate Risk. There is substantially interest rate risk in that index. He said in looking at Barkley's 1-5 year corporate index, you are taking that same interest rate as well as credit risk. The demonstrated benefit on Chart 15 of that corporate risk – the credit risk. Your return increases from roughly 10% to almost 20% over that 5-year period of time.

Mr. Fleutsch continued saying, on Chart 14, the Government Index, 7 of those 21 quarters had negative returns. He said the Corporate Index had 6 negative quarters out of the 21 returns, but on a cumulative basis including the negative quarters, this is what is earned. That will be more addressed in the policy about implement Section 6-10-1(G)(1) through (3) NMSA 1978, because we are eligible to implement that policy given our population.

Chair Dominguez said there's lots of risky stuff going on over here.

Mr. Fleutsch said he comes from a balanced portfolio management background, meaning his clients had 50-80% in equities for the past 20 years. This is not risky at all.

Mr. Adams asked to add context. He said a lot of what is being demonstrated here is a lot of opportunity that has been left on the table for a long time. Almost all of it is in our current investment policy, and hopefully in the future it is all in State Statute. He said you actually are in a position that one could conclude was actually more risky with as much money in savings accounts we had because it was being collateralized with collateral that wasn't in our name. He said, "If you think of having that level of money in savings accounts, in collateral banks where it is expensive for them to hold it, they collateralize it with things that are not as quality as we're even suggesting that we would move the portfolio to. So that means that in this scenario, what Brad is point out to you is that you have to be able to acknowledge the short term interest rate risk that the new structure would propose. However, given that it's actually safer and produces much higher returns than in the previous scenario."

Mr. Adams said, "The other thing he would point out as we shift the way we think about how finance is run in many departments, we are beginning to think of ourselves as revenue generators, not just hogged on the General Fund which is what we've done for along time." This actually demonstrates the possibility of alleviating next year's half of a half of next year's Hold Harmless shortfall just by shifting our

investment portfolio to a better application. As Mr. Fleutsch said, and as he, Christina and himself have discussed many times, this is very much about a dialogue with the 5 members of this Committee. It is about an education process and understanding of what we've doing to a degree that he doesn't think has been presented in the past and trying to educate this group as well as the general public about the stuff we're doing to manage the City's finance and the over-liquidity we've had in the account.

Chair Dominguez said he is speaking of the risky part as figuratively and not literally, although it could be literal. He noted on page 8 that salary benefits are 6% of the budget, and overall total expenditures are down 7%.

Mr. Hopkins said salaries and benefits do not make up 6% of the budget, and actually is a much larger portion. Those numbers are only the variance.

Chair Dominguez said he gets that and the reason he is going to talk about the attrition rate, because the variance really represents that rate at this point in time.

Mr. Johnson said that actually is in addition to what he has presented, so we are on track, according this, to exceed.... because the attrition rate is already built into the budget.

Chair Dominguez said then we're actually doing better in salary and benefits than we have in the past.

Mr. Hopkins said that depends on how you define better than.

Chair Dominguez said we are closer to budget, but we were always trending at 4%.

Mr. Hopkins said he would say it was closer to 7-8%, because we really budgeted for a smaller amount of vacancies than we had gotten and experienced.

Chair Dominguez asked what should those numbers be on salary and benefits – 0%.

Mr. Adams said ideally, as we move forward to strengthen and discipline our budget process, we would want it closer to zero, and would suggest a 1-2% variance would be acceptable. He doesn't want to lump all departments together, because we have different issues with different departments of size and extent, and what they cost.

Chair Dominguez said the information on page 10, is just the General Fund. The 7% decrease in all expenditures does not include the Enterprises.

Mr. Adams said that is correct.

Chair Dominguez said he is just trying to correlate all 3 together.

Mr. Adams said the General Fund doesn't include the Enterprise Funds. It shows, essentially, that all departments in the General Fund are on a similar track to underspend their budget by 7%. He would also point out a word of caution on the first quarter information, that early in the year, we need to continue to look at this on a quarterly basis.

Chair Dominguez said in the past, we used to have some of the special revenue/enterprise included so we could see their performance and track and where they are on a monthly basis.

Mr. Hopkins said the reason those funds were on the schedule before and the reason they dropped off is because those funds were in trouble, they were insolvent funds – MRC and Airport particularly. The Convention Center used to be one of those funds, and several months ago they dropped off because it is no longer an insolvent fund. We are in the process, and will be bringing to you in the second quarter, transfers to effectively make the MRC solvent, once again. The Airport is still a work in progress, but both of those funds we no longer consider insolvent, so they are no longer on the report. He said he have hundreds and hundreds of funds. He said to include those would make the report "as thick as the Bible," so we try to focus on only the major funds, and outside that, funds that were under stress.

Chair Dominguez said the MRC is still "upside down."

Mr. Hopkins said it is, but they will be taking steps that we will bring you in the second quarter. It isn't a structural deficit, and the MRC consistently overspends its budget year by year and going down the tube. That's not what we're talking about. This was a one-time adjustment in GRT revenue that resulted in the MRC going overnight with a positive although minimal cash balance to a negative \$1 million cash balance.

Chair Dominguez said everything shown there is reflective of the idea that those funds are not in jeopardy any more.

Mr. Hopkins said he wouldn't say they're in jeopardy, particularly the Airport and we definitely want to keep a close eye on it. It's like the difference between having trouble making your mortgage payment, and being under water on your mortgage. The Airport no longer will be under water on its mortgages.

Mr. Johnson said they don't have budgeted deficits any more. He said part of this conversation, as we continue also is to make this report as robust, but also not go too far. He said he would be happy to include a section on the specific enterprise funds and show them similar to the way we show the General Fund, but not going down the road doing the same for all funds. It can be done for Parking. He said we propose these as giving us the snapshot of the health of where are at the end of the first quarter, or any quarter, and would suggest that gives good management information. If we put out too information it likely could likely get lost, but he would be happy to expand on the major funds we present singularly.

Chair Dominguez said the attrition speaks to this in some ways. He is thinking about how we want to look at this data as we move through strategic planning. This is part of the reason for these questions. He said from a budgetary standpoint if we have a department that is performing well, but is over budget, or the other way around, or performing well and under budget. He said he was able to grasp that we looked

through those funds that had a budget deficit, and during the budget process we were able to address some of those things and make some changes. He is curious as to what the members had to say – if we want this presented differently, or if something is missing to help us through the strategic planning process. He has more questions, but he'll ask those off line.

Councilor Harris said he doesn't have too many questions about the General Fund and operating budget. He said this basically our basic first quarter report, and things are headed in the right direction. He said every time we see this report and as staff modified it, this is best he's seen so far, so he thinks it will continue to get better.

Councilor Harris continued, saying the only specific question he has is on page 8, part of the Operating Budget Summary. He asked what explains the 13% variance on insurance, commenting he would expect that to be a steady state number.

Mr. Hopkins said there are two components of insurance in our system – insurance assessments that go out to departments that really act like transfers. The vast majority of what we call insurance is actual insurance premiums and claims. It is an estimate where we are right now in terms of paying claims, and budget versus actual performance in terms of paying claims.

Councilor Harris said so this is claims and premiums, largely. So basically the 13% anticipated variance is from Risk Management.

Mr. Hopkins said correct, and also we're very early in the year, and there is still plenty of time for something to boil up and be very expensive – nothing's blown up year that is significant.

Councilor Harris said he is going to assume that better risk management practices are in place. He said the more important conversation for him tonight, really has to do with Mr. Fleutsch's talk about policy. He has never been able to get a handle on the pools of money for which the City is responsible. He said the last page is portfolio detail. He asked if it is fair to say that the first subtotal – total government investments – relates to Chart 11, which is entitled Savings and Pooled investments.

Mr. Hopkins said it would more correspond to Chart 7 which has Federal Farm Credit, Federal Home Loan Mortgage, corp, Fannie Mae and U.S. Treasury, noting we have tiny amount of Ginnie Maes.

Councilor Harris said he's trying to sort this out. He said Chart 9 is the Portfolio Chart which has 55% in cash. Then you make the statement that there is almost \$90 million invested overnight. He asked if that is the cash position.

Mr. Hopkins said it would be the cash and CD's but they're out there a little a bit. He said on page 17 that would be the Bank of Santa Fe, the Wells Fargo accounts plus the Local Government Municipal Bond pool which is up in government. It's a pool, but it's entirely invested in government securities.

Councilor Harris asked Mr. Fleutsch if he is responsible for the total government investments of \$70 million, plus the total portfolio of \$168 million.

Mr. Fleutsch said it is the \$70 million government investments, as well as the \$67 million in total savings, total bank deposits. The total savings is \$67 million, the total bank deposit is \$98 million. The total portfolio is \$168 million.

Councilor Harris said because of the double line, he assumed it was two different ones.

Mr. Fleutsch apologized and said he will fix the format. He wanted to separate them out, "but, yes, I see your point."

Councilor Harris said so the portfolio you are managing has an approximate value of \$168 million.

Mr. Fleutsch said that is correct.

Councilor Harris said that was the big question he had. He wants to talk more about the investment when we get there, because the strategy you discussed most of it is incorporated in the revised investment policy, so he will save those questions.

Councilor Ives said Mr. Hopkins said something, and he is not clear in the handout where it was referenced, but he talked about a significant increase in the General Fund, an adjustment potentially.

Mr. Hopkins said yes, in the Finance Department. He said on page 10 under expenditure under Finance Department he will see the approved budget increased from \$4.1 million to the amended budget of \$11.4 million which a large jump. That was entirely due to the large amount of monies to the CIP that was all put under the Finance Department's budget. That is an artificial increase, and it doesn't mean we doubled the size of the Finance Department.

Councilor Ives said the only thing that was disturbing in his statement was that it was in the plan, but it did not get into the budget discussions.

Mr. Hopkins said to clarify, it was part of the plan to use left over General Fund money as part of the CIP. However, until the fiscal year was almost, or completely ended, we really didn't know for sure how much money was there, especially with the very strong end of the year GRT, much stronger than we anticipated. There is a larger amount now flowing into the CIP, because of the banner year in terms of GRT toward the end of the year.

Councilor Ives said we made budget decisions based on projects, and the hope is we can refine those projects to be closer to reality for budgeting purposes.

Councilor Ives said on page 8, the All Funds Operating Budget Summary and Projections chart, the first item is the beginning balance, and it talks about the approved budget, amended budget, year to date and project year-end, and it's a constant figure and that's true in some of the budgetary items. He asked how the year-to-date could be identical, or that is what we had at the beginning period.

Mr. Hopkins said that is our starting point and that doesn't change.

Councilor Ives said the year-end doesn't change at all, so we're presuming a perfectly balanced budget.

Mr. Hopkins said the beginning balance is the July 1st balance, so regardless of what happens during this fiscal year, the beginning balance will not change.

Councilor Ives asked if the projected year-end might be the anticipated beginning balance for the following years.

Mr. Hopkins said the projected beginning balance for the following year would be the ending balance in projected year-end which would be \$193,478,942.

Councilor Ives asked Mr. Fluetsch if we make the kinds of changes he is proposing, other than the interest risk that is identified in Chart 14, what other types of risk come into play by virtue of shifting our portfolio as we might under 6-10.10.

Mr. Fluetsch said there are two types of risk he talked about. One is interest rate risk, and in the strategy portion we clearly state that we want to keep our duration at less than .75, or about 3/4 of the year – 3 times the amount of interest rate it was taking in September, .29, but nowhere near the interest rate risk being expressed in Chart 14. That has a duration of 2.6 years which is substantially more. He said the point is the opportunity of taking credit risk – these are AAA, the top, the best companies in America, they're just not U.S. Government credit, noting the US is only rated AA+ by Standard & Poors, but Microsoft is AAA. There are corporations with better credit profiles than the U.S. Government.

Councilor Ives said we had a big market adjustment in 2008, and we still hear that other adjustments are likely. If there were a significant market adjustment, what greater loss or risk would we see if we change our policies and invest according to the new policies.

Mr. Fluetsch said if the stock market fell it would have a positive impact on our portfolio, because there would be a flight to quality, and most likely given supply and demand you would be buying. If selling stock, there are cash investments and government, or short term corporate of high quality. If it was driven by recession, then credit risk becomes a problem because companies aren't earning as much. He said we currently have a fairly solid economy, so credit risk isn't the big problem here. The problem is interest rate risk. In balancing the risk, we could hold the portfolio return constant or taking credit risk and decreasing our interest rate risk. In balancing that relationship, we can hold our yield the same. Or we can take additional credit risk and increase the portfolio yield. He said the strategy is credit risk isn't the concern, it's interest rate risk.

Mr. Johnson clarified there are no stocks in the portfolio.

Councilor Villarreal asked Mr. Johnson to comment, "regarding the Property Taxes being extremely low for this period of time, and you said it's an anomaly."

Mr. Johnson said at this point, he has no evidence to suggest a problem on the assessor side. He did speak with the Deputy Assessor and everything is super, in good shape there. The question is if there is some kind of lag on the Treasurer and he has a call into them to report what is going on with that and to give us an idea. The number was to him alarming, and we've inquired about it. He said it's early and the rest of the numbers are on the positive end and he's not too concerned at the moment, but he is following it.

Councilor Villarreal said in that chart, the Franchise Tax is equally low.

Mr. Johnson said Mr. Hopkins can better speak to that, but that one is fairly volatile in the way it gets reported and collected.

Mr. Hopkins said it is volatile. He said in a way, in these two revenues, you keyed on a common problem in both. He said in both property tax, and to a larger extent franchise tax, there is nothing for 6 months and in December there is a huge spike in which 95% of the year's revenue is received in the case of the Franchise Tax, not so extreme in Property Tax. These are some of the places where it's really hard to determine trends.

Councilor Villarreal asked for information about coupons on page 17 in laymen's terms.

Mr. Fluetsch said it's the seated interest rate. If you have a mortgage and you borrowed at 4%, that's the coupon.

Councilor Villarreal said Wells Fargo is the lowest.

Mr. Fluetsch said yes.

Councilor Villarreal said then we have the majority of our money in Wells Fargo savings.

Mr. Fluetsch said as of September 30th we did, but that is no longer the case. It's been moved to the money market rate at 17 basis points, but it's actually around 32 at the current yield, and it's a Wells-Fargo Government Money Market Fund. We're looking to put those proceeds into a repurchase agreement program, and we've asked First Southwest Securities, our financial advisors, to do some due diligence for us, and they're developing a program with Iowa Bank, Wells Fargo and possibly Bank of New York. He said given that there will be a rate hike of 60-70 basis points, and prime money market fund, you would see 85-90 basis points.

Councilor Harris asked Mr. Fluetsch his impression of First Southwest Securities.

Mr. Fluetsch said he spoke with Mr. Johnson about this, and his opinion of them is not so much as the relationship. He finds it very strange that staff takes all the decision-making risk and we rely solely on First Southwest. They are the advisor. When he was an advisor, he demanded full discretion from his client, meaning he makes the decisions. We work out the risk policies but he makes the investment decisions.

Councilor Harris asked if they are just handling the mechanics of the transactions.

Mr. Fluetsch said, "They do the transactions and that's about all. I do discuss strategy with them and we share ideas, I listen to their conference calls, but the way it's structured now.... and this kind of changes, too. We're waiting for the Legal Department and the City Manager to approve, but for the first time, the City of Santa Fe staff actually will have the tools to monitor the advisors, the brokers and really evaluate the market, and it's called the Bloomberg Terminal. And we just got that installed. I have training on Wednesday. I used the Bloomberg Terminal when I was at the Alaska Permanent Fund. I had one in my own business. It's like the shovel for ditch-diggers, you can't do the job without it."

Mr. Johnson said we are certainly taking First Southwest to task more than in the past. He said we are analyzing closely the relationship with First Southwest and how it would be with any external advisory. Whether to have an internal benchmarking function as the employee and an outside advisor for advising on and doing the transactions or the reverse. He said, "That's the conversation we're having, that's a decision we'll have to make at some point. At this point, what we have is a sort of a bizarre hybrid that we're managing very well with the expertise of Mr. Fluetsch, Ms. Keyes and myself."

Councilor Harris said he's glad Mr. Johnson is looking at it, noting these practices become inherited, somewhat like the Municipal league. He thinks this is a good thing – examining these practices.

Chair Dominguez said no action is needed, just the specific direction we want and how the information is presented. He said this was a good dialogue, commenting there will be more to come. He will be speaking Mr. Johnson about what he is heard and how we can pull some other pieces of information out of it that might be important.

22. REQUEST FOR APPROVAL OF CITY'S INVESTMENT POLICY WITH RECOMMENDED AMENDMENTS REQUIRED ON AN ANNUAL BASIS. (BRADLEY FLUETSCH)

Mr. Fluetsch reviewed his proposed changes to policy, as set out in his Memorandum of December 5, 2016, with attachments, to the Finance Committee and City Council, which is in the Committee packet. Please see this Memorandum for specifics of his presentation.

Mr. Johnson said, regarding Section 6.11 Collateralization, he would clarify that not having to be collateralized at 102%, means those are deposits they can work with. When they are collateralized at 102%, they can't do anything with those deposits, so as we move forward, this is an opportunity to use the City of Santa Fe's funds for productive activities by the bank when they meet the proper rating criteria.

Mr. Fluetsch continued his presentation.

Mr. Fluetsch said all in all, as written, the Policy is stronger, a lot more direct in addressing risks of the portfolio, as well as taking advantage of opportunities allowed by the State which hasn't been authorized prior by the Council. He said it is the Council's decision whether or not to incorporate those risks – mainly credit risks.

[Councilor Harris's remarks are very difficult to transcribe because his microphone was turned off for most of this discussion]

Councilor Harris said it is a bad patch right now, but generally the State handles its investments fairly conservative. He doesn't believe the Legislature would lead us down a path just by creating this opportunity. He asked which City employees are authorized to buy and sell – the Finance Director and our Cash Investment Officer. Is that how we propose to do it.

Mr. Johnson said, "The way it works as a strategy is discussed among the 3 of them. It requires sign-off by all 3 of us before it is executed."

Councilor Harris asked if ethic disclosure been an issue for Mr. Fluetsch or Mr. Johnson.

Mr. Fluetsch said not for him, reiterating the Charter Financial Analyst Institute has the most rigorous ethic policy in the industry. He has read the policy and there is nothing that he does, noting he has closed his registered investment advisory firm, and delisted it with the Securities and Exchange Commission in the State of Alaska, so he has no conflicts of interest. He doesn't invest in the same securities as the City, commenting he takes more risk. He said he doesn't plan to trade with any of the firms, although there may be one in the future. He noticed Southwest Securities trades with TD AmeriTrade where his IRA and his brokerage account reside, and he would disclose that. He made a number of disclosures when he was hired, namely due to affiliations he has with other entities. He is a Tribal member of Central Council Tlingit Haida Indian Tribes of Alaska. He also is a member of the Juneau Tlingit Haida Indians. He has disclosed all his affiliations to the City. So from a trading perspective he has no issues. He doesn't believe either Mr. Johnson or Ms. Keyes have had issues with the policy.

Councilor Harris said one of the continuing refrains from his presentation have to do with interest rate environment, anticipating inflation, and noticed he has added Tips. He said in 6-12 months, it will be an interesting discussion if he starts looking at Tips for a reasonable investment.

Mr. Fluetsch said he actually already has.

Councilor Harris said then you really believe in it.

Mr. Fluetsch said no, it's not so much that he believes in it, is it he wanted to know where they were. A few years he strongly believed in them, but then 2007-2008 came along. He spoke with First Southwest because he didn't have a Bloomberg and wanted to know "where they were." He said they've already been talked about a lot on CNBC and Bloomberg is talking about them. Tips still has negative yields, a negative 75 basis points on the 10 year Tip, because you're not going to earn anything, so it's not an appropriate investment at this time. He said inflation isn't something you can easily control or manage.

Council Harris said Section 6-10-10 NMSA allows municipalities such as ours to look at this. He asked if these are always in pools. He said this gets into socially responsible investment. He said we do say something about socially responsible investment practices, and asked if that was discussed.

Mr. Fluetsch said he will be attending the CFA luncheon, and Thursday is on socially responsible investing. He said Section 6-10-10 NMSA states specifically it has to be in a pool.

Councilor Harris said that makes it more difficult.

Mr. Fluetsch said it makes it virtually impossible. He hasn't found any socially responsible criteria on fixed income pools.

Councilor Harris said he also talks about the paper for the Coke company, and he might want to edit that a little – that is his suggestion. He said it's a little bit of a red flag for a lot of people. He said it will be interesting to hear what comes from that discussion as you explore it. He hopes that the Governing Body eventually adopts this Investment Policy, commenting he thinks it's a real step forward.

Councilor Ives asked if there is information on how the proposed changes to the City's policies compare with others of similar size which can take advantage of Section 6-10-10 NMSA, that have incorporated these same provisions in their investment policies across New Mexico.

Mr. Fluetsch said there are only 4 cities that qualify – Albuquerque, Las Cruces, Rio Rancho and Santa Fe. He has met with Chris Daniels, Chief Investment Officer, for the City of Albuquerque, which has implemented this.

Councilor Ives asked about Las Cruces or Rio Rancho.

Mr. Fluetsch said he hasn't looked at their investment policies.

Councilor Ives asked Mr. Fluetsch to contact those communities about this, commenting he thinks we gain a little comfort knowing that there are others that have undertaken those same measures and have implemented them successfully.

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

DISCUSSION: Chair Dominguez thanked him for an interesting and very thorough discussion.

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

23. MATTERS FROM STAFF

There were no matters from staff.

24. MATTERS FROM THE COMMITTEE

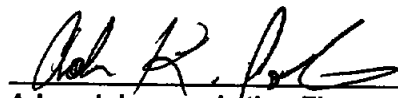
Chair Dominguez wished everyone Happy Holidays.


25. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 9:15 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Adam Johnson, Acting Finance Director
Department of Finance


Melessia Helberg, Stenographer

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2016-__
Legislative Priorities (2017)

SPONSOR(S): Mayor Gonzales, Councilors Lindell, Villarreal, Ives, Maestas, Dominguez, Rivera, Trujillo and Harris.

SUMMARY: The proposed resolution establishes the City of Santa Fe legislative priorities for the 53rd Legislature, First Session, 2017.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: December 1, 2016

ATTACHMENTS: Substitute Resolution
Resolution
FIR

Exhibit "A"

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Mayor Javier M. Gonzales

Councilor Signe I. Lindell

Councilor Renee D. Villarreal

Councilor Peter N. Ives

Councilor Joseph M. Maestas

Councilor Carmichael A. Dominguez

Councilor Christopher M. Rivera

Councilor Ronald S. Trujillo

Councilor Mike Harris

A RESOLUTION

**ESTABLISHING CITY OF SANTA FE LEGISLATIVE PRIORITIES FOR
CONSIDERATION BY THE NEW MEXICO STATE LEGISLATURE DURING THE 53RD
LEGISLATURE - STATE OF NEW MEXICO – FIRST SESSION, 2017.**

WHEREAS, the 60 day session of the 2017 Legislative Session begins on January 17, 2017;
and

WHEREAS, the Governing Body approved the submission of an ICIP plan for 2018 through
2022 to the state; and

WHEREAS, the Governing Body desires to establish City of Santa Fe legislative priorities to
be considered by the State Legislature based on the 2016-2020 ICIP approved on August 13, 2014;
and

WHEREAS, the Governing Body has other legislative priorities to be considered by the
State Legislature.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE
CITY OF SANTA FE** that the Governing Body hereby establishes the following legislative funding

1 priorities for consideration by the New Mexico Legislature, during the 2017 Legislative Session.
2 **Funding is requested, in the total amount of \$1,000,000 for the following citywide**
3 **improvements, as identified in the City's 2016-2020 ICIP:**

- 4 1. **Project: Airport Expansion**
5 **Amount Requested: \$1,000,000**
6 **Project Description: To design and construct an expansion of the Santa Fe**
7 **Municipal Airport Passenger Terminal Building within the City of Santa Fe,**
8 **Santa Fe County.**

9 **BE IT FURTHER RESOLVED** that the Governing Body hereby establishes the following
10 legislative funding priorities by district for consideration by the New Mexico Legislature, during the
11 2017 Legislative Session.

12 **Section 1. Funding is requested, in the total amount of \$250,000, for the following**
13 **City Council District 1 ICIP projects, as identified in the City's 2016-2020 ICIP list:**

- 14 A. **Project: Fort Marcy Complex**
15 **Amount Requested: \$250,000**
16 **Project Description: To plan, design, construct, furnish and equip the**
17 **Fort Marcy Complex for the City of Santa Fe.**

- 18 B. **Project: _____**
19 **Amount Requested: _____**
20 **Project Description: _____**

- 21 C. **Project: _____**
22 **Amount Requested: _____**
23 **Project Description: _____**

24 **Section 2. Funding is requested, in the total amount of \$250,000, for the following**
25 **City Council District 2, ICIP projects, as identified in the City's 2016-2020 ICIP list.**

1 A. Project: Sandoval/Montezuma Intersection
2 Amount Requested: \$100,000
3 Project Description: To plan, design and construct intersection
4 improvements with in the City of Santa Fe.

5 B. Project: _____
6 Amount Requested: _____
7 Project Description: _____

8 C. Project: _____
9 Amount Requested: _____
10 Project Description: _____

11 Section 3. Funding is requested, in the total amount of \$250,000, for the following
12 City Council District 3, ICIP projects, as identified in the City's 2016-2020 ICIP list.

13 A. Project: SWAN Park Cameras
14 Amount Requested: \$250,000
15 Project Description: To continue to plan, design and construct the
16 Southwest Activity Node park for the City of Santa Fe.

17 B. Project: Agua Fria/South Meadows Intersection Improvements
18 Amount Requested: \$375,000
19 Project Description: To plan, design, and construct right-of-way
20 improvements to Agua Fria and South Meadows within the City of
21 Santa Fe.

22 C. Project: _____
23 Amount Requested: _____
24 Project Description: _____

25 Section 4. Funding is requested, in the total amount of \$250,000, for the following

City Council District 4, ICIP projects, as identified in the City's 2016-2020 ICIP list.

A. Project: Southwest Booster Station
Amount Requested: \$170,000
Project Description: To design and construct a new 2500 square foot open booster pump station and 4000 linear feet of 16" diameter water transmission pipeline within the City of Santa Fe.

B. Project: _____
Amount Requested: _____
Project Description: _____

C. Project: _____
Amount Requested: _____
Project Description: _____

BE IT FURTHER RESOLVED that the Governing Body hereby establishes the following priority water projects for consideration by the New Mexico Legislature, during the 2016 Legislative Session and subsequently by the New Mexico Water Trust Board:

1. Project: FY 2017 Water Trust Board Application
Amount Requested: \$895,843
Project Description: To design and construct a 4 million gallon finished water storage tank for the purpose of storing treated water diverted from the Rio Grande and intended for municipal use within the service area of the City of Santa Fe and Santa Fe County.

BE IT FURTHER RESOLVED that the Governing Body requests that the Legislature, during the 2017 Legislative Session, enact legislation pursuant to the following City of Santa Fe resolutions of the Governing Body:

- 1 **Section 1.** **City of Santa Fe Resolution No. 2016-70, attached hereto as Exhibit A:**
2 Calling on the New Mexico legislature to reduce gun violence by enacting
3 legislation requiring comprehensive background checks for firearm sales, and
4 strengthening the criminal background check system.
- 5 **Section 2.** **City of Santa Fe Resolution No. 2015-75, attached hereto as Exhibit B:**
6 Supporting legislation amending NMSA 1978, § 72-1-9 preservation of
7 municipal, county, and state university water supplies.
- 8 **Section 3.** **City of Santa Fe Resolution No. 2015-76, attached hereto as Exhibit C:**
9 Supporting legislation amending NMSA 1978, § 72-6-4 Lessee's application,
10 use before approval.
- 11 **Section 4.** **City of Santa Fe Resolution No. 2015-77, attached hereto as Exhibit D:**
12 Supporting legislation amending the OSE's hearing procedures, NMSA
13 1978, § 72-7-1 and NMSA 1978, § 72-2-16.
- 14 **Section 5.** **City of Santa Fe Resolution No. 2015-78, attached hereto as Exhibit E:**
15 Supporting legislation amending NMSA 1978, § 72-12-3(D) and 72-5-5(B),
16 to define the standing of protestants.
- 17 **Section 6.** **City of Santa Fe Resolution No. 2015-79, attached hereto as Exhibit F:**
18 Supporting legislation amending NMSA 1978, § 72-12-24 supplemental
19 well, and § 72-12-22, replacement wells.
- 20 **Section 7.** **City of Santa Fe Resolution No. 2015-109, attached hereto as Exhibit G:**
21 For action beyond prayers, a call for gun purchase reform and support for
22 gun purchase reform from the state legislature during the 2016 legislative
23 session; and in support of Santa Fe public schools resolution 2015/16-11.
- 24 **Section 8.** **City of Santa Fe Resolution No. 2014-66, attached hereto as Exhibit H:**
25 Calling on our state legislative delegation to request a State Attorney

General's opinion to clarify the taxing power a home rule municipality possesses pursuant to the New Mexico Constitution and statutory law and whether a home rule municipality has the authority to impose a tax on items that are not expressly prohibited from taxation pursuant to state law.

BE IT FURTHER RESOLVED that the Governing Body requests that the Legislature, during the 2016 Legislative Session, enact legislation in accordance with the following resolutions of the New Mexico Municipal League:

Section 1. New Mexico Municipal League Resolution No. 2016-18 – Concerning State and Local Tax Reform

Section 2. New Mexico Municipal League Resolution No. 2016-32 – Concerning an Offender's Possession of Firearms while Subject to an order of Protection or Following Conviction for a Domestic Violence Offense

Section 3. New Mexico Municipal League Resolution No. 2016-30 – Concerning the Extension of the New Mexico Solar Market Development Tax Credit

Section 4. New Mexico Municipal League Resolution No. 2016-26 – Concerning EMS Funding

Section 5. New Mexico Municipal League Resolution No. 2016-36 – Concerning Exemption to the Lodgers' Tax Act

Section 6. New Mexico Municipal League Resolution No. 2016-16 – Concerning the Development of State Engineer Guidelines or Policies Regarding Municipal Best Management Practices for Precipitation Capture and Use

Section 7. New Mexico Municipal League Resolution No. 2016-24 – Concerning Municipal Technology Infrastructure Fees

Section 8. New Mexico Municipal League Resolution No. 2016-34 – Concerning State Grants for Libraries

1 **BE IT FURTHER RESOLVED** that the Governing Body requests that the following items
2 be monitored by the City's lobbyist during the 2017 Legislative Session:

3 **Section 1.**

4 1. **Amend state law to repeal the sections of HB 641 that phased out the**
5 **hold harmless provision and enacted a new municipal hold harmless tax and**
6 **reenact the Hold Harmless distribution from the State to the municipalities.**

7 During the 2013 Legislative Session, the Legislature approved HB 641 which
8 amended the law to phase out the hold harmless distribution that is made by the State
9 to municipalities and counties. The hold harmless distribution was originally
10 introduced by the State as a way to offset money lost to the municipalities and
11 counties due to certain deductions provided by the tax code (food and medical). The
12 phase out of the hold harmless provision is scheduled to begin in FY16 at 10% per
13 year over 15 years until it is eliminated in FY 30. In conjunction with the phase-out,
14 HB 641 added a new section allowing a municipal hold harmless gross receipts tax to
15 be imposed by ordinance but not to exceed an aggregate rate of 3/8 percent of the
16 gross receipts of any person engaging in business in the municipality. Finally, the
17 former hold harmless distribution from the State to the municipalities and counties
18 should be reenacted.

19 2. **Or, in the alternative, amend state law to clarify that counties that**
20 **impose the permitted 3/8% GRT are only authorized to do so within the county**
21 **jurisdictional boundaries located outside the municipal jurisdictional**
22 **boundaries.** HB 641, as a way to compensate for the lost revenue caused by the
23 phase out of the hold harmless distribution, also authorized any county and
24 municipality to impose an excise tax not to exceed a maximum of 3/8% of the gross
25 receipts of any person engaging in business in the municipality. Pursuant to HB 641,

1 if a county and a municipality located solely within the county, both choose to each
2 impose the full 3/8%, then municipal residents would end up paying the increase of
3 6/8% or 3/4% of the gross receipts of any person engaging in business in the
4 municipality. However, with this alternative amendment to HB 641, the municipality
5 residents at most would end up paying an increase of 3/8% of gross receipts tax
6 imposed on businesses in the municipality.

7 **Section 3.**

8 **Section 4.**

9 **Section 5.**

10 **BE IT FURTHER RESOLVED** that through the Santa Fe City Council Committee and City
11 Council process, general operating fund and other statutory changes may be established for
12 consideration by the State Legislature.

13 **BE IT FURTHER RESOLVED** that the City of Santa Fe lobbying team is directed to work
14 with the Santa Fe Legislative Delegation on any unencumbered capital outlay funds to be used
15 towards identified City of Santa Fe projects.

16 **BE IT FURTHER RESOLVED** that while this resolution represents a majority of the intent
17 of the Mayor and City Council as to 2017 New Mexico legislative priorities, other timely priorities
18 may be identified and forwarded to the City's lobbying team for action.

19 **BE IT FURTHER RESOLVED** that the City Clerk is directed to forward a copy of this
20 resolution to the City of Santa Fe lobbyist and the City of Santa Fe State Legislative Delegation.


21 PASSED, APPROVED, and ADOPTED this _____ day of _____, 2016.

22
23 _____
24 JAVIER M. GONZALES, MAYOR
25

1 ATTEST:

2
3
4 YOLANDA Y. VIGIL, CITY CLERK

5 APPROVED AS TO FORM:

6 
7
8 KELLEY A. BRENNAN, CITY ATTORNEY

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

05-Dec-16
8:05 AM

NOTES

	ACTUAL 06/30/2015 (A)	FISCAL 2015-16 BUDGET (B)	PROJECTED 06/30/2016 (C)	FISCAL 2016-17 BUDGET (D)	BUDGET CHANGE D/B %
ANNUAL CONFERENCE					
REVENUES:					
Registration Fees	122,215	120,000	128,650	120,000	0.00%
Sponsor Fees	53,860	55,000	58,020	50,000	-9.09%
Exhibitor Fees	53,110	56,000	45,265	35,000	-36.36%
Advertising	-	-	-	-	0.00%
Total Revenues	229,175	230,000	231,935	205,000	-10.87%
EXPENSES:					
Meeting Services	177,746	186,000	193,103	179,000	-3.76%
Speaker Services	18,679	20,000	8,493	5,000	-75.00%
Staff Lodging and Meals	11,311	12,000	7,796	7,000	-41.67%
Staff Travel	810	1,000	773	2,000	100.00%
Planning	2,011	1,000	3,046	2,000	100.00%
Entertainment	-	-	2,140	-	0.00%
Total Expenses	210,557	220,000	215,351	195,000	-11.36%
Estimated Net Gain (Loss)	18,618	10,000	16,584	10,000	

Current Meeting:
August 31 - Sept 2, 2016
Hobbs, NM

Next Meeting:
August - Sept 2017
Clovis, NM

Exhibit "2"

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

05-Dec-16
8:05 AM

NOTES

	ACTUAL 06/30/2016	FISCAL 2016-16 BUDGET	PROJECTED 06/30/2016	FISCAL 2016-17 BUDGET	BUDGET % CHANGE D/B
	(A)	(B)	(C)	(D)	
M O L L Workshops					
REVENUES:					
Registration Fees	43,705	30,000	30,715	30,000	0.00%
Webinar	-	-	-	3,600	0.00%
Sponsor Fees	15,000	15,000	15,000	15,000	0.00%
Sponsorship - NMML & NMSIF @7.5K	58,705	45,000	45,715	48,600	8.00%
Total Revenues					
EXPENSES:					
Meeting Services	34,770	35,000	29,359	35,000	0.00%
Speaker Services	8,633	8,000	7,884	8,000	0.00%
Staff Lodging and Meals	1,912	2,000	2,195	2,100	5.00%
Staff Travel	-	-	-	-	0.00%
Planning & Advance Academy/Promo	-	-	907	1,000	0.00%
Webinar Development/Platform	-	-	6,743	2,500	0.00%
Total Expenses	45,315	45,000	47,088	48,600	8.00%
NET GAIN (LOSS)	13,390	-	(1,373)	-	
DISTRICT MEETINGS					
REVENUES:					
Registration Fees	8,160	8,000	5,640	9,000	12.50%
Sponsor Fees	3,000	9,000	4,800	7,000	-22.22%
Miscellaneous	-	-	-	-	0.00%
Total Revenues	11,160	17,000	10,440	16,000	-5.88%
EXPENSES:					
Meeting Services	13,149	14,000	17,447	13,000	-7.14%
Staff Lodging and Meals	3,155	3,000	654	3,000	0.00%
Staff Travel	-	-	-	-	0.00%
Entertainment	-	-	-	-	
Total Expenses	16,304	17,000	18,101	16,000	-5.88%
NET GAIN (LOSS)	(5,144)		Page 2 of 8(7,661)	-	

Coming Year:

Sept 14-16, 2016 - Governance
Oct 13-14, 2016 - Refresher
Nov 16 - 18, 2016 - Leadership
Advance May '2017
June '2017 - Education

Current Year:

Sept 23-25, 2015 - Governance
Nov 18 - 20, 2015 - Leadership
April 21-22, 2016 - Advance
May 18-20, 2016 - Education

Current Year
March '2016

Next Year
Mar / Apr 2017

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

05-Dec-16
8:05 AM

NOTES

	ACTUAL 06/30/2015 (A)	FISCAL 2016-16 BUDGET (B)	PROJECTED 06/30/2016 (C)	FISCAL 2016-17 BUDGET (D)	BUDGET CHANGE %
ELECTION SCHOOL					
<u>REVENUES:</u>					
Registration Fees	-	28,000	28,540	-	100.00%
Sponsor & Exhibitor Fees	-	6,000	6,575	-	100.00%
Miscellaneous	-	-	-	-	-
Total Revenues	-	34,000	35,115	-	100.00%
<u>EXPENSES:</u>					
Meeting Services	-	33,000	38,019	-	100.00%
Speaker Services	-	500	-	-	100.00%
Staff Lodging and Meals	-	200	221	-	100.00%
Staff Travel	-	300	176	-	100.00%
Total Expenses	-	34,000	38,416	-	100.00%
NET GAIN (LOSS)	-	-	(3,301)	-	-
MUNICIPAL DAY					
<u>REVENUES:</u>					
Registration Fees	23,420	20,000	20,535	20,000	0.00%
Sponsor Fees	14,000	12,000	10,800	12,500	4.17%
Miscellaneous	-	-	-	-	0.00%
Total Revenues	37,420	32,000	31,335	32,500	1.56%
<u>EXPENSES:</u>					
Meeting Services	33,244	31,500	31,988	32,000	1.59%
Entertainment	400	500	500	500	0.00%
Speaker Services	-	-	-	-	0.00%
Staff Lodging and Meals	442	-	51	-	0.00%
Staff Travel	37	-	-	-	0.00%
Total Expenses	34,123	32,000	32,539	32,500	1.56%
NET GAIN (LOSS)	3,297	-	(1,204)	-	-

School held on the fall of odd years

Current School
Nov 4-6, 2015

Next School
Nov 2017

Current Meeting:
February 2016

Next Meeting:
February 2017

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

05-Dec-16
8:05 AM

NOTES

NEWLY ELECTED OFFICIALS					
REVENUES:					
Registration Fees	-	13,000	8,720	-	100.00%
Sponsor Fees	-	-	-	-	100.00%
Surplus Provided	-	-	-	-	100.00%
Total Revenues	-	13,000	8,720	-	100.00%
EXPENSES:					
Meeting Services	-	11,000	8,038	-	100.00%
Speaker Services	-	-	-	-	100.00%
Staff Lodging and Meals	-	2,000	1,186	-	100.00%
Staff Travel	-	-	1,274	-	100.00%
Total Expenses	-	13,000	10,498	-	100.00%
NET GAIN (LOSS)	-	-	(1,778)	-	-19.09%

Workshop held on even years

March 2016
Albuquerque
&
March 2016
Las Cruces

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

5-Dec-16
8:05 AM

	FISCAL 2016-16	PROJECTED 06/30/2016	FISCAL 2016-17	BUDGET CHANGE D/B
ACTUAL	BUDGET	(C)	BUDGET	%
06/30/2015	(A)	(B)	(D)	

NOTES

INFRASTRUCTURE CONFERENCE

REVENUES:

Registration Fees
Sponsor & Exhibitor Fees
Miscellaneous

Total Revenues

EXPENSES:

Meeting Services
Speaker Services
Lodging and Meals
Travel
Planning
Entertainment

Total Expenses

NET GAIN (LOSS)

57,520.00	50,000.00	44,750.00	45,000.00	-10.00%
35,335.00	30,000.00	31,020.00	30,000.00	0.00%
-	-	-	-	0.00%
92,855.00	80,000.00	75,770.00	75,000.00	-6.25%
72,157.20	67,500.00	90,871.12	62,500.00	-7.41%
477.30	2,000.00	-	2,000.00	0.00%
624.41	1,000.00	997.59	1,000.00	0.00%
8.40	500.00	177.10	500.00	0.00%
1,115.81	1,500.00	1,245.71	1,500.00	0.00%
7,258.30	7,500.00	7,089.00	7,500.00	0.00%
81,641.42	80,000.00	100,380.52	75,000.00	-6.25%
11,213.58	-	(24,610.52)	-	

Current Meeting:

October 28-30, 2015

Albuquerque

Next Meeting:

October 25-28, 2016

Ruidoso Convention Center

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

5-Dec-16
8:05 AM

NOTES

	ACTUAL 06/30/2015 (A)	FISCAL 2015-16 BUDGET (B)	PROJECTED 06/30/2016 (C)	FISCAL 2016-17 BUDGET (D)	BUDGET CHANGE D/B	% CHANGE
--	-----------------------------	------------------------------------	--------------------------------	------------------------------------	-------------------------	-------------

LOCAL GOVT BUDGET CONF.

REVENUES:

Registration Fees
Exhibitor & Sponsor Fees
Miscellaneous

Total Revenues

EXPENSES:

Meeting Services
Speaker Services
Lodging and Meals
Travel
Entertainment

Total Expenses

NET GAIN (LOSS)

-	12,500.00	25,600.00	15,000.00	0.00%
-	1,000.00	-	1,000.00	0.00%
-	-	-	-	0.00%
-	13,500.00	25,600.00	16,000.00	0.00%
-	13,000.00	28,780.51	15,000.00	0.00%
-	-	-	-	0.00%
-	500.00	448.53	1,000.00	0.00%
-	-	94.88	-	0.00%
-	-	-	-	0.00%
-	13,500.00	29,323.92	16,000.00	0.00%
-	-	(3,723.92)	-	0.00%

Current Meeting:
Nov 17-18, 2016
Per, DFA not sure if
conference will be held

Next Meeting:
Nov / Dec 2017
TBA

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

5-Dec-16
8:05 AM

	ACTUAL	FISCAL 2016-16 BUDGET	PROJECTED 06/30/2016	FISCAL 2016-17 BUDGET	BUDGET %	CHANGE D/B
(A)	(B)	(C)	(D)			

NOTES

AVIATION CONFERENCE

REVENUES:

Registration Fees
Sponsor Fees
NM State Aviation Sponsor

Total Revenues

EXPENSES:

Meeting Services
Speaker Services
Lodging and Meals
Travel
Entertainment

Total Expenses

NET GAIN (LOSS)

13,310.00	6,000.00	5,755.00	7,000.00	16.67%
39,820.00	20,000.00	18,000.00	20,000.00	0.00%
-	4,000.00	-	-	0.00%
53,130.00	30,000.00	23,755.00	27,000.00	-10.00%
40,524.79	26,000.00	22,267.00	21,000.00	-19.23%
7,759.55	2,500.00	2,500.00	4,000.00	60.00%
1,296.37	1,000.00	1,000.00	1,500.00	50.00%
719.38	500.00	500.00	500.00	0.00%
-	-	-	-	0.00%
50,300.09	30,000.00	26,267.00	27,000.00	-10.00%
2,829.91	-	(2,512.00)	-	

Current Meeting:
May 11, 2016
Ruidoso Convention Center

Next Meeting:
April/May 2017

**NEW MEXICO MUNICIPAL LEAGUE
2016 - 2017 MEETING BUDGET
BUDGET WORK PAPERS**

5-Dec-18
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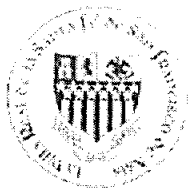
NOTES

ACREDITATION PROGRAM				
REVENUES:				
Seminar Revenue				
Sponsor Fees:				
Sponsor Fees (NMML & NMSP)	100,000.00	100,000.00	100,000.00	100,000.00
Sponsor Fees (NMAOC)	50,000.00	50,000.00	50,000.00	75,000.00
			8,925.00	0.00%
Application Fees:				
Law Enforcement	11,250.00	20,000.00	6,500.00	7,000.00
Detention Center	2,500.00	-	1,500.00	2,500.00
Adult Misdemeanor	5,000.00	-	2,500.00	2,500.00
Communication	5,000.00	-	2,500.00	5,000.00
Fire Service	-	-	-	-
Total Revenues	173,750.00	170,000.00	169,925.00	162,000.00
				12.94%
EXPENSES / PROGRAMS:				
Law Enforcement	14,904.00	20,000.00	11,984.00	25,000.00
Detention Center	3,394.00	5,000.00	4,000.00	5,000.00
Adult Misdemeanor	2,543.00	3,000.00	3,000.00	5,000.00
Communication	3,427.00	2,000.00	3,000.00	5,000.00
Fire Service	-	-	200.00	5,000.00
Contract Labor	124,418.00	130,000.00	130,000.00	130,000.00
Fuel	4,320.00	5,000.00	4,000.00	6,000.00
Seminar Expense	-	-	7,500.00	-
Other / Misc	7,759.00	5,000.00	200.00	1,000.00
Total Expenses	180,786.00	170,000.00	163,884.00	182,000.00
NET GAIN (LOSS)	12,965.00	-	6,061.00	10,000.00
				7.09%

Actual Financial
Numbers Estimated

04/30/16 06/30/16 Rounded

Beginning Stages	04/30/16	06/30/16	Rounded
	9,604.00	11,524.80	12,000.00
	2,992.00	3,590.40	4,000.00
	2,337.00	2,804.40	3,000.00
	2,275.00	2,730.00	3,000.00
	156.00	187.20	200.00
	105,720.00	126,864.00	130,000.00
	3,135.00	3,762.00	4,000.00
	5,985.60	7,182.72	7,500.00
	200.00	240.00	300.00



City of Santa Fe New Mexico

Finance Department

Memorandum



DATE: December 5, 2016

TO: Finance Committee, City Council

VIA: Brian Snyder, City Manager *BS*

FROM: Adam Johnson, Finance Director *AJ*

ISSUE

City of Santa Fe Program Inventory Compilation

EXECUTIVE SUMMARY

In August the Governing Body passed the Strategic Planning Resolution that prescribed a three pronged approach to advancing the City of Santa Fe toward better priority setting and performance measurement development. The resolution required staff to take the first step toward creating performance measures by taking an inventory of the programs and services the City provides both internally and externally. This is a required first step toward creating performance measures.

Through the City Manager, the Finance Department spearheaded the effort to gather the information from the various City departments. The exercise asked department and division directors to essentially map out all of their programs. The prescribed approach was an attempt to roll up activities with-in a division to a program rather than the traditional silo tendency. By and large the results do reflect the approach. This exercise uncovered the answers of who, where, when and why.

As the reader will see many of the fields in the forms are still blank. The blank fields include place holders for performance measures, data development, and reporting results. This result is by design as the Departments have not yet embarked on the performance measure (PM) development phase. The PM development phase is scheduled to commence in mid-January 2017.

The exercise captured nearly the entire organization with minimal exceptions. As can be expected of such an undertaking the results are not completely uniform. Regardless, such a compilation provides an opportunity to see the whole organization and look for commonalities and synergies. The Finance Department and City Manager are grateful for the City wide participation.

ACTION

Information only

Exhibit 13

CITY OF SANTA FE
QUARTERLY FINANCIAL PERFORMANCE REPORT

As of September 30, 2016



Presented to the Finance Committee

December 5, 2016

Exhibit "4"

CITY OF SANTA FE – QUARTERLY FINANCIAL REPORT

TABLE OF CONTENTS

	<u>Page #</u>
I. QUARTERLY REVENUE UPDATE	
A. Executive Summary	3
B. <u>Chart 1</u> : Total Gross Receipts Tax (GRT).....	3
C. <u>Table 1</u> : GRT Distribution Variance by Industry Sector.....	4
D. <u>Chart 2</u> : GRT Historical Three Year Comparison.....	4
E. <u>Chart 3</u> : City of Santa Fe GRT by Industry Sector	5
F. <u>Chart 4</u> : Unemployment Rate, 3 Years 2013-2016, Seasonally Adjusted.....	6
G. <u>Chart 5</u> : 2013-2017 Lodgers Tax Revenue Comparison	6
 II. REVENUE/EXPENDITURE PROJECTIONS	
A. Executive Summary	7
B. All Funds – Operating Budget Summary & Projections	8
C. Projections Analysis:	
1. FY 2016-17 Budget vs. Projections – All Funds (chart).....	9
2. FY 2016-17 General Fund Projections (chart).....	9
D. General Fund Budget Summary & Projections	10
 III. INVESTMENT PORTFOLIO	
A. <u>Chart 6</u> : Portfolio by Security Type	11
B. <u>Chart 7</u> : Securities by Issuers	11
C. <u>Chart 8</u> : Bank CDs	11
D. <u>Chart 9</u> : Portfolio by Maturity	12
E. <u>Chart 10</u> : Effective Duration at Quarter End.....	12
F. <u>Chart 11</u> : Savings & Pooled Investment Accounts	13
G. <u>Table 2</u> : Wells Fargo Trust.....	13
H. Market Expectations.....	13
I. Investment Strategy	14
J. <u>Chart 12</u> : Annual Income on \$50 Million	15
K. <u>Chart 13</u> : Agency vs. CP Comparison 11/22/16	15
L. <u>Chart 14</u> : Quarterly Returns – June 30, 2010 to September 30, 2016.....	15
M. <u>Chart 15</u> : Cumulative Quarterly Returns – June 30, 2010 to September 30, 2016	16
N. Portfolio Details – Investments	17

CITY OF SANTA FE – QUARTERLY REVENUE UPDATE

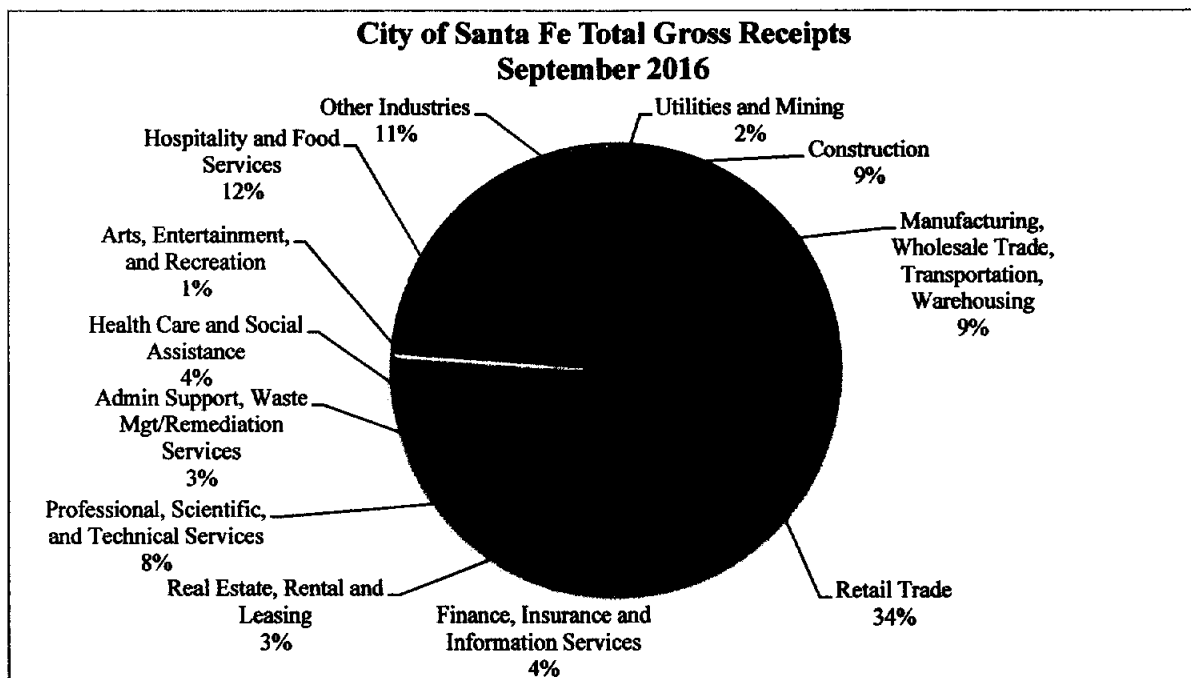
City of Santa Fe Gross Receipts & Lodgers' Tax Update through September 2016

The following provides a brief summary of the Gross Receipts Tax (GRT) for the City of Santa Fe. The New Mexico Taxation and Revenue Department (TRD) reports the monthly tax receipts collection activity data. The following overview covers the GRT activity for the month of September 2016, reported in November 2016.

September gross receipts activity typically reports a slowdown from the rapid pace observed during the summer months. Total gross receipts for September 2016 were \$463 million. This was the largest reported gross receipts distribution since before 2007 and the downturn of the recession. This spike in reporting for September may be attributed to a delay in accounting and reporting practices at the state's Taxation and Revenue Department. As observed, September 2016 reporting is nearly 24 percent over September 2015. The largest portion of gross receipts activity within the city is attributed to retail sales. Over the last ten years, the retail sector alone generates on average \$130 million in gross receipts during September. Retail gross receipts collected in September 2016 were reported at \$157.7 million, approximately 26.7 percent above September 2015. The leisure and hospitality services sector also reported solid gross receipts of \$54.2 million. Additional strength was reported in the arts, entertainment and recreation and administration and support and remediation services sectors. The sectors of professional, scientific and technical services and construction were all up from the previous September. The overall increase across all sectors was six percent (see Table 3).

In September, the Workforce Solutions Department (DWS) reported total non-seasonally adjusted employment in Santa Fe declined by 2.2 percent for the month. Growth was observed primarily in the education and health services with the largest losses in the leisure and hospitality industries. Employment gains were also reported in the local government sector during the month.

Chart 1



Data Source: NM Taxation & Revenue Dept.

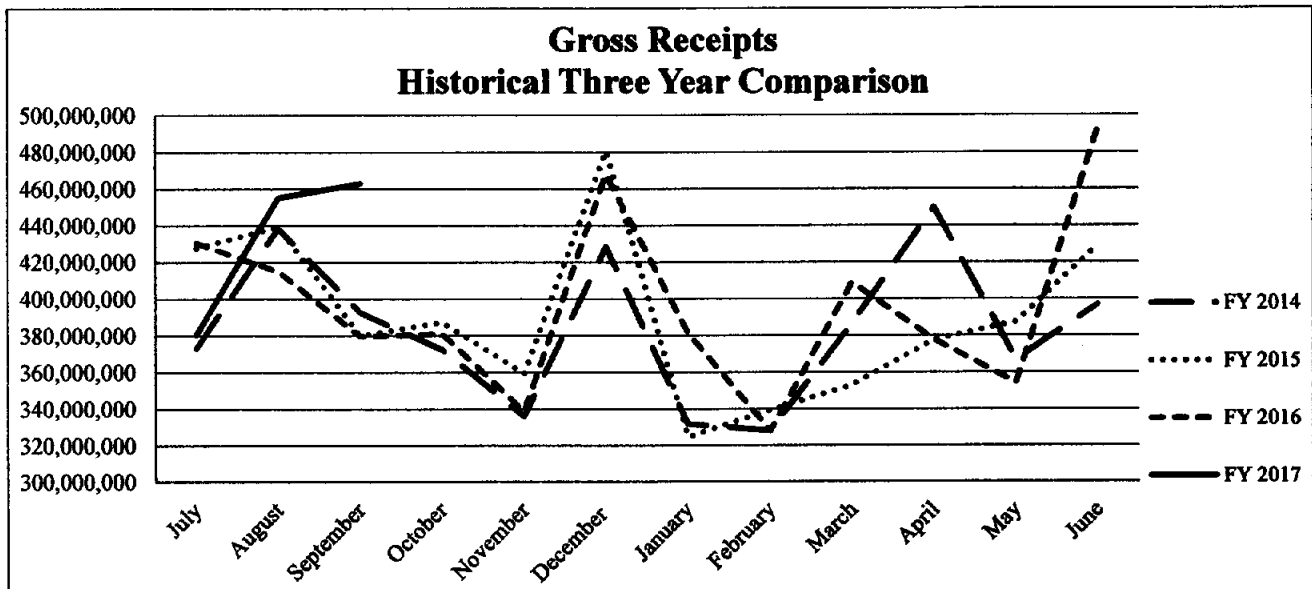
FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

Table 1

City of Santa Fe GRT Distribution Variance by Industry Sector FY 2017 vs. FY 2016 Cumulative FYTD				
Category	September 2016-2017	September 2015-2016	\$ Variance	Percentage
Agriculture, Forestry, Hunting, Fishing	82,636	76,640	5,996	8%
Mining	3,057	6,033	(2,976)	-49%
Utilities	928,361	1,018,300	(89,939)	-9%
Construction	4,030,472	3,520,901	509,571	14%
Manufacturing	758,098	735,668	22,430	3%
Wholesale	938,961	852,048	86,913	10%
Retail	12,553,191	12,095,561	457,630	4%
Transportation & Warehousing	156,622	98,253	58,369	59%
Information and Cultural Industries	1,632,431	1,609,364	23,067	1%
Finance & Insurance	540,913	486,412	54,501	11%
Real Estate, Rental & Leasing	1,180,422	1,253,792	(73,370)	-6%
Professional, Scientific, Technical	3,687,870	3,471,153	216,717	6%
Management of Companies	54,837	56,706	(1,869)	-3%
Admin & Support, Waste Mgt.	475,403	421,517	53,886	13%
Educational Services	267,770	241,993	25,777	11%
Health Care and Social Assistance	2,255,176	2,261,542	(6,366)	0%
Arts, Entertainment & Recreation	411,797	315,042	96,755	31%
Accommodation & Food	6,819,606	6,330,422	489,184	8%
Other Services	3,883,954	4,210,318	(326,364)	-8%
Public Administration	75,418	70	75,348	100%
Unclassified	793,971	342,756	451,215	132%
State Reimb-Food/Med Tax**	5,583,220	4,819,730	763,490	16%
Muni. Equivalent Distribution	128,485	194,281	(65,796)	-34%

Data Source: NM Taxation & Revenue Dept. Please note a two month lag in data provided per reporting from TRD.

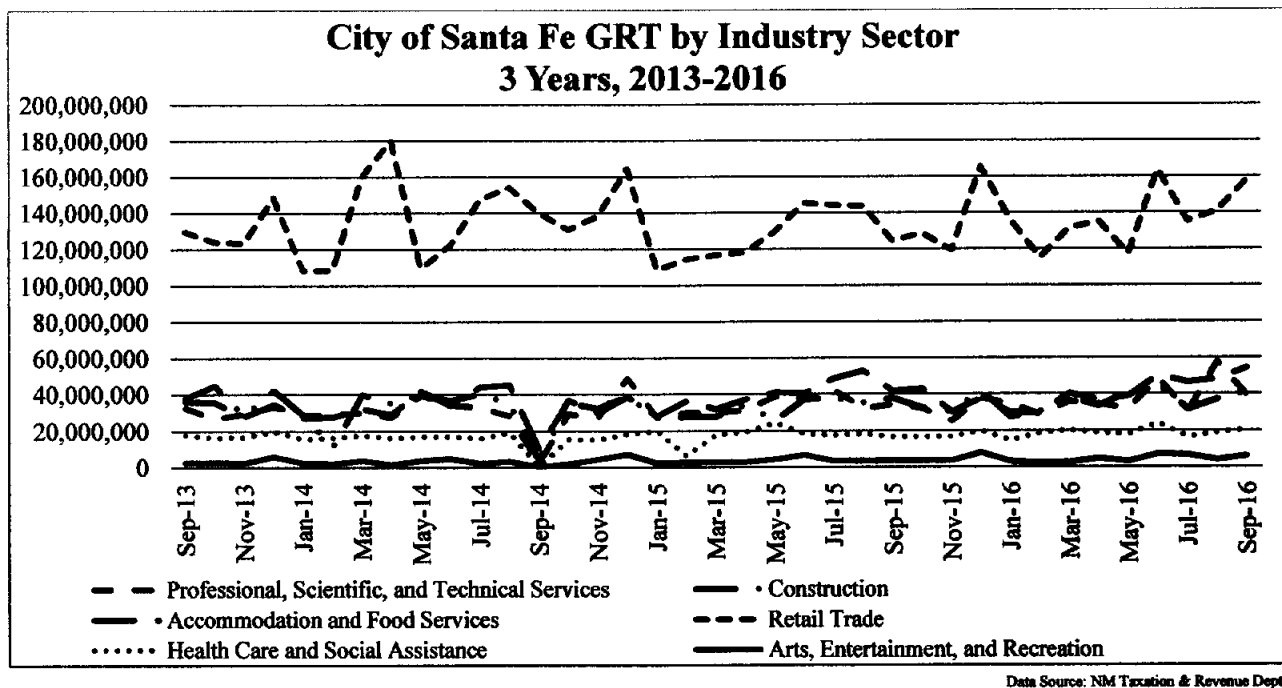
Chart 2



Data Source: NM Taxation & Revenue Dept.

Strength in gross receipts observed in June reporting data has been explained by TRD as an increase in the processing and accounting of filers' payments at the department. Typically a seasonal boost in retail activity contributes to an increase.

Chart 3

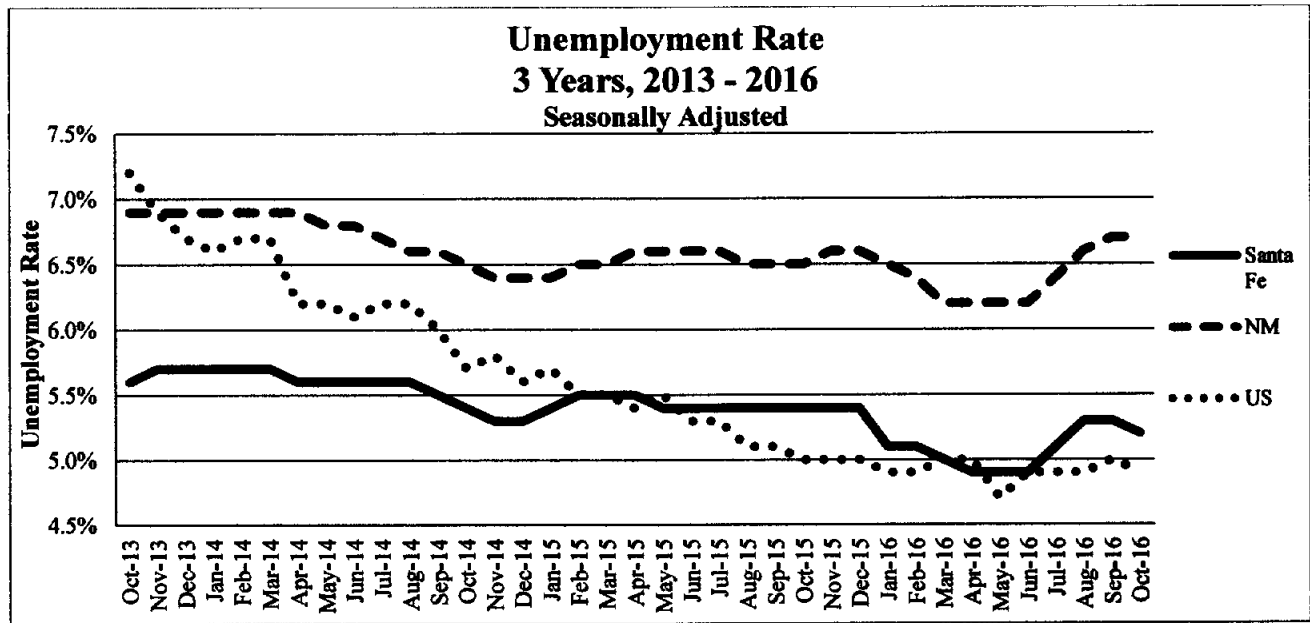


Employment is a strong indicator for the health of an economy. The Santa Fe MSA (metropolitan statistical area) is reporting some growth in certain sectors, yet remains behind historical levels achieved during 2006-2007. In September, the private sector contracted by 1,500 jobs, or 3.1 percent while the local government sector partially offset losses with a gain of 100 jobs, or 0.6 percent. Nearly all of the posted job losses were in the service providing industries. As Santa Fe continues to recover from the recession, at a more tempered pace, the sectors of health care and social assistance, public administration and accommodation and food services support this growth. Preliminary employment growth has been reported at 1.9 percent over the year through October.

Unemployment levels within the Santa Fe MSA have been relatively flat during the first half of the 2016 fiscal year, hovering around 5.2 percent and dropping down in the second half. This was comparable with the national level of approximately 5 percent. The first quarter of fiscal year 2017 presents a steady increase in unemployment claims, climbing from 4.9 percent to 5.4 percent and settling at 5.2 percent for October. This increase may be indicative of seasonal employment activity shifting at the end of the summer months. Broader New Mexico unemployment levels during the same quarter averaged 6.7 percent, driven in part by losses in petroleum industry related jobs as well as a slowdown in warehousing and manufacturing across the state.

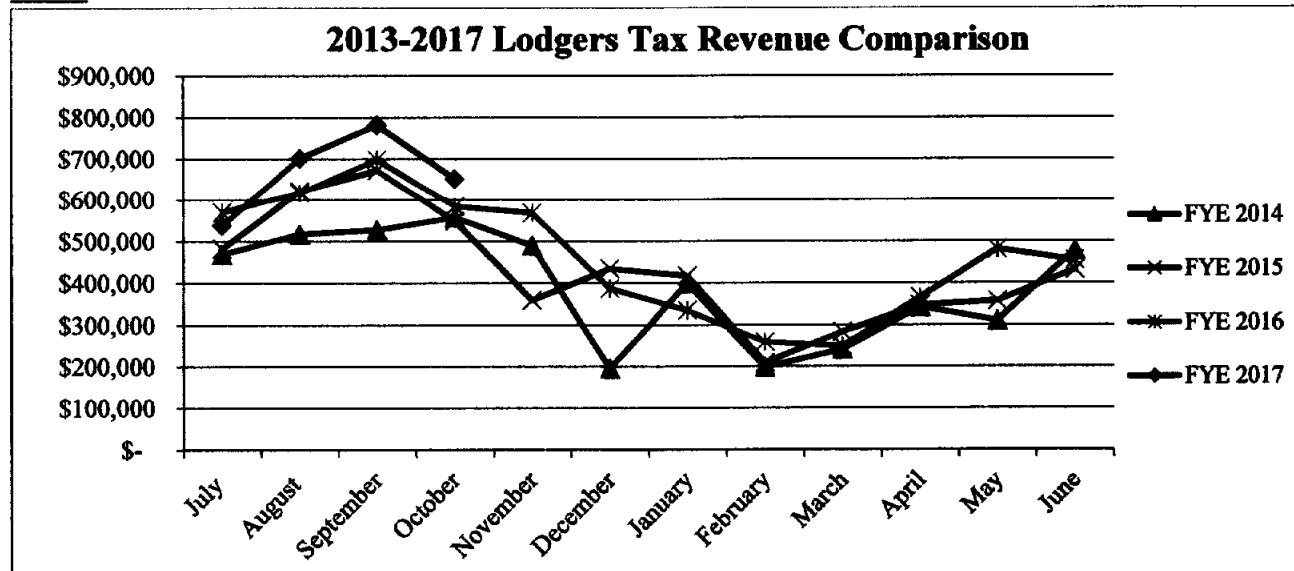
FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

Chart 4



Data Source: NM Dept. Workforce Solutions

Chart 5



Data Source: City of Santa Fe Finance Department

CITY OF SANTA FE – REVENUE/EXPENDITURE PROJECTIONS

This report is a summary of financial results for the City through the first quarter of the fiscal year. It provides summarized information on how the City's financial sources and uses have performed to date by department and major categories. Significant financial developments and budget variances are highlighted and explained. The report also includes a projection of revenues and expenditures to the end of the fiscal year based on year-to-date activity and historical trends.

HIGHLIGHTS

Overall the City's revenue picture is a positive one so far this fiscal year, with Gross Receipts Tax (GRT) coming in on par with or slightly above GRT receipts for the previous fiscal year (YTD GRT receipts are up 0.6% over the same period in the previous fiscal year); citywide GRT receipts are projected to end the fiscal year at 13% above budgeted levels. While some revenue sources like Property Tax, Franchise Tax and Interest are performing below budgeted expectations, other sources such as Lodgers' Tax, Gas Tax and Solid Waste Fees are performing more strongly than expected. Overall revenues are projected to come in at 3% above budget.

On the expenditures side, the projections are largely based on past usage history in more 'discretionary' accounts such as repairs/maintenance and supplies; as in past years, these categories tend to come in a bit more under budget in most instances than do other categories such as salaries and benefits. However, it should be noted that, because these projections for both revenues and expenditures are based on one quarter of the fiscal year, accurate prediction of trends is a bit challenging at this point; therefore, it is likely that some revenue or expenditure trend predictions will change in subsequent financial forecasts as the fiscal year progresses and clear patterns emerge. As for personnel services costs, the City seems to be on track so far toward meeting the increased vacancy savings goals incorporated into the FY 2016/17 Budget. As a whole, expenditures are projected to come in at 7% below budget.

GENERAL FUND

Although many revenue categories in the General Fund such as Property Tax, Franchise Tax, Fines and Interest are trending below their budget targets, because GRT is by far the largest General Fund revenue source, positive GRT performance over the first three months of the fiscal year has left the overall General Fund revenue forecast still a positive one, with overall revenue projected to exceed budget by 2%. On the expenditure side, as noted above, the City has tightened its personnel services budget for FY 2016/17, and as a result salaries and benefits are trending closer to budget targets than in previous years, when a significant portion of the personnel budget was left unspent due to an underestimation of employee vacancy savings trends. As a result, Departments such as Police and Fire whose salaries and benefits represent a greater share of their total budget are projected to end the fiscal year closer to their budget targets than those whose share is relatively smaller, such as HR and ITT. One other budgetary item of note is the substantial increase (approx. \$7.26 million) in the Finance Department's amended (current) budget vs. the approved (original) budget; this is entirely due to the transfer from available General Fund balance to the City's CIP program, as authorized by City Council in the 1st Quarter. Overall, General Fund expenditures are projected to end the fiscal year at 7% below budget.

In conclusion, the overall City financial picture as of September 30 presents a positive trend. However, as noted above, the fiscal year is still quite young, and positive or negative trends may emerge later in the year. The Finance Department will continue to closely monitor the City's revenue and expenditure profile, and recommend adjustments where necessary, to ensure that the City's financial goals are met in the most efficient and effective manner possible.

FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

ALL FUNDS - OPERATING BUDGET SUMMARY & PROJECTIONS

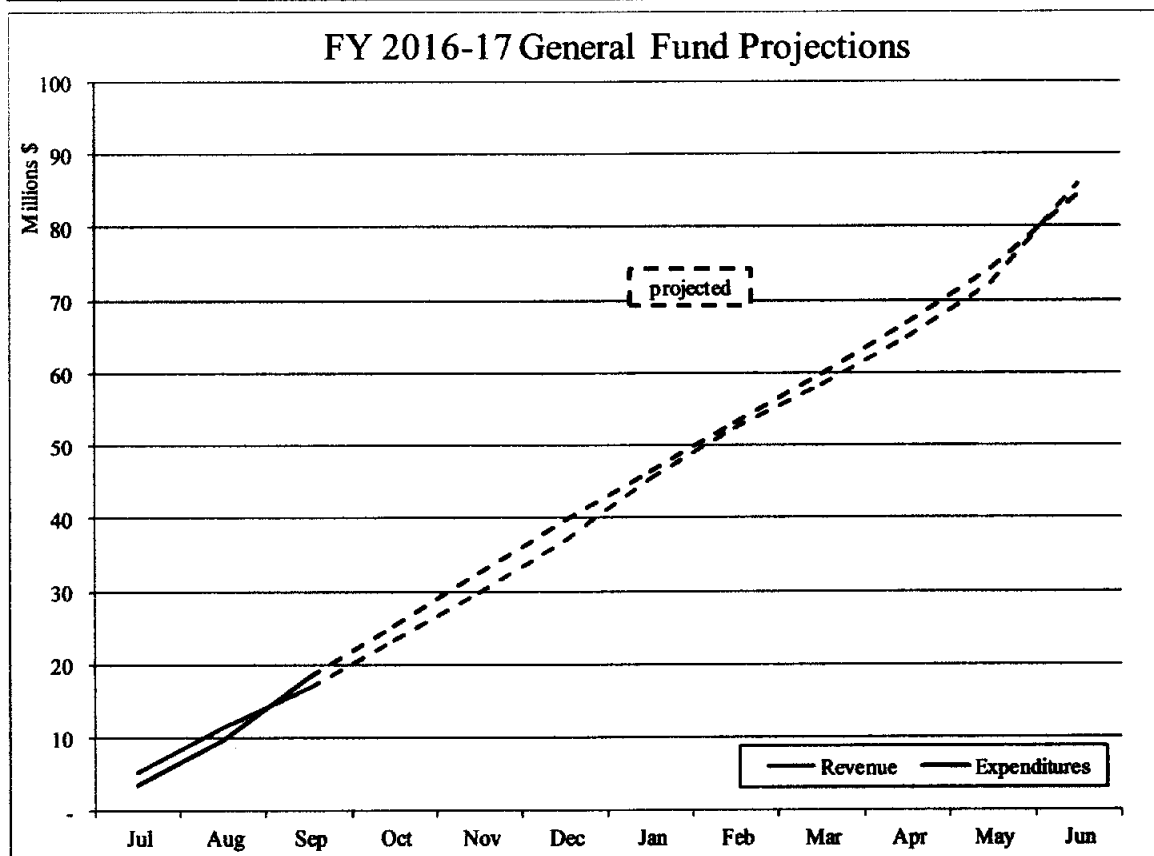
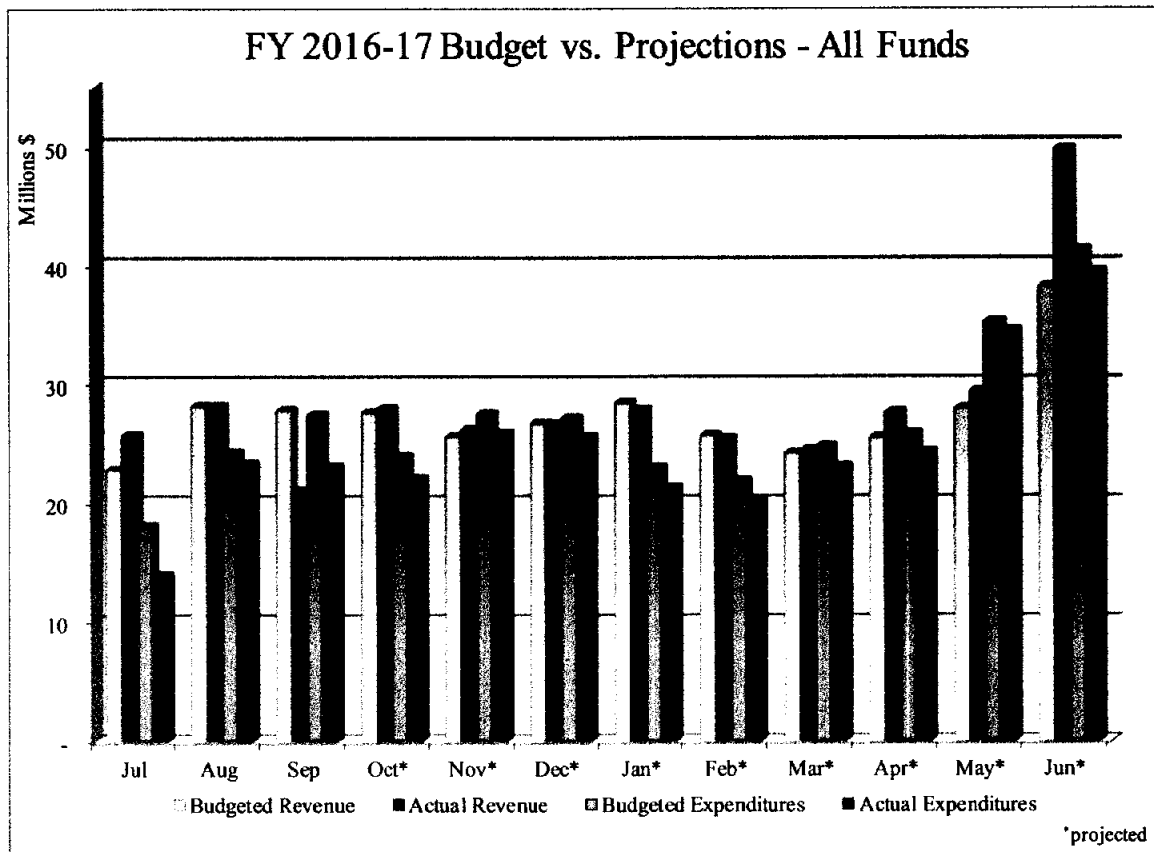
DESCRIPTION	FISCAL YEAR 2015/2016	FISCAL YEAR 2016/2017				
	ACTUAL	APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
BEGINNING BALANCE	166,988,085	149,957,485	149,957,485	149,957,485	149,957,485	
<i>Revenues:</i>						
Gross Receipts Tax	101,173,715	98,690,364	98,690,364	27,108,279	111,751,753	13%
Property Tax	10,531,692	9,761,061	9,761,061	106,451	8,503,880	-13%
Franchise Tax	3,669,517	4,625,575	4,625,575	56,848	3,517,621	-24%
Lodgers' Tax	9,743,758	10,000,000	10,000,000	3,537,397	10,327,688	3%
Gasoline Tax	1,276,598	1,445,000	1,445,000	344,625	1,582,352	10%
Other Taxes	469,285	490,110	490,110	67,147	479,448	-2%
Licenses & Permits	2,792,742	3,932,931	3,932,931	742,486	4,415,570	12%
Ambulance Fees	3,684,148	1,641,543	1,641,543	454,629	1,781,294	9%
Insurance Premiums/Deductible	28,274,746	27,556,262	27,556,262	6,124,829	26,416,231	-4%
Parking Fees	3,992,840	5,203,113	5,203,113	1,348,652	4,768,271	-8%
Recreation Fees	3,316,566	3,313,194	3,313,194	890,314	3,350,256	1%
Solid Waste Fees	18,440,996	18,614,394	18,614,394	4,088,532	20,539,419	10%
Wastewater Fees	12,406,403	11,629,038	11,629,038	2,191,017	11,921,136	3%
Water Fees	35,527,938	34,314,486	34,451,332	7,822,354	33,812,851	-2%
Other Fees/Services**	28,979,156	20,260,387	20,765,123	1,309,398	20,678,024	0%
Fines & Forfeitures	1,361,274	1,292,003	1,292,003	308,231	1,213,147	-6%
Miscellaneous Revenues***	49,218,486	7,481,070	8,081,070	1,641,971	7,642,796	-5%
Interest on Investments	878,523	602,288	602,288	4,450	462,645	-23%
State Grants	4,250,954	3,294,549	3,471,243	1,879,230	3,471,243	0%
Federal Grants	5,009,046	5,130,404	4,240,968	279,796	4,240,968	0%
SF County/Other Grants	126,832	6,978,525	7,989,482	3,245	7,989,482	0%
Transfers In	138,031,996	50,895,938	50,627,704	14,449,063	50,627,704	0%
Subtotal - Revenues	463,157,211	327,152,235	328,423,798	74,758,940	339,493,778	3%
TOTAL RESOURCES	630,145,296	477,109,720	478,381,283	224,716,425	489,451,263	
<i>Expenditures:</i>						
Salaries	73,255,533	69,600,480	71,880,922	17,108,098	70,810,570	-1%
Benefits	38,036,704	39,601,561	40,735,332	9,343,981	38,810,341	-5%
Contractual Services	26,024,477	23,910,760	25,995,987	13,449,584	20,245,005	-22%
Utilities	11,986,640	12,112,968	13,615,918	8,271,912	12,028,846	-12%
Repairs & Maintenance	5,021,616	5,870,522	6,486,468	2,341,979	5,000,984	-23%
Supplies	8,829,188	10,695,841	11,122,478	4,040,074	8,760,300	-21%
Insurance	28,558,239	32,052,116	32,244,945	8,215,727	28,028,753	-13%
Other Operating	20,901,355	24,732,805	25,205,098	4,337,000	20,002,074	-21%
Capital Purchases	9,257,529	6,302,704	6,952,493	4,153,017	6,952,493	0%
Land & Building	4,709,567	826,419	1,861,319	824,138	1,861,319	0%
Debt Service-Principal	104,545,860	19,105,177	19,105,177	2,100,000	19,105,177	0%
Debt Service-Interest	15,970,114	13,739,866	13,739,866	725,994	13,739,866	0%
Transfers Out	133,090,987	51,650,370	50,626,593	14,448,785	50,626,593	0%
TOTAL EXPENDITURES	480,187,811	310,201,589	319,572,596	89,360,289	295,972,321	-7%
ENDING BALANCE	149,957,485	166,908,131	158,808,687	135,356,136	193,478,942	

*Includes year-to-date actuals plus encumbrances; excludes CIP funds

**Other Fees/Services include: Internal Service Charges; Airport Fees; Police/Court Fees; Transit Fees; Land Use Fees; and various other fees/services

***Miscellaneous Revenues are primarily comprised of Bond Proceeds. This category also includes: Bond Premiums; Sales Revenue; Reimbursements; Refunds; Advertising Income; Insurance Recoveries; Rental Income; and other miscellaneous revenues

PROJECTIONS ANALYSIS



FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

GENERAL FUND SUMMARY & PROJECTIONS

DESCRIPTION	FISCAL YEAR 2015/2016 ACTUAL	FISCAL YEAR 2016/2017				
		APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
BEGINNING BALANCE	2,691,209	8,568,937	8,568,937	8,568,937	8,568,937	
<i>Revenues:</i>						
Gross Receipts Tax	55,427,303	57,002,045	57,002,045	14,856,934	61,236,572	7%
Property Tax	3,540,610	6,629,139	6,629,139	69,418	5,612,017	-15%
Franchise Tax	3,650,602	4,605,575	4,605,575	56,848	3,502,743	-24%
Other Taxes	407,436	430,273	430,273	67,147	429,111	0%
Licenses & Permits	2,760,196	3,914,431	3,914,431	736,506	4,405,695	13%
Ambulance Fees	3,684,148	1,641,543	1,641,543	454,629	1,781,294	9%
Planning/Land Use Fees	276,552	289,200	289,200	70,483	286,181	-1%
Recreation Fees	476,035	443,051	443,051	111,383	419,137	-5%
Reimbursed Expenditures**	6,260,900	6,813,281	6,813,281	32,541	6,823,445	0%
Other Fees/Services	237,772	314,270	314,270	53,628	295,255	-6%
Fines & Forfeitures	373,917	432,144	432,144	89,333	348,254	-19%
Miscellaneous Revenues	89,597	292,084	292,084	17,944	252,379	-14%
Interest on Investments	60,923	41,149	41,149	-	31,304	-24%
State/Other Grants	121,698	205,427	205,427	-	205,427	0%
Transfers In	6,567,805	301,667	301,667	112,917	301,667	0%
Subtotal - Revenues	83,935,495	83,355,279	83,355,279	16,729,709	85,930,481	3%
TOTAL RESOURCES	86,626,704	91,924,216	91,924,216	25,298,646	94,499,417	
<i>Expenditures:</i>						
Community Services Department:						
-Administration Division	542,045	493,357	543,357	244,166	484,335	-11%
-Library Division	2,606,638	3,620,370	3,620,370	1,083,799	3,449,726	-5%
-Senior Services Division	2,351,415	2,420,312	2,420,312	568,067	2,412,509	0%
-Youth & Family Division	678,886	754,556	754,556	149,490	645,412	-14%
Finance Department	6,459,504	4,128,602	11,387,623	1,081,802	10,884,148	-4%
Fire Department	15,389,045	16,630,622	16,655,622	4,144,508	16,267,108	-2%
General Government	7,157,429	7,841,772	7,875,772	2,170,531	6,650,623	-16%
Human Resources Department	1,114,554	981,219	981,219	234,739	832,804	-15%
Information Technology and						
Telecommunications Department	3,466,736	4,365,501	4,420,454	1,166,311	3,760,193	-15%
Parks & Recreation Department	7,572,884	8,934,464	8,934,464	2,760,939	8,124,712	-9%
Planning & Land Use	3,945,095	4,608,238	4,608,238	981,367	4,060,859	-12%
Police Department	21,084,936	20,851,516	20,851,516	5,259,260	20,191,602	-3%
Environmental Services / Graffiti	303,308	280,666	280,666	69,423	249,240	-11%
Public Works Department:						
-Administration Division	9,913	8,772	8,772	1,073	6,643	-24%
-Airport Division (GF Subsidy)	-	145,726	145,726	36,431	145,726	0%
-Engineering Division	2,381,302	2,512,459	2,845,378	1,656,412	2,418,974	-15%
-Facilities Maintenance Division	2,364,141	2,672,380	2,672,380	816,378	2,344,916	-12%
-Streets & Drainage Division	629,935	1,841,244	1,841,244	300,143	1,639,489	-11%
TOTAL EXPENDITURES	78,057,767	83,091,776	90,847,669	22,724,839	84,569,019	-7%
ENDING BALANCE	8,568,937	8,832,440	1,076,547	2,573,807	9,930,399	
<i>City Council-Mandated Minimum General Fund Balance***</i>	<i>6,204,548</i>	<i>6,541,289</i>	<i>6,582,695</i>		<i>6,582,695</i>	
<i>Equivalent # Days of Operation</i>	<i>42</i>	<i>41</i>	<i>5</i>		<i>50</i>	

*Includes year-to-date actuals plus encumbrances

**Reimbursed Expenditures are mostly comprised of internal charges to various City Divisions for services provided by GF Departments such as Finance, ITT, & HR

***Minimum balance defined as 1/12 budgeted annual General Fund expenditures excluding transfers (30 days)

CITY OF SANTA FE – INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2016

Chart 6

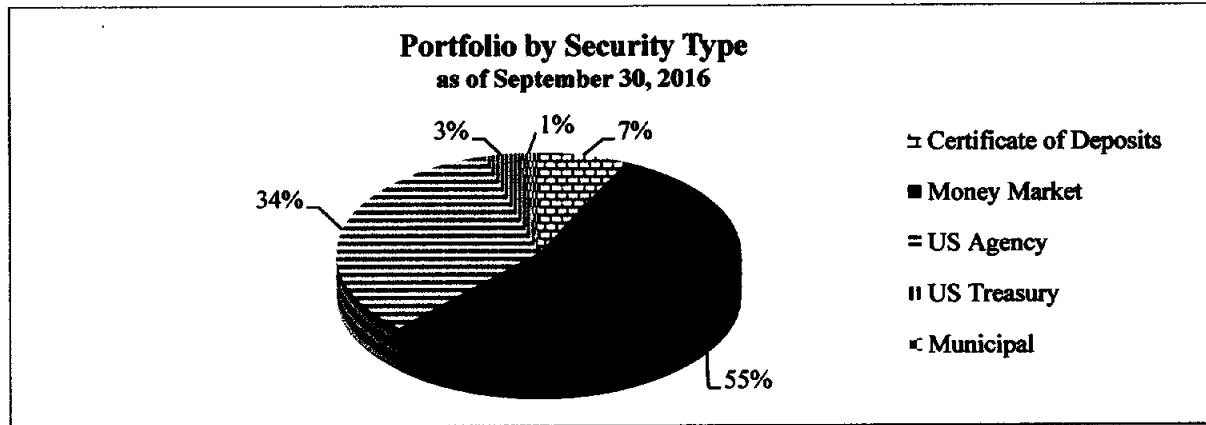


Chart 7

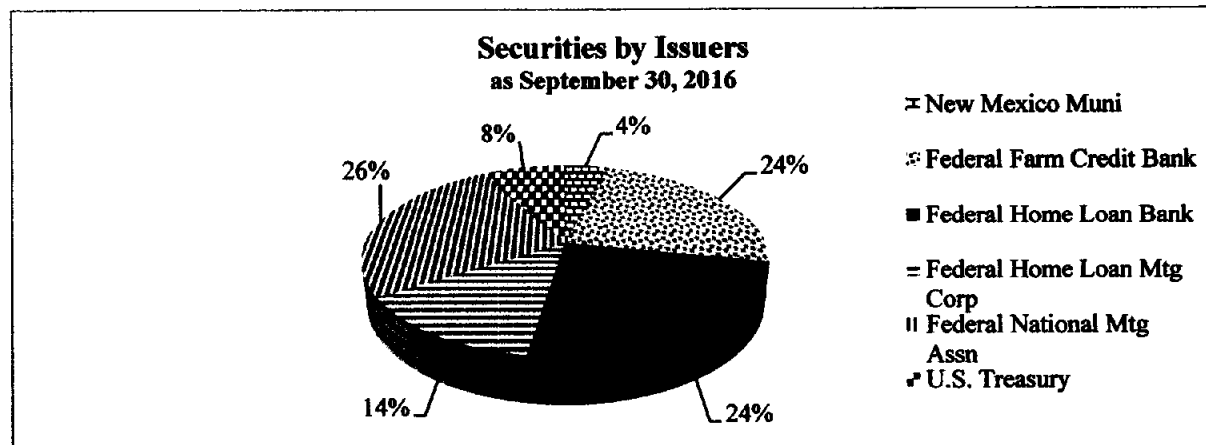


Chart 8

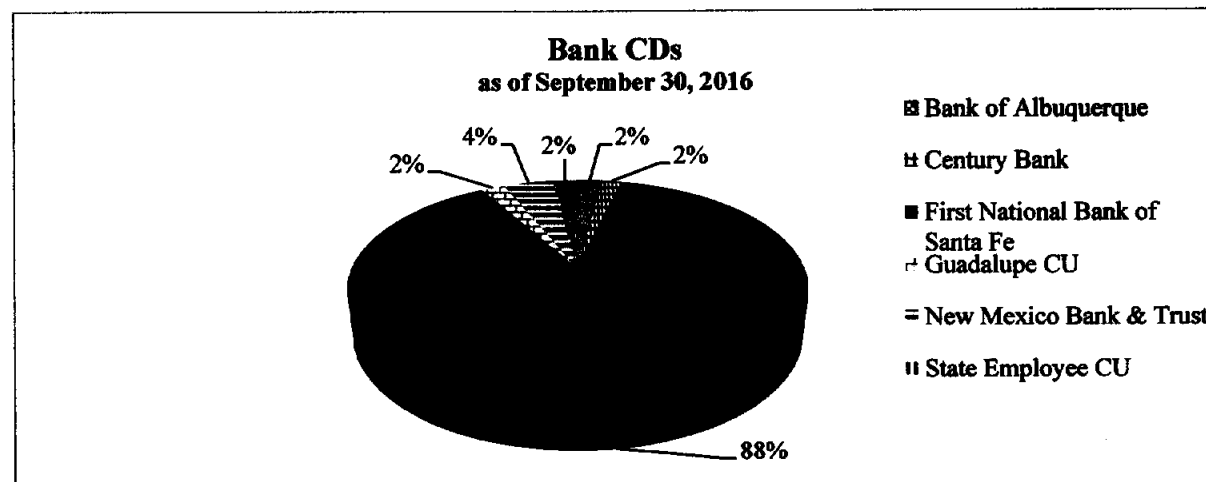
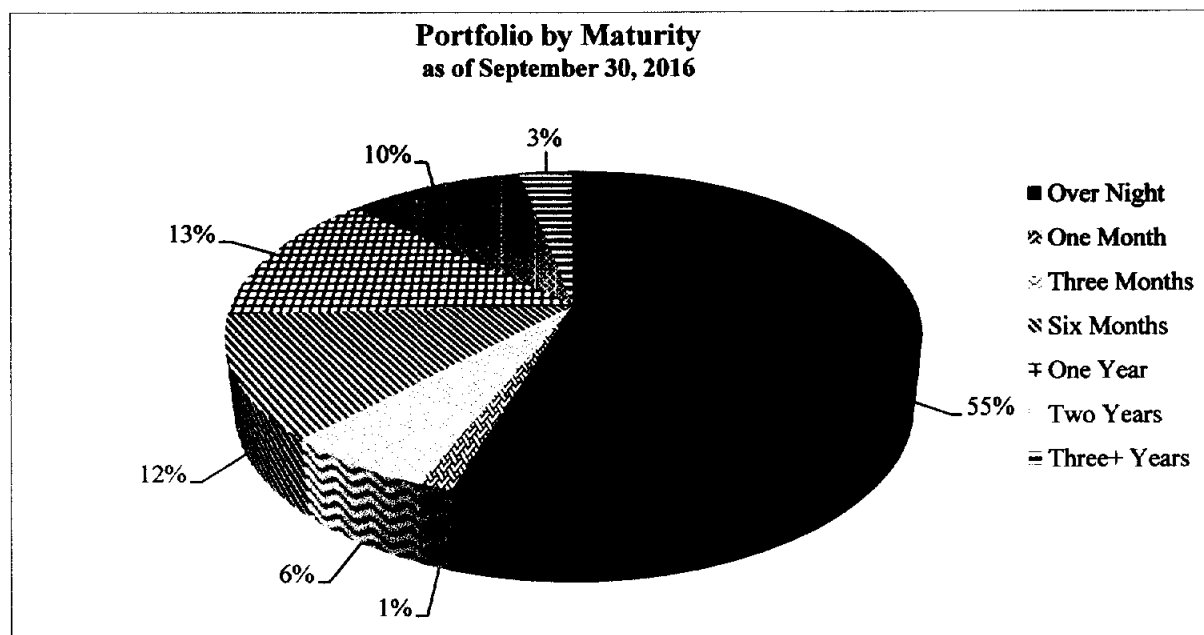
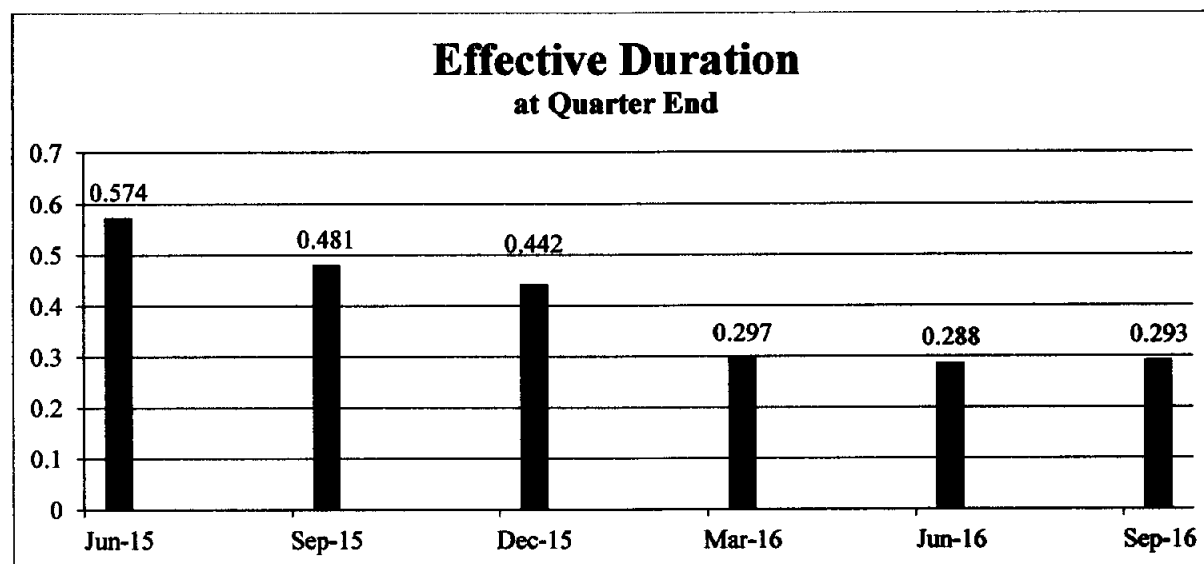


Chart 9



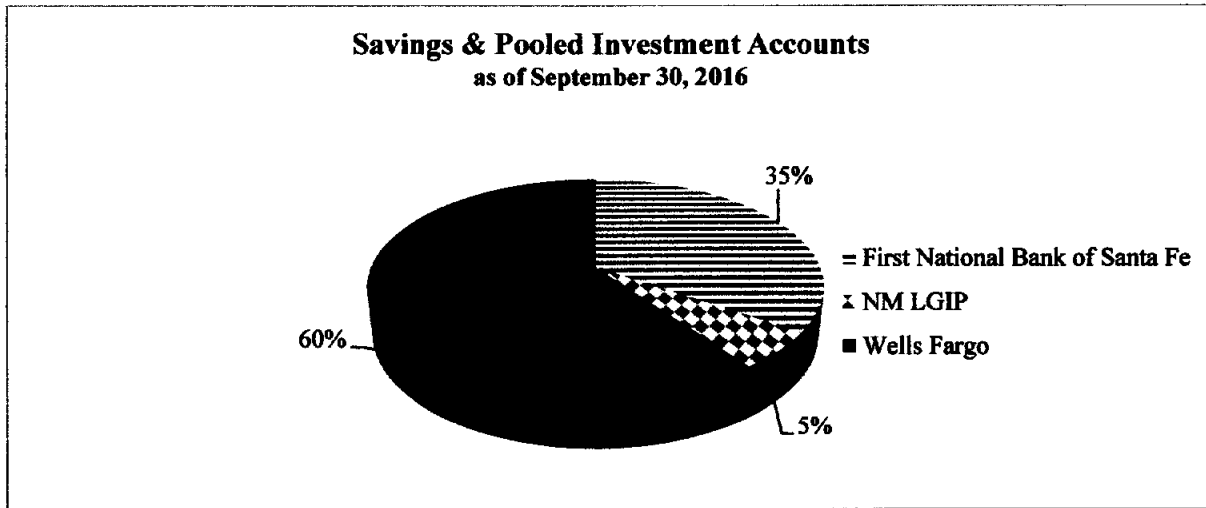
The portfolio has sufficient liquidity to meet all expected cash flows for the remainder of FY 2017 with nearly \$90 million invested overnight. In the coming months, the amount of funds invested overnight is going to diminish and will be invested differently as discussed in the investment strategy section of this report.

Chart 10



Duration is the standard measure for interest rate risk. As of September 30, 2016 the portfolio's effective duration is .293 years. As an example, given the portfolio's duration, if interest rates were to suddenly increase one percent, the market value of the portfolio would decline by approximately \$492,000.

Chart 11



In November staff closed the First National Bank of Santa Fe savings account, a Wells Fargo savings account and withdrew funds from two other Wells Fargo savings accounts, subsequently moving all of the proceeds to the Wells Fargo Trust Investment account. In this account, the funds will be invested in repurchase agreements, government securities and a money market fund as guided by the investment policy.

Table 2

Account	Balance	Rate of Return	Monthly Income
FNB Santa Fe Savings	\$24,888,724.44	.25%	\$5,185.15
Wells Fargo Savings	\$35,233,179.91	.15%	\$4,404.15

In making these changes, staff expects to immediately increase investment income by \$15,000 per month.

Market Expectations:

Investors' economic perceptions changed dramatically with the unexpected election of Donald Trump as President of the United States. Since the election, interest rates have dramatically increased, the US dollar has strengthened and the US stock market has rallied to new all-time highs with most industrial commodities such as copper, coal, aluminum, and steel following suit.

Investors cite the probability of tax cuts, increased infrastructure spending and the repeal of regulations implemented by the Obama administration as the primary reasons for the rally across all investment areas with the exception of fixed income.

Various Federal Reserve Governors over the past couple of weeks provided market analysis. Economists state that the market has a 95 percent probability that the Federal Reserve will raise interest rates one quarter of one percent at its December meeting. Economic statistics remain firm on strong retail sales, employee hours worked and steady income levels. The sudden rise in interest rates after the election resulted in a slowdown in mortgage applications. Looking further out, the Federal Reserve will watch the following economic statistics to gauge the impact of their rate increases and the pace at which they raise interest rates in the future:

- Rate of job creation
- Wage growth
- Rate of inflation
- Economic growth, domestically and internationally
- Currency fluctuations
- Actions of other central banks

If the overall economy picks up from its current pace, the Federal Reserve will act and raise interest rates more aggressively. At this point in time, analysts believe the market has priced in two rate increases for 2017. Many investors and economists alike believe monetary policy has taken the economy as far as it can, and fiscal policy has been a drag on economic performance. With a Republican controlled Congress and Mr. Trump as the President-elect, the markets believe that changes are in store for fiscal policy.

Investment Strategy:

Given the uncertainty of future fiscal policy and how monetary policy makers will react, portfolio duration should not exceed .75 years until the new Administration and Congress has better outlined their economic goals and objectives. Specific plans on infrastructure spending, tax cuts and trade policies will significantly reduce the market's uncertainty. Interest rates made a significant move higher since the election in anticipation of fiscal stimulus and inflation.

In response to dramatic moves in interest rates and expected Federal Reserve action, the recommended investment strategy for the next six months is as follows:

The investment policy allows for a repurchase agreement program which yields significantly more than savings accounts or government money market funds. At the request of the investment department staff, First Southwest Securities' Scott McIntyre, CFA, the City's contracted investment advisor, has performed extensive due diligence regarding the implementation of a repurchase agreement between the City of Santa Fe, Daiwa Bank, Wells Fargo or Bank of New York. As previously reported, staff moved over \$60 million from savings accounts to a government money market fund to improve portfolio yield. Most of these same funds will be used for the repurchase agreement program. The City's portfolio would benefit from this investment as the proceeds from maturing securities will be opportunistically reinvested in new securities with maturities less than three years or callable securities that have a high probability to be called prior to maturity. This will result in maintaining the portfolio's duration which is well below its historic level.

In reviewing the City's investment policy, New Mexico state statutes and regulations, it is understood that the City of Santa Fe is eligible to implement New Mexico state statute 6-10-10 Section G (1,2 & 3). This statute allows cities with populations over 65,000 at the most recent decennial census to invest in money market funds, investment pools, common or collective trust funds or exchange traded funds with over \$100,000,000 in assets that include investment grade, broad market, fixed income securities or debt instruments that are listed nationally. Examples include commercial paper or notes issued by corporations. Santa Fe's population per the US Census Bureau on April 1, 2010 was 67,947, making Santa Fe eligible to implement this provision with the advice and consent of the boards of finance charged with supervision and control of the funds. In the investment policy that will be discussed later in the meeting, staff is recommending to the Finance Committee and City Council to amend the investment policy to allow such investments. Including the option to invest in funds that invest in commercial paper and corporate debt securities provides the investment staff and investment advisor the ability to take on additional default/credit risk and improve the overall yield of the portfolio. Alternatively, taking additional default/credit risk, the investment staff and investment advisor can maintain the portfolio's yield while

FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

reducing interest rate risk which we consider the primary risk going forward. With a relatively strong U.S. economy, and growing corporate profits, credit risk is diminished.

As examples of how the City of Santa Fe's portfolio could benefit from the implementation of New Mexico state statute 6-10-10, the following two charts demonstrate the current differential between investing in US agency debt and investment grade commercial paper from issuers such as General Electric, Toyota Motors, Stanford University, Exxon, Georgia Pacific, Koch Resources and Cummins Inc.

Chart 12

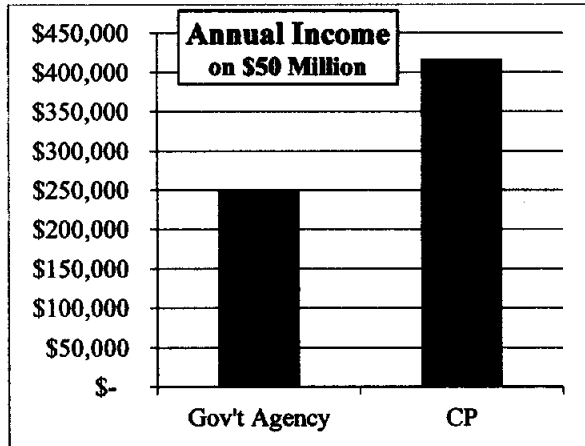
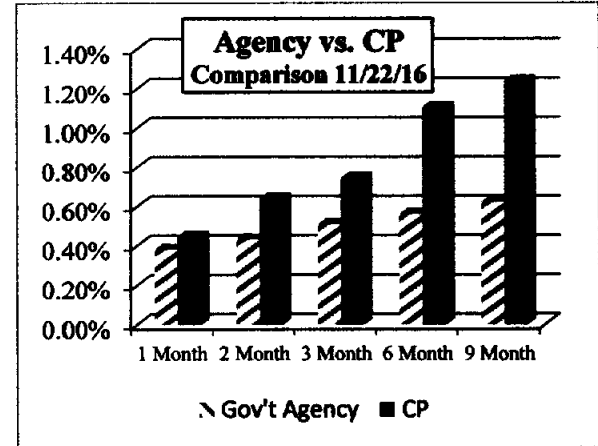


Chart 13



The City would immediately realize an increase in investment income, while not these numbers specifically. The charts above demonstrate the opportunity for the City if it allocated \$50 million to a money market or other investment fund that invested in short-term, investment grade commercial paper or corporate notes.

The following two charts bring a historical perspective by comparing the Bloomberg 1-5 year government bond index to the Bloomberg 1-5 year corporate bond index. The first chart displays quarterly returns for the past five years, while the second chart is the cumulative quarterly returns for the past five years.

Chart 14

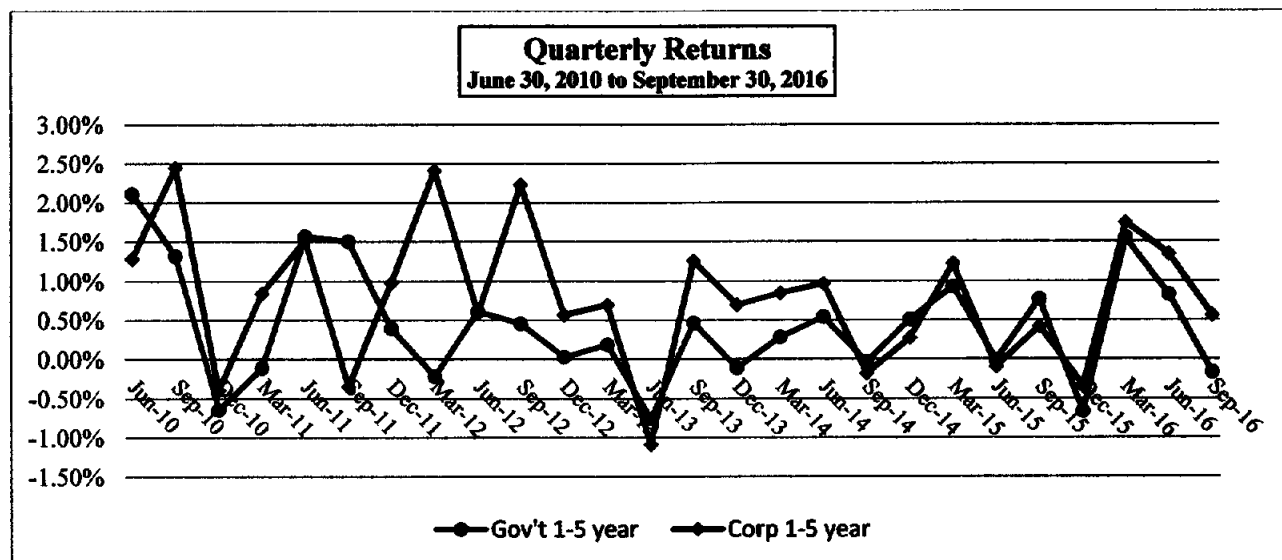
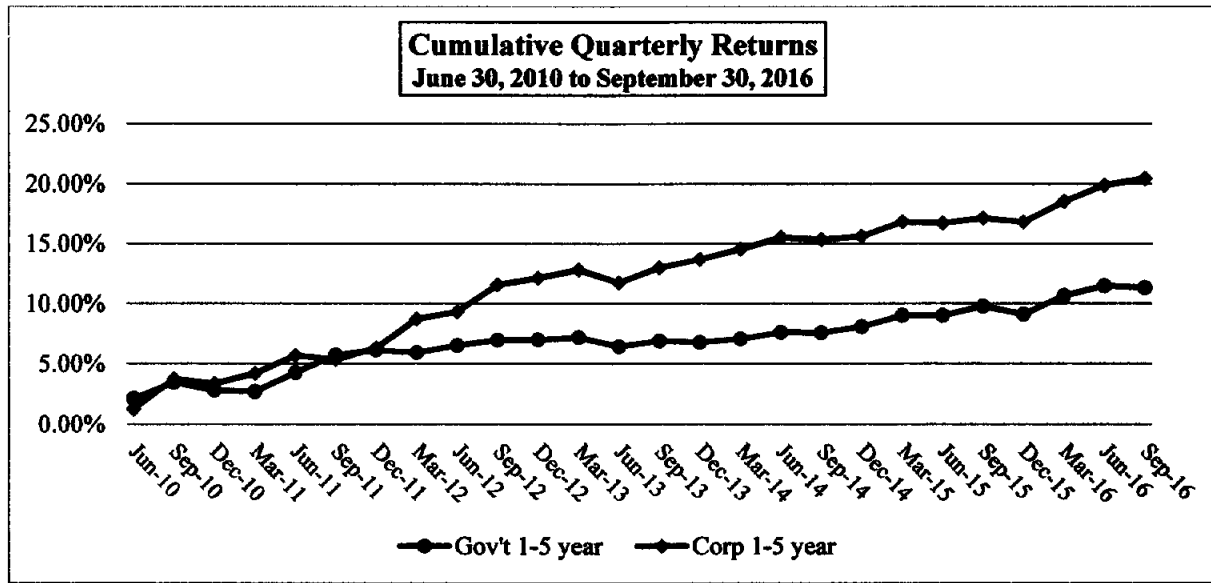


Chart 15



Both indexes experienced negative quarterly returns in the five year period which is attributable to duration or interest rate risk. The effective duration for these indexes is roughly 2.6 years, significantly more than the City's portfolio of .293 years. However, investing in investment grade corporate debt has generated additional incremental income for investors willing to take additional credit or default risk over the same five year period.

Once the Finance Committee and City Council approve the investment policy as presented, an allocation will be made to a money market fund and/or short duration bond fund that includes investment grade corporate debt with the expectation of increasing the portfolio's overall yield. For example, on November 21, 2016 the government only money market fund that the city has nearly \$60 million invested in was yielding 32 basis points, repurchase agreements were yielding 45 basis points and JP Morgan's prime money market fund was yielding 70 basis points. For comparison, if \$50 million were invested in repurchase agreements or prime money market fund, the annual income would be \$225,000 or \$350,000 respectively, compared to the \$160,000 the government money market fund.

FINANCIAL PERFORMANCE REPORT: FIRST QUARTER FY 2016-2017

City of Santa Fe Portfolio Details - Investments As of September 30, 2016

CUSIP	Issuer	Purchase Date	Par Value	Market Value	Book Value	Coupon	YTM	Maturity Date	Effective Duration
3133BCJX3	Federal Farm Credit Bank	03/28/2013	3,000,000	2,999,040	2,998,661	1.040	1.071	03/26/2018	1.470
3133EEFA3	Federal Farm Credit Bank	12/15/2014	3,000,000	3,002,490	3,000,142	0.720	0.697	12/15/2016	0.205
3133EEUT5	Federal Farm Credit Bank	05/01/2015	3,400,000	3,401,836	3,400,762	0.700	0.628	01/23/2017	0.312
3133EE4K3	Federal Farm Credit Bank	08/03/2015	1,125,000	1,125,383	1,123,963	0.720	0.836	07/21/2017	0.800
3133EFGX9	Federal Farm Credit Bank	10/02/2015	2,500,000	2,500,625	2,500,139	0.550	0.533	02/02/2017	0.339
3133EFGX9	Federal Farm Credit Bank	10/08/2015	2,500,000	2,500,625	2,500,179	0.550	0.529	02/02/2017	0.339
3133782N0	Federal Home Loan Bank	02/21/2014	3,000,000	3,005,520	3,001,076	0.875	0.793	03/10/2017	0.438
3130A1NN4	Federal Home Loan Bank	05/01/2014	2,000,000	2,004,520	1,998,838	0.875	0.966	05/24/2017	0.643
3130A2YK6	Federal Home Loan Bank	09/18/2014	2,990,000	2,995,053	2,989,438	0.875	0.914	03/29/2017	0.490
3130A34L5	Federal Home Loan Bank	09/18/2014	2,000,000	2,000,980	1,999,963	0.750	0.765	11/18/2016	0.131
3130A3CE2	Federal Home Loan Bank	11/04/2014	2,300,000	2,300,230	2,300,023	0.625	0.596	10/14/2016	0.035
3130A4TD4	Federal Home Loan Bank	05/29/2015	2,250,000	2,251,238	2,249,942	0.625	0.633	02/01/2017	0.336
313382UF8	Federal Home Loan Bank	08/27/2015	1,000,000	1,000,390	999,891	0.500	0.544	12/30/2016	0.246
3137EADF3	Federal Home Loan Mtg Corp	03/04/2014	3,000,000	3,012,420	3,008,091	1.250	0.804	05/12/2017	0.608
3137EADU0	Federal Home Loan Mtg Corp	08/27/2015	1,250,000	1,250,388	1,249,960	0.500	0.510	01/27/2017	0.323
3134G6XF5	Federal Home Loan Mtg Corp	10/09/2015	3,000,000	3,001,560	3,000,689	0.625	0.585	04/28/2017	0.571
3134G9KU0	Federal Home Loan Mtg Corp	05/31/2016	1,500,000	1,500,045	1,498,253	1.000	1.072	05/25/2018	0.150
3135G0WM1	Federal National Mtg Assn	05/14/2013	3,500,000	3,499,300	3,500,000	1.000	1.000	04/30/2018	0.079
3135G0WY5	Federal National Mtg Assn	05/24/2013	3,500,000	3,501,015	3,499,910	0.550	0.572	11/14/2016	0.120
3136G2PF8	Federal National Mtg Assn	10/29/2015	2,500,000	2,500,100	2,500,000	1.125	1.125	10/29/2018	0.076
3135G0JA2	Federal National Mtg Assn	05/31/2016	1,500,000	1,504,680	1,503,545	1.125	0.710	04/27/2017	0.567
3135G0MZ3	Federal National Mtg Assn	08/29/2016	5,600,000	5,610,640	5,610,865	0.875	0.660	08/28/2017	0.903
36225BRV6	GNMA	08/31/2003	274	276	284	6.000	5.113	02/15/2017	0.240
36202SGG7	GNMA	04/30/2003	5,375	5,417	5,684	6.000	4.932	03/15/2018	0.750
	Total Agency		56,420,649	56,473,769	56,440,297	0.809%	0.753%		0.444
912828RX0	U.S. Treasury	06/12/2014	2,500,000	2,503,650	2,501,105	0.875	0.695	12/31/2016	0.249
912828K66	U.S. Treasury	10/08/2015	2,500,000	2,499,450	2,499,675	0.500	0.523	04/30/2017	0.578
	Total US Treasury		5,000,000	5,003,100	5,000,780	0.688%	0.609%		0.413
647310X97	New Mexico Severance Tax Bond	06/23/2016	2,500,000	2,546,475	2,550,433	2.000	1.250	07/01/2019	2.659
	Total Municipal Bonds		2,500,000	2,546,475	2,550,433	2.000%	1.250%		2.659
SYS10213	NM Local Govt Inv. Pool		5,694,655	5,694,655	5,694,655	0.376	0		0.000
	Total Gov't Investment Pool		5,694,655	5,694,655	5,694,655	0.376%	0.376%		0.000
	Total Government Investments		69,615,304	69,717,999	69,686,164	0.809%	0.730%		0.487
SYS10819	Bank of Albuquerque	09/21/2015	250,000	250,000	250,000	0.650	0.650	09/20/2017	0.963
SYS10854	Century Bank	07/28/2016	200,601	200,601	200,601	0.300	0.300	07/28/2017	0.824
SYS9085	First National Bank of Santa F	06/03/2015	2,000,000	2,000,000	2,000,000	0.450	0.450	06/02/2017	0.670
SYS10837	First National Bank of Santa F	04/03/2016	255,485	255,485	255,485	0.450	0.450	04/02/2017	0.000
SYS3486	First National Bank of Santa F	04/09/2016	3,000,000	3,000,000	3,000,000	0.550	0.550	10/08/2017	1.018
SYS3559	First National Bank of Santa F	04/12/2016	3,500,000	3,500,000	3,500,000	0.550	0.550	10/11/2017	1.023
SYS5297	First National Bank of Santa F	07/15/2016	2,000,000	2,000,000	2,000,000	0.750	0.750	07/16/2018	1.777
SYS437	Guadalupe CU	08/19/2016	250,000	250,000	250,000	1.000	1.000	08/19/2017	0.874
SYS10831	New Mexico Bank & Trust	11/26/2015	500,000	500,000	500,000	0.350	0.350	11/25/2016	0.150
SYS10760	State Employee CU	07/08/2013	250,000	250,000	250,000	1.460	1.460	07/08/2017	0.761
	Total CDs		12,206,085	12,206,085	12,206,085	0.582%	0.582%		1.017
SYS10210	Wells Fargo Bank MM		19,452,523	19,452,523	19,452,523	0.170	0.170		0.000
	Total Money Market		19,452,523	19,452,523	19,452,523	0.17%	0.17%		0.000
SYS10729	First National Bank of Santa F	12/23/2013	24,883,441	24,883,441	24,883,441	0.250	0.250		0.000
SYS10235	Wells Fargo Bank Savings	07/01/2007	31,563,924	31,563,924	31,563,924	0.180	0.180		0.000
SYS10724	Wells Fargo Bank Savings	07/01/2013	1,151,976	1,151,976	1,151,976	0.180	0.180		0.000
SYS10727	Wells Fargo Bank Savings	07/01/2013	9,488,684	9,488,684	9,488,684	0.180	0.180		0.000
	Total Savings		67,088,025	67,088,025	67,088,025	0.206%	0.206%		0.000
	Total Bank Deposits		98,746,633	98,746,633	98,746,633	0.245%	0.245%		0.000
	Total Portfolio		168,361,937	168,464,632	168,432,797	0.479%	0.446%		0.201