



# Agenda

Finance Committee Meeting  
September 15, 2008 – 5:15 pm  
City Council Chambers

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

SEPTEMBER 2, 2008

CITY CLERK'S OFFICE

DATE 9-12-08 TIME 3:20

SERVED BY [Signature]

RECEIVED BY [Signature]

## **MATTERS FROM THE COMMITTEE:**

6. UPDATE ON CURB RAMP SUMMARY – CIP ADA IMPROVEMENTS (CHRIS ORTEGA)

## **PROPOSED RESOLUTIONS AND ORDINANCES: (WITH FISCAL IMPACT)**

7. DISCUSSION OF ISSUES RELATING TO THE FISCAL 2008-2009 ADOPTED BUDGET AND ADJUSTMENTS APPROVED IN THE FINAL FISCAL 2007-2008 QUARTERLY BUDGET ADJUSTMENT (DAVID MILLICAN)
8. ADOPTION OF NEW FEES FOR BUILDING PERMITS AND DEVELOPMENT REVIEW:
  - A. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR PLAN REVIEWS, BUILDING PERMITS, SECONDARY MECHANICAL PERMITS, SECONDARY PLUMBING PERMITS, SECONDARY ELECTRICAL PERMITS, GRADING PLAN REVIEWS, GRADING PERMITS, AND SIGN PERMITS (COUNCILOR WURZBURGER) (JACK HIATT)
  - B. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR DEVELOPMENT REVIEW APPLICATIONS SUCH AS ANNEXATION, REZONING, SUBDIVISION, DEVELOPMENT PLANS, SPECIAL EXCEPTIONS, VARIANCES, APPEALS, CODE AMENDMENTS, ETC. SUBMITTED TO THE LAND USE DEPARTMENT (COUNCILOR WURZBURGER) (JACK HIATT)

### **Committee Review:**

Business & Quality of Life Committee (Approved)

Public Works Committee (Approved)

Finance Committee (Approved)

April 16, 2008

May 27, 2008

June 2, 2008



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City Council (Sent back to Committees for revisions)	June 11, 2008
Public Works Committee (Approved)	June 23, 2008
Finance Committee (Approved)	June 30, 2008
City Council (Sent back to Finance)	July 30, 2008
City Council (Scheduled)	September 24, 2008

## **CONSENT AGENDA:**

## **PROPOSED RESOLUTIONS AND ORDINANCES: (WITH NO FISCAL IMPACT)**

9. REQUEST FOR APPROVAL OF A RESOLUTION URGING THE FEDERAL GOVERNMENT TO CREATE AN ADEQUATELY FUNDED COMPREHENSIVE NATIONAL SURFACE TRANSPORTATION PLAN (COUNCILOR CHAVEZ) (MARK TIBBETTS)

### **Committee Review:**

Public Works Committee (Approved)	September 8, 2008
City Council (Scheduled)	September 24, 2008

10. REQUEST FOR APPROVAL OF A RESOLUTION DESIGNATING WATER RIGHTS FOR THE CITY'S NORTHWEST QUADRANT PROJECT (COUNCILORS ORTIZ, WURZBURGER AND DOMINGUEZ) (KATHY MCCORMICK)

### **Committee Review:**

Public Utilities Committee (Approved w/amendment)	June 18, 2008
Public Works Committee (No Recommendation)	September 8, 2008
City Council (Scheduled)	September 24, 2008

11. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE LONG RANGE WATER SUPPLY PLAN (COUNCILORS WURZBURGER, CALVERT, ROMERO AND BUSHEE) (CLAUDIA BORCHERT)

### **Committee Review:**

Public Utilities (Approved w/amendment)	August 20, 2008
Sustainable Santa Fe Commission (Approved w/amendment)	August 28, 2008
Water Conservation (Approved w/amendments)	September 9, 2008
City Council (Scheduled)	September 24, 2008



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## **PROPOSED RESOLUTIONS AND ORDINANCES: (WITH FISCAL IMPACT)**

12. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS TO PREPARE A MASTER PLAN FOR CITY FACILITIES AT THE SILER ROAD PROPERTY AND THE DOWNTOWN CITY HALL AREA (MAYOR COSS, COUNCILORS CHAVEZ, ROMERO AND TRUJILLO AND CALVERT) (MARTIN VALDEZ)

### **Committee Review:**

Public Works Committee (Approved)  
City Council (Scheduled)

September 8, 2008  
September 24, 2008

13. BID OPENINGS:
- A. BID NO. 09/04/B – PLAZA CONSTRUCTION – PHASE II AND AGREEMENT; AIC GENERAL CONTRACTOR, INC. (CHIP LILIENTHAL)
14. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 3 – POLICE DEPARTMENT RENOVATIONS – PHASE I; SAMCON, INC. (CHIP LILIENTHAL)
15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER FEDERAL PRICE AGREEMENT – HEAVY DUTY BACKHOE LOADER FOR PARKS DIVISION; TOM GROWNEY EQUIPMENT, INC. (FABIAN CHAVEZ)
16. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – PROJECT MANAGER SERVICES; SANTA FE RAPE CRISIS AND TRAUMA TREATMENT CENTER (DAVID CHAPMAN)
17. REQUEST FOR APPROVAL OF CAPITAL COOPERATIVE AGREEMENT – 2008 LEGISLATIVE APPROPRIATIONS FOR ENGINEERING DIVISION; NEW MEXICO DEPARTMENT OF TRANSPORTATION (DAVID CHAPMAN)
- A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND
18. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – CERRILLOS ROAD RECONSTRUCTION PROJECT PHASE IIA – RICHARDS AVENUE TO CIELO COURT – NEW ITEMS NOT INCLUDED IN ORIGINAL BID; A.S. HORNER, INC. (ERIC MARTINEZ)
19. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – THREE (3) 15 PASSENGER SHUTTLE BUSES; NATIONAL BUS SALES (WALTER ROYBAL)



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20. REQUEST FOR APPROVAL TO RE-BUDGET CASH BALANCES IN CIP RAILYARD PARKING FUND (WALTER ROYBAL)
21. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – RENEWABLE ENERGY DEVELOPER FOR WASTEWATER MANAGEMENT DIVISION (RFP #09/07/P); SUNEDISON UTILITY SOLUTIONS, LLC (NICK SCHIAVO)
22. REQUEST FOR APPROVAL OF CONTRACT – CAPITAL OUTLAY FOR SENIOR SERVICES DIVISION; STATE OF NEW MEXICO, NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT 2008 LAWS OF NEW MEXICO (RON VIALPANDO)
  - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND
23. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR LEGAL SERVICES IN RISK FUND (FRANK KATZ)
24. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – LOBBYIST SERVICES (RFP #09/01/P); MARK A. DURAN & ASSOCIATES (RICHARD MARES)
25. REQUEST FOR APPROVAL OF EMERGENCY MANAGEMENT COORDINATOR POSITION UNDER CITY MANAGER FOR FIRE DEPARTMENT AND EMERGENCY MANAGEMENT PERFORMANCE GRANT (FIRE CHIEF CHRIS RIVERA)
26. REQUEST FOR APPROVAL OF AMENDMENT – RAILRUNNER PHASE III TRAFFIC CONTROL PLAN AT CERRILLOS ROAD/ST. FRANCIS AND ST. MICHAEL'S DRIVE; NEW MEXICO DEPARTMENT OF TRANSPORTATION (DAVID CATANACH)
27. REQUEST FOR APPROVAL OF NEW MEXICO ARMY NATIONAL GUARD'S REQUEST TO CONSTRUCT AN ARMY AVIATION SUPPORT FACILITY ON THEIR LEASED PROPERTY (JIM MONTMAN)

## **DISCUSSION:**

28. DISCUSSION OF POTENTIAL USES OF UNANTICIPATED REVENUES FROM MAY 2008 DISTRIBUTION OF GROSS RECEIPTS TAX AND PROPOSED REALLOCATION OF FUNDS FROM THE 2008 CIP (DAVID MILLICAN)



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29. OTHER FINANCIAL INFORMATION:

- A. REVIEW OF INVESTMENT PORTFOLIO FOR JUNE 30, 2008 (HELENE HAUSMAN)

30. MATTERS FROM THE COMMITTEE

31. ADJOURNMENT

Interpreter for hearing impaired is available through City Clerk's Office upon 5 days notice.

**SUMMARY OF ACTION  
FINANCE COMMITTEE MEETING  
Monday, September 15, 2008**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved [amended]	1-2
APPROVAL OF CONSENT AGENDA	Approved	2
CONSENT AGENDA LISTING		2-4
APPROVAL OF MINUTES: SEPTEMBER 2, 2008	Approved	4
<b><u>MATTERS FROM THE COMMITTEE:</u></b>		
UPDATE ON CURB RAMP SUMMARY – CIP ADA IMPROVEMENTS	Postponed to 09/29/08	4
<b><u>PROPOSED RESOLUTIONS AND ORDINANCES: (WITH FISCAL IMPACT)</u></b>		
DISCUSSION OF ISSUES RELATING TO THE FISCAL 2008-2009 ADOPTED BUDGET AND ADJUSTMENTS APPROVED IN THE FINAL FISCAL 2007-2008 QUARTERLY BUDGET ADJUSTMENT	Information/discussion	4-12
<b><u>DISCUSSION</u></b>		
DISCUSSION OF POTENTIAL USES OF UNANTICIPATED REVENUES FROM MAY 2008 DISTRIBUTION OF GROSS RECEIPTS TAX AND PROPOSED REALLOCATION OF FUNDS FROM THE 2008 CIP	Postponed to 09/29/08	12-13

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b><u>PROPOSED RESOLUTIONS AND ORDINANCES:</u></b> <b>(WITH FISCAL IMPACT)</b>		
<b>ADOPTION OF NEW FEES FOR BUILDING PERMITS AND DEVELOPMENT REVIEW:</b>		
<b>REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR PLAN REVIEWS, BUILDING PERMITS, SECONDARY MECHANICAL PERMITS, SECONDARY PLUMBING PERMITS, SECONDARY ELECTRICAL PERMITS, GRADING PLAN REVIEWS, GRADING PERMITS, AND SIGN PERMITS</b>	<b>Approved [amended]</b>	<b>14-16</b>
<b>REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR DEVELOPMENT REVIEW APPLICATIONS SUCH AS ANNEXATION, REZONING, SUBDIVISION, DEVELOPMENT PLANS, SPECIAL EXCEPTIONS, VARIANCES, APPEALS, CODE AMENDMENTS, ETC., SUBMITTED TO THE LAND USE DEPARTMENT</b>	<b>Approved [amended]</b>	<b>14-16</b>
<b><u>DISCUSSION</u></b>		
<b>OTHER FINANCIAL INFORMATION:</b>		
<b>REVIEW OF INVESTMENT PORTFOLIO FOR JUNE 30, 2008</b>	<b>Information/discussion</b>	<b>16-17</b>
<b>MATTERS FROM THE COMMITTEE</b>	<b>None</b>	<b>17</b>
<b>ADJOURNMENT</b>		<b>17</b>

**MINUTES OF THE  
CITY OF SANTA FE  
FINANCE COMMITTEE  
Monday, September 15, 2008**

**1. CALL TO ORDER**

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 5:15 p.m., on Tuesday, September 15, 2008, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT:**

Councilor Matthew E. Ortiz, Chair  
Councilor Christopher Calvert  
Councilor Rebecca Wurzburger

**MEMBERS EXCUSED:**

Councilor Miguel Chavez  
Councilor Carmichael A. Dominguez

**OTHERS ATTENDING:**

David Millican, Finance Director  
Yolanda Green, Finance Division  
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 by reference. The original Committee packet is on file in the Finance Department.**

**3. APPROVAL OF AGENDA**

Chair Ortiz said Item #6 will be postponed until it goes to Mayor's Committee on Disabilities, and it will then come back to this Committee.

Councilor Wurzburger would like to move Item #28 to be discussed with Item #7, because it seems to be closely related to the discussion on that item.

**MOTION:** Councilor Calvert moved, seconded by Councilor Wurzburger, to approve the agenda, as amended.



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

#### **4. APPROVAL OF CONSENT AGENDA**

**MOTION:** Councilor Calvert moved, seconded by Councilor Wurzburger, to approve the following Consent Agenda.

**DISCUSSION:** Councilor Wurzburger said she is concerned that there are many items where there is only one person bidding, and she would like to see what this Committee can do about this.

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

#### **CONSENT AGENDA**

##### **PROPOSED RESOLUTIONS AND ORDINANCES: (WITH NO FISCAL IMPACT)**

9. **REQUEST FOR APPROVAL OF A RESOLUTION URGING THE FEDERAL GOVERNMENT TO CREATE AN ADEQUATELY FUNDED COMPREHENSIVE NATIONAL SURFACE TRANSPORTATION PLAN (COUNCILOR CHAVEZ). (MARK TIBBETS) Committee Review: Public Works Committee (Approved) September 8, 2008; City Council (Scheduled) September 24, 2008.**
10. **REQUEST FOR APPROVAL OF A RESOLUTION DESIGNATING WATER RIGHTS FOR THE CITY'S NORTHWEST QUADRANT PROJECT (COUNCILORS ORTIZ, WURZBURGER AND DOMINGUEZ) Committee Review: Public Utilities Committee (Approved w/amendment) June 18, 2008; Public Works Committee (No Recommendation) September 8, 2008; City Council (Scheduled) September 24, 2008.**
11. **REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE LONG RANGE WATER SUPPLY PLAN (COUNCILORS WURZBURGER, CALVERT, ROMERO AND BUSHEE) (CLAUDIA BORCHERT) Committee Review: Public Utilities (Approved w/amendment) August 20, 2008; Sustainable Santa Fe Commission (Approved w/amendment) August 28, 2008; Water Conservation (Approved w/amendments) September 9, 2008; City Council (Scheduled) September 24, 2008.**

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13. **BID OPENINGS:**
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27. **REQUEST FOR APPROVAL OF NEW MEXICO ARMY NATIONAL GUARD'S REQUEST TO CONSTRUCT AN ARMY AVIATION SUPPORT FACILITY ON THEIR LEASED PROPERTY. (JIM MONTMAN)**

**5. APPROVAL OF MINUTES: SEPTEMBER 2, 2008**

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve the minutes of the meeting of September 2, 2008, as presented.

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

**MATTERS FROM THE COMMITTEE:**

**6. UPDATE ON CURB RAMP SUMMARY – CIP ADA IMPROVEMENTS. (CHRIS ORTEGA)**

This item is postponed to the next meeting of the Committee.

**PROPOSED RESOLUTIONS AND ORDINANCES: (WITH FISCAL IMPACT)**

**7. DISCUSSION OF ISSUES RELATING TO THE FISCAL 2008-2009 ADOPTED BUDGET AND ADJUSTMENTS APPROVED IN THE FINAL FISCAL 2007-2008 QUARTERLY BUDGET ADJUSTMENT. (DAVID MILLICAN)**

A Memorandum, with attachments, dated September 15, 2008, to the Finance Committee, from David N. Millican, Finance Director, regarding Revisions to adopted budget for Fiscal 2008-2009 and to Quarterly Budget Adjustments for the six months ended June 30, 2008, is incorporated herewith to these minutes as Exhibit "1."

A copy of "Land Use Department Proposed FTEs – Phase I," is incorporated herewith to these minutes as Exhibit "2."

David Millican reviewed his Memorandum of September 15, 2008 [Exhibit "1"]. Please see exhibit "1" for specifics of this presentation.

Chair Ortiz asked, in terms of the gross dollar amounts, because of the inconsistencies or inaccuracies which were found with the budget, what will be the total shortfall.

Mr. Millican said for all of the issues outlined in the Memorandum, it is approximately \$4 million.

Chair Ortiz said, "And you were estimating that a carry-forward would be coming in, in the neighborhood of about \$2 million, and instead it is about \$4 million."

Mr. Millican said yes, in the recent past it has ranged between \$2 to \$4 million. This is typical of what happens in a year when the economy starts to turn downward.

Chair Ortiz said then that is a \$4 million shortfall, in gross.

Mr. Millican said yes. He said it will be important, regardless of the solution for the Land Use Department, to consider and implement the recommended fee increases. It is also important for staff to return to this Committee with a detailed plan as to how those fee increases will be managed this year to improve services in the midst of a declining economy. The planning so far has not definitely anticipated that. However, whether or not we improve services, the fee increase is needed and he wants to move immediately to moderate the impact. He said not all the positions identified in the budget are scheduled to be filled. However, the 9 temporary positions who have been paid from salary savings would need to be converted just to provide current services levels and start the service improvement process, noting this is significantly lower than the initial staffing estimates which were proposed for the Department. He said it may be necessary to use contingency funds or some of the carry-over funds to do a working capital investment as we make these changes. He spoke about a situation he experienced in a previous position, where it was necessary to invest in a change management program which would allow changing systems, training people and adding the right kind of staff to provide those services. It will be necessary to make a one time injection of cash to ensure we can implement the plan and start to secure the improvements which have been planned for many months.

Chair Ortiz asked the amount of the one time injection of cash.

Mr. Millican said he has to return to this Committee with a specific plan for the amount of that injection, and he doesn't have those numbers, noting it will not be as high as the \$1.3 million in the adopted budget and will range between \$600,000 and \$1 million.

Chair Ortiz asked the proposed sources of revenue for the one time injection of capital.

Mr. Millican said the sources of revenue would come from different places, one of which is part of the carry-forward balance, part is existing reserves, and part of it is the contingency that's been approved as part of the GRT carry-forward. He said if possible, he will identify other sources, but these are the primary sources right now.

Mr. Millican said the initial staffing plans will have to be scaled back this year, consistent with the amount of revenue collected, so his plan will focus on controlling the difference between the cost of the

Department minus its revenues, and ensuring the General Fund is not subjected to significant shocks as the result of either changes in development volume or plan implementation. He said we may need to stretch out the performance period for achieving those service improvements to more than one year. He will be returning to the Committee to discuss cost recovery principles associated with the services delivered by the Land Use Department which might result in a more structured approach to financing Land Use services over the long term, consistent with the cost of delivering those services.

Chair Ortiz said then, not only will we have to "eat" the increase which has been proposed, but, because of some of the shortfalls, we may have other increases in Land Use fees in the near or long term.

Mr. Millican said that is a good summary.

Councilor Wurzbarger said she is somewhat "stuck" on scaling back initial staffing plans consistent with revenue. She said she will want clarity as we review the numbers, as to what degree the revised proposals will reflect the probability that revenues will be less because building would be less. She said the budget going forward is based on certain assumptions about what's going to happen with building, commenting she feels those are too robust.

Mr. Millican said this comment is completely on point. He said the plan he brings to the Committee has to deal with the fact, in these uncertain financial markets and development environment, that we have to take that into account as we do that plan.

Councilor Wurzbarger said we have to determine how to fix the problem with respect to what has already happened – the money that's been spent that we didn't have. Then, it's how to move forward with respect to staffing according to the new fees for services we've promised which may not come because we don't get the fees, or may not come as soon as we would like.

Mr. Millican said the way the budget was implemented leaves two issues. He said the assumptions on which the Council and Departments have been operating were that fee increases would be available to pay for service improvement. He said because a big chunk of the fees were used to balance the General Fund, it is necessary to adapt that plan, pull it back, while trying to achieve the objectives which were outlined in the original plan and by the Council.

Councilor Wurzbarger said we can decide another way to pay for the shortfall, such as go into the reserves.

Councilor Calvert said he assumes we will be monitoring the fees on a monthly basis, because we're talking about assumptions, so we can see how it plays out.

Mr. Millican said this is correct. He said it was part of a series of discussions we were having about how to use that on the first plan which led to discovering some of this within the adopted budget, noting this is a relatively subtle change and just doesn't "jump out at you."

Mr. Millican said those are main points, and it will be important to understand the cost of these services and the Council's decision on full cost recovery.

Mr. Millican continued his review of Exhibit "1."

Councilor Wurzbarger said, "Let me go on complete and clear record with respect to that [lack of funds for Convention & Visitors Bureau]. I've a total recollection of our doing that resolution and I find it appalling that the money was so spent and I would support immediately moving it back to the purposes for which it was intended. But, the idea that, you know, we have our groundbreaking, public opening on Friday and have no money to advertise our facility is simply not acceptable."

Chair Ortiz said the question becomes on the issue of the software is whether the City is in a position where we can void the contractor and save those expenses, or has the City committed itself to the acquisition of the software.

Mr. Millican said, basically, the City is deep into the implementation process – purchased the new computer required to support the new software system, purchased the operating system, the software systems. He said the implementation contracts are well under way, and the economic solution is not to stop the project, unless we believe we could survive with the existing system for a lot longer, commenting that is a very old system with really old technology and in serious need of improvement. He said this funding source, although legal under the City's Code, is not necessarily consistent with what appeared to be the Council's intent.

Councilor Calvert asked if there will be an ongoing component of this as well.

Mr. Millican said there will be ongoing support costs, and the Memo shows the total project cost is almost \$2.5 which is strictly an implementation cost and will not have a heavy load of ongoing support. He estimates it is in the range of \$100,000 - \$200,000, and will be for software licensing and support. The purchase was intended to include elements which allow City staff not to have to rely on outside consultants very frequently to get improved reporting, and access to the data.

Mr. Millican said, because this project is consistent with the kinds of projects which are funded from capital funds, and part of it has been appropriately funded from capital funds, he would propose we transfer the financing either to CIP reallocation or capital reserve or the CIP GRT. He said the repayment to the CIP program has begun for the \$19 million used to acquire the water company which will make funds available which could be used for this project. He said if the Committee finds it more appropriate to reverse the charges from the Economic Development Funds and move them to Capital Funds, staff will return with a plan to do that.

Mr. Millican said part of the problem, with regard to the purchase of the computer system, is that there was a transfer from a funding source which he believes should have remained restricted, based on Council policy. He said some of the budget appropriations needed to fund major parts of the system, were not put in place before contracts were let, and that poses a problem now. So, we need to fund the \$647,00, and the acquisition of the hardware was funded against line items for which appropriations had

not been created by the Council. Responding to the Chair, Mr. Millican said that information is on page 5 of his Memorandum, and the total amount which has no appropriation of \$1,049,000, includes the hardware purchase. This would be \$1.7 million, when added to the \$647,600 charged to the Railyard Fund, which needs funding sources.

Mr. Millican continued his review of Exhibit "1."

Responding to the Chair, Mr. Millican said the estimated shortfall for the Green Building Code is \$600,000.

Chair Ortiz asked if these funds have been expended.

Mr. Millican said the funds have been partially expended, so the total cost likely will be less than the \$600,000, based on what he has heard, but he does not have a complete, revised budget. He said he will have a complete, revised budget before the Finance Committee on October 20, 2008. He said the plan to deal with the approximately \$ million shortfall will include multi-year solutions. For example, the computer/hardware system which was purchased has ordinarily been leased, and it might be possible to do an interfund loan to recover 1/3 of its cost.

Mr. Millican said since finding these, he has been dealing with a number of other issues in finance, so he hasn't had the chance to work as closely as needed with the Departments to come up with a solution. He said we may need to do something relatively soon about the Convention & Visitors Bureau, and he will have a proposal on that by the meeting of September 29, 2008.

Councilor Wurzbarger asked if this means Mr. Toler is in limbo, or are we going to stop advertising, or what.

Mr. Millican said his recommendation is that the Convention & Visitors Bureau not use the appropriated funds for the Convention Center promotion, because they are intended for the normal activities of the bureau. He said he would need some expression of support from the Committee.

Keith Toler said there was \$100,000 in the budget, and those funds have been used for local promotion about the grand opening and the grand opening celebration. He said most of the advertising currently running at the national level was placed out of last year's budget. He said this will really come into play in January 2009 when the new marketing has to start for the Convention Center. Responding to Councilor Wurzbarger he said waiting two weeks for a solution will not be a problem.

Councilor Wurzbarger asked if we are talking about needing to find a total of \$4 million.

Mr. Millican said it would be \$3.5 million if we commit the \$500,000 carry forward from last year.

Councilor Wurzbarger asked where the \$3.9 million windfall in GRTs fit in this, or if that is just gone.

Chair Ortiz said the answer to this rhetorical question, is that it's up to us to decide. He said we still have the windfall and we have a decision before us that we didn't have to make a month ago, but if we had committed those funds then we would have those commitments on top of this amount. He said of the requests from the community, staff is proposing to fund only three nonprofits. He said we will get to how that decision was made. He said all of the nonprofit requests have to be considered in light of this sobering news. He asked Mr. Millican if he is at the bottom of finding post budget adjustments and if this is the length and breadth of the problem.

Mr. Millican said, "As far as we can tell, I think the major issues are pretty much visible to us now, although I can't give you an absolute assurance to that effect. I think that the biggest concern, the one that we've been repeating all along, not to... seems like this is my bearer of bad news month, that is on a roll, is the fact that the economy is weak, and with the events at Wall Street, there is a lot of uncertainty floating around about exactly how it might get. That's the other piece of information that has to be considered by the Council, in terms of the business risks that it wants to take."

Chair Ortiz said we would have to make these considerations even if there wasn't this internal, organizational bad news. He said it magnifies the seriousness of the consideration of what to do with this windfall amount.

Councilor Wurzbarger said hers wasn't a rhetorical question. She wants to make certain there was nothing else that had been discovered as part of this process and that the sources identified as part of the \$3.9 are still there.

Chair Ortiz said that check came in.

Councilor Wurzbarger said then we do have the policy choice now of how to spend it. She wants to be sure that we do have \$3.9 million to solve the problem, and that we have CIP funds that could solve the problem.

Mr. Millican said of the \$3.9 million, about \$1 million is restricted for specific purposes in the GRT increments, so that leaves about \$2.8 million that could be used flexibly to solve the problem.

Councilor Calvert said some of the shortfalls identified are that we don't have the money, or the money wasn't budgeted. However, he said some are programmed from the wrong fund, and those funds are there in the account.

Mr. Millican said the Railyard money should not have been used for computer systems, based on Council policy, but can be used for economic development efforts such as the CVB or the [inaudible] loans, and are possible funding sources

Councilor Calvert said he is trying to point out that the \$4 million isn't totally unfunded, and some is just funded from an incorrect source. He said it's not a \$4 million "hole," and some of the money is there, it's just not in the right places, so we have latitude to move some things around.



Chair Ortiz asked, given that understanding, how much time and effort would it take to "rejuggle" some of the other sources and come up with a plan to match the right funds with some of the proposed priorities in the packet, as well as adjusting to accommodate some of the things which went awry.

Mr. Millican said his best estimate to get back with a reasonably, good, detailed plan to solve this is October 20, 2008, possibly by the first meeting in November. He said he will have a plan by September 29, 2008, for the CVB. He said there is about \$1.2 million in misallocation, but it is difficult to say whether the use of fees intended for service improvement is allocated to the wrong source, but that was fee revenue which the Council intended to be used for service improvements.

Chair Ortiz said this is the staff's intent as well.

Chair Ortiz said, if we look at the immediate nature of the different issues identified, the most immediate concern is the shorting of the CVB budget, which has an immediacy that some of the other items do not.

Mr. Millican said the three most important things on which to proceed are:

- 1) the CVB adjustments.
- 2) the fee increase for Land Use, which we need whether or not we improve services, but we won't have a chance to improve services unless we get it; and
- 3) convert people who have been in temporary status for many months into permanent positions, so they can work in a committed way as part of the team who works on the service improvement project.

Chair Ortiz asked if this is the first set of people who were proposed in the plan.

Mr. Millican said these are the nine positions which are funded as temps, which should be part of permanent staff.

Responding to the Chair, Mr. Hiatt said the nine staff would be \$801,000. He said three of the positions are temporary, converting to permanent, one is a position which was loaned by CVB which has been reclaimed and the others are the expansion, including inspectors and the Historic Division Director position which totals nine people.

Mr. Hiatt said the funds Mr. Millican discussed, in terms of the Green Building Code, also include the Chapter 14 rewrite.

Councilor Wurzbarger would like Mr. Millican to come back with a plan for CVB at next meeting, and as soon as possible and not later than November 2008, the plan for the big picture. She would like to see every possible revenue source, including Item #28, which was part of the reason she wanted to have that discussion now. She said, as the Chair said, if we had made the decision on the \$3.9 million we

wouldn't have had those funds to use in this situation. She said right now, no plan is sacred to her with respect to the proposed use of the CIP funds. She wants to see a matrix which shows this Committee all of the best options. She said she has been an advocate for Planning & Land Use, but she is uncomfortable with raising the fees without providing more services. She wants to look at another way to cover those losses and move forward more quickly with providing the services for the fee increases being requested.

Councilor Calvert said we definitely have to reevaluate. He said the "kicker" is that we thought we would put away at least \$1.5 of the \$3.9 million GRT windfall. He said we won't be able to have that cushion we were counting on, which is the real "kicker."

Chair Ortiz said that raises a longer term issue. He said we are very close to the razor's edge between the State required cash reserves and what we have set aside, given the economic conditions and uncertainty. He said this leads to a more sobering suggestion or recommendation on this particular amount. He said this was sort of a gift, and we thought we could spread our largesse throughout the community. However, given the issues raised, we must take a more careful approach on these allocations. He said we have to be "lock down" prudent in those allocations. He said it will disappoint the community and those who were told to turn out this evening to encourage support for funding. However, in the end this Committee and the Council have to do what is best for the City.

Councilor Ortiz is concerned about waiting until October to deal with this, and asked if he could bring the plan to the Committee at the next meeting.

Mr. Millican said the likely approach he would recommend as a plan would be to return the funds to the Railyard fund, as soon as he has the budget documentation to do that. He will have action documentation for this committee on September 29, 2008, which would replace the funds used for the computer system implementation with capital funds which are eligible to be used for that implementation, and then use a portion of the funds returned to the Railyard GRT fund to pay for the CVB expenditures as authorized by the Council. He said that would be a total of \$370,000 if we restore the OTAB budget and the funding level planned for CVB promotion.

Councilor Wurzbarger said, "As part of coming back with a fuller exploration of alternatives, I would just like to make it explicit that I would expect that we would also have those assumptions about, not only the economy, that we just go ahead and make a guess. That we, you know, that we're going to go ahead and put it out there that we think we're going to be down, and we're going to say that as part of our budgeting. But then, also, I mean, given what, and I really am grateful for the work that you've done on this, and I appreciate being included with you, Mr. Chair, on this earlier, I think it's important that we at least put some contingency figure in this process that says there could be some other mistakes. I mean, let's not, I know you think you're 90%, so if we've got \$4 million, let's do a 10%, let's do a 5%. Let's just not naively think that everything has been found, and that's not a criticism of your due diligence at this point, but I will feel more comfortable if we at least acknowledge that there may other mistakes, which is what you've said, so let's budget for it."

Chair Ortiz said one of the other action points he would like staff to work on if possible, is that not only would we have the action item for CVB, but that we would have an action items along the lines of Councilor Calvert's remarks. If we can identify or realign those fund which would line up more consistently with the recommendations we will have at the next meeting. He would like those action items in place as well so we can at least see the options. He understands Councilor Wurzbarger wants a matrix, and we need to think about that matrix in light of the decisions. If there is some truth to what Councilor Calvert says, which is once we look at some of these allocations and identify some of the sources, perhaps we can match it up, and hit could be less than \$3.5 net. He said he would like preliminary information as to where we can spread it out over time which will help when we make a decision on Item #28.

Mr. Millican asked when he would like that part of the information.

Chair Ortiz said he would like it by September 29<sup>th</sup>.

Mr. Millican said it is possible to do that, noting that he has to identify potential funds as well as to analyze those to be sure they will be adequate to fund the planned expenditures for this fiscal year. He said all he has right now as a starting point are the estimates in the budget, so all of those have to be restated. He will work on it and make as much progress as possible, commenting that if the time is limited, he will focus particularly where the Council has the highest degree of discretion.

Chair Ortiz said, coupled with that is that we give priority to the more immediate concerns which Mr. Millican has identified which are the CVB, the fee increase and conversion of positions. He said if necessary, we should consider scaling back as well. He said he is prepared to make cuts if necessary.

Mr. Millican said this is an increase in pressure which might not cause so much concern in a year where GRT was growing strongly, commenting that a number of important initiatives and demands for resources will increase some of the pressure. He said he will start an early and continuing discussion about managing this year's budget and planning next year's budget.

Chair Ortiz said he spoke with Councilor Dominguez about the concept, and believes he's in conceptual agreement.

## **DISCUSSION**

### **28. DISCUSSION OF POTENTIAL USES OF UNANTICIPATED REVENUES FROM MAY 2008 DISTRIBUTION OF GROSS RECEIPTS TAX AND PROPOSED REALLOCATION OF FUNDS FROM THE 2008 CIP. (DAVID MILLICAN)**

A copy of a Transmittal Memorandum to David N. Millican, Finance Director, from Ann Yalman, Municipal Judge, regarding Municipal Court Request for GRT Funds – Remodel, is incorporated herewith to these minutes as Exhibit "3."

A copy of a Memorandum dated August 11, 2008, to David Millican, Finance Director, City of Santa Fe, from Michael Bartlett, Business Manager, is incorporated herewith to these minutes as Exhibit "4."

A copy of a packet of information from "The Santa Fe Center For Arts + Creativity," is incorporated herewith to these minutes as Exhibit "5."

A copy of a letter dated July 14, 2008, to Galen Buller, City Manager, from the Santa Fe Rape Crisis & Trauma Treatment Center, is incorporated herewith to these minutes as Exhibit "6."

**MOTION:** Councilor Wurzburger moved, seconded by Councilor Calvert, to postpone this item to the Finance Committee meeting of September 29, 2008.

**DISCUSSION:** Councilors Wurzburger and Calvert apologized to those who came this evening in support of certain items.

Mr. Millican said one of the recommended projects included in Item #28 is a project we are in the midst of, which requires additional funding to complete, which is the remodel of the Municipal Court building. He said Council gave initial approval for \$325,000, and it needs another \$300,000, which is proposed to come from the CIP portion of the GRT windfall.

Chair Ortiz asked if the Public Works Committee acted on this. He understood the CIP portion of the budget went through Public Works and received approval with a couple of minor changes, but he doesn't remember Municipal Court coming out of that.

Mr. Millican said the Municipal Court was described as one of several City projects in progress that would need additional funding in the initial report, but it didn't have a full scale proposal at that point because the cost estimates weren't done.

Chair Ortiz asked the Committee what it would like to do regarding the Municipal Court.

Councilor Calvert asked if this a project which is already in progress.

Mr. Millican said it is a project in progress which is reaching final design and bid, but it has not been bid.

Councilor Wurzburger said then she doesn't want to act on this tonight. If it is final design and bid, two more weeks won't cause problems. She wants to look at all of this together.

Chair Ortiz said he has looked at the matrix and he wants a report from staff as to how these nonprofits are recommended for funding as opposed to other nonprofits. He would like that in the packet at the next meeting.

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

## **PROPOSED RESOLUTIONS AND ORDINANCES: (WITH FISCAL IMPACT)**

### **8. ADOPTION OF NEW FEES FOR BUILDING PERMITS AND DEVELOPMENT REVIEW:**

- A. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR PLAN REVIEWS, BUILDING PERMITS, SECONDARY MECHANICAL PERMITS, SECONDARY PLUMBING PERMITS, SECONDARY ELECTRICAL PERMITS, GRADING PLAN REVIEWS, GRADING PERMITS, AND SIGN PERMITS. (COUNCILOR WURZBURGER). (JACK HIATT)**
- B. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING NEW FEES FOR DEVELOPMENT REVIEW APPLICATIONS SUCH AS ANNEXATION, REZONING, SUBDIVISION, DEVELOPMENT PLANS, SPECIAL EXCEPTIONS, VARIANCES, APPEALS, CODE AMENDMENTS, ETC., SUBMITTED TO THE LAND USE DEPARTMENT (COUNCILOR WURZBURGER). (JACK HIATT)**

**Committee Review: Business & Quality of Life Committee (Approved) April 16, 2008; Public Works Committee (Approved) May 27, 2008; and Finance Committee (Approved) June 2, 2008.**

*Items 8(A) and (B) were combined for purposes of presentation, discussion and voting.*

Chair Ortiz said this Committee has discussed this before, and he believes everyone knows where he stands, philosophically on the fees. However, this is one of those situations sometimes where you have to swallow your political sense, and because of the factors which have been brought forward by Finance, he believes this is one of those occasions. He said these aren't fees he was proposing, and he questioned them as to whether they would approve efficiency, or improve the operation and administration. He said this is the third time we've had these kinds of fee increases from Land Use, where we have to increase fees to cover shortfalls in the General Fund. Chair Ortiz said he's voted against every one of these fee increases in the past. Chair Ortiz said he respects Councilor Wurzburger for standing by her principles and doing what is right even when it is unpopular.

Councilor Wurzburger said she has never supported the fee structures on the basis that we were going to continue to do the same thing. She said, "I have to say, no aspersions cast, until I see the matrix and the options, I'm not convinced. I mean, we could say, you know, a mistake was made, we're going to take it out of our reserves, and we're not going out to the.... and that's not political, that's a matter, to me, of maintaining our progress in terms of intent. And I think you've been the strongest one on that for years. Maybe I've listened to you, that if we say we're going to do a fee it ought to be for a new service. The only way I can make a motion now, if we can do this, to approve these fees on the understanding that we need new fees and that they will be for new services, but we can't do that until we know this matrix. So, Jack, I can't do this yet."

Chair Ortiz said he doesn't believe we need a matrix, and said Mr. Millican has been transparent to say that we need to do these fees, period. And, we may need to look at another set of fee increases.

Councilor Wurzbarger said, "Are you saying it's fixing the old problem, and because we've got the new people permanently they go forward and are a perpetual problem that has to be financed and they still won't be providing any additional service. Is that what you're saying to us David"?

Mr. Millican said Councilor Wurzbarger hit on one element and Chair Ortiz hit on another. He said in order to allow fee increases to be committed to service improvement, whether that's system improvement training or new staffing, we need to plug the gap that the fees were used to plug in the General Fund, which would be use of reserves, one of the options which you identified. He said that plugs it for this year, but does not necessarily assure us that the ongoing balance is going to be able to be kept. This is the reason we need a much more adaptive management program for services, because we've got a volatile economy and we need to manage it in a way that looks much more like a consulting practice that it has in the past.

Chair Ortiz said Mr. Millican is being much more reserved on what happened. This department was shorted this amount of money on the assumption by the former Finance Director that the money would be there, and so the money was stripped from the Department to fund other things in the General Fund, so there is a hold in that Department's budget. He said we are in the position now of not having an option.

Mr. Hiatt said he doesn't have an option, but he wants to change the dynamic a bit. He said five of the nine positions will not increase the service, but will keep the Department from going backward in service, because those positions have been funded from vacancy savings that can't be funded any more. He said four will improve services, and the Department is embarking on the requested standards. He said, for example, Inspections can now say it is on a three-day turnaround, so we can begin to measure and to look at what can be improved. He said five of the nine positions are just to hold our present course.

Chair Ortiz understood that there were only three new positions, and we were contracting for the others. He said, however, the reality is that we are no position to make changes to these fee increases now. Although the fee increases were pending at the time the budget was approved, the Finance Director assumed those would be approved and made financial adjustments based on that assumption. We didn't make that decision then, but we have to make it now.

Councilor Calvert said he isn't keen on taking the money from reserves because that leaves us with absolutely no cushion.

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve fee increases in Items 8(A) and 8(B) as proposed, with the caveat that we will continue to work with the Planning & Land use Director to do as much as we can about improving service, which this Committee is committed to doing.

**DISCUSSION:** Councilor Calvert said he wants to emphasize that we need to monitor these things closely to see how they are unfolding and how it will affect us for the whole year.

**Friendly amendment:** Councilor Wurzbarger would like to amend the motion to provide that for the next year that we have monthly reports from Planning & Land Use with respect to the revenue we are receiving from the fees. **The amendment was friendly to the and second.**

Councilor Calvert said these fees were not intended just to cover the nine positions, so there will be some flexibility in the length of time over which we implement that.

Mr. Hiatt said absolutely. He said it will take substantially longer to hire a Historic Division Director than some of the other positions which are more administration. He will phase those positions.

Councilor Calvert said the assumption on the positions to be hired after the initial ones was that we would hire them as the fees increased and provided the funds, and asked if that is still the assumption.

Mr. Hiatt said, "That's our assumption."

Councilor Wurzbarger said for administrative positions, it is important in the job description that there be performance related to what we think this person will be able to do with respect to the processing of applications for the H-Board. She said this is the measure of success for that person, so we need it in the job description.

Mr. Hiatt said, "I'm sure that person will be doing cases."

Councilor Wurzbarger said all of that needs to be in the job description.

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

Mr. Millican said the Land Use staff and Finance staff are working closely together to deal with this issue, with the intent to try to achieve the Council's objectives. He is committed to improving the budget process and making it much more transparent than it has been in the past.

## **DISCUSSION**

### **29. OTHER FINANCIAL INFORMATION:**

#### **A. REVIEW OF INVESTMENT PORTFOLIO FOR JUNE 30, 2008. (HELENE HAUSMAN)**

Helene Hausman presented information regarding this matter from the materials in the packet.

Ms. Hausman said the proposed funding for the refunding bonding is looking better, and there is a fallback position if the "squirreliness" in the market continues, and that is through the New Mexico Finance Authority who are supportive of this effort. She said they are very comfortable that one way or the other they will achieve the refunding and we will achieve some savings.

Ms. Hausman said she has reviewed all of the investments and things are still very solid. She noted that Interest rates are down about ½ of what we were, and given what happened with Lehman Brothers, there is serious talk about whether the Federal Reserve will cut interest rates tomorrow or wait until sometime before Christmas. She is not expecting rates to go up, but to go down. She budgeted \$5.4

million for interest which is very very conservative. She is glad she did so, especially the way things are going currently.

Responding to the Chair, Ms. Hausman said she still thinks we can make the \$5.4 million, but not the 7%. She said if the Feds cut the rates it will ripple through everything. She said the City has less risk and more security since the government took over Fannie Mae and Freddie Mac. She said she had cut back purchase of those, but believes the risk element has now decreased quite a bit. However, there is talk today about the FDIC which insures the banks for up to \$100,000 per account holder. She said FDIC has about \$45 billion in assets on \$1 trillion in deposits, so there is talk about restructuring and recapitalizing the FDIC. She will keep her eye on all of this and keep the Committee informed.

Ms. Hausman said she received a phone call on Thursday from one of the people who helps the City to purchase securities offering a \$1.8 million Albuquerque Airport Bond, at a 3.9% yield and she said she purchased it. She said this is truly excellent and a tiny bright spot.

Ms. Hausman said she is looking to find new investments and broader directions which will give us the support we need in our investment portfolio.

### **30. MATTERS FROM THE COMMITTEE**

There were no matters from the Committee.

### **31. ADJOURNMENT**

There being no further business to come before the Committee, and the Committee having completed its Agenda, the meeting was adjourned at 6:45 pm.

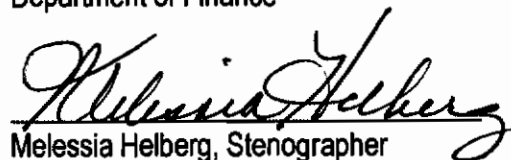
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Matthew E. Ortiz, Chair

Reviewed by:

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David Millican, Director  
Department of Finance

  
Melessia Helberg, Stenographer