



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
JANUARY 30, 2017 – 5:00 P.M.

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

CITY CLERK'S OFFICE

DATE 1/27/17 TIME 8:55a

SERVED BY Yolanda Green

RECEIVED BY [Signature]

CONSENT AGENDA

5. Request for Approval of Cooperative Project Funding Agreement and Budget Amendment in the Amount of \$375,000 – Reconstruction of Guadalupe from Agua Fria to Paseo De Peralta; New Mexico Department of Transportation. (David Quintana)
6. Request for Approval of Professional Services Agreement – Advertising, Sales, Design, Production, Installation, Maintenance and Removal from Santa Fe Trails' Buses Exterior, Shelters and Benches (RFP #17/11/P); Templeton Marketing Services, Inc. (Thomas Martinez)
7. Request for Approval of Information Technology Agreement in the Amount of \$99,847 – Debt Management System and Implementation Services, Annual Maintenance and Hosting Fees (RFP #16/47/P); Emphasys Software. (Larry Worstell)
8. Request for Approval of Grant Award in the Amount of \$100,000 – 2017 Fire Protection Grant for Fire Department; New Mexico State Fire Marshal's Office (Jan Snyder)
 - Procurement Under State Price Agreement in the Amount of \$126,282.21 – SCBA Air Compressors and Filling Stations; Municipal Emergency Services.
9. Request for Approval of a Budget Amendment Resolution for Second Quarter Ending December 31, 2016. (Andrew Hopkins)
10. Request for Approval of Budget Amendment to Reduce Rental Income on Credit Available, Rent Payment Reduction and Eliminate Inter-Fund Transfers between College of Santa Fe Operating – Fund 5910 and College of Santa Fe Debt – Fund 5912. (Teresita Garcia)



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
JANUARY 30, 2017 – 5:00 P.M.

11. Request for Approval of Amendment No. 5 to Professional Services Agreement in the Amount of \$283,200 – Aggressive and Comprehensive ITT Systems Modernization for Finance, Land Use and Community Development; Mountain River Consulting. (Larry Worstell)
12. Request for Approval of an Ordinance Amending Section 24-2.6 SFCC 1987 to Add a Truck and Other Large Vehicles Traffic Restriction on Defouri Street. (Councilor Lindell) (John Romero)

Committee Review:

Public Works Committee (approved)	01/23/17
City Council (request to publish)	02/08/17
City Council (public hearing)	03/08/17

Fiscal Impact – No

END OF CONSENT AGENDA

DISCUSSION

13. MATTERS FROM STAFF
14. MATTERS FROM THE COMMITTEE
15. ADJOURN

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

**SUMMARY INDEX
FINANCE COMMITTEE MEETING
January 30, 2017**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE #</u>
<u>AFTERNOON SESSION</u>		
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	2
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF INFORMATION TECHNOLOGY AGREEMENT IN THE AMOUNT OF \$99,847 – DEBT MANAGEMENT SYSTEM AND IMPLEMENTATION SERVICES, ANNUAL MAINTENANCE AND HOSTING FEES (RFP #16/47/P); EMPHASYS SOFTWARE	Approved	3-4
REQUEST FOR APPROVAL OF A BUDGET AMENDMENT RESOLUTION FOR SECOND QUARTER ENDING DECEMBER 31, 2016	Approved	4-5
REQUEST FOR APPROVAL OF BUDGET AMENDMENT TO REDUCE RENTAL INCOME ON CREDIT AVAILABLE, RENT PAYMENT REDUCTION AND ELIMINATE INTER-FUND TRANSFERS BETWEEN COLLEGE OF SANTA FE OPERATING – FUND 5910 AND COLLEGE OF SANTA FE DEBT – FUND 5912	Approved	5-6
REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$283,200 – AGGRESSIVE AND COMPREHENSIVE ITT SYSTEMS MODERNIZATION FOR FINANCE, LAND USE AND COMMUNITY DEVELOPMENT; MOUNTAIN RIVER CONSULTING *****	Approved	6-9
END OF CONSENT CALENDAR DISCUSSION *****		

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE #</u>
MATTERS FROM STAFF	Information	9
MATTERS FROM THE COMMITTEE	Information/discussion	10
ADJOURN		10

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, January 30, 2017

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 5:00 p.m., on Monday, January 20, 2017, 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, Director, Finance Department
Teresita Garcia, Assistant 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

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

5. **REQUEST FOR APPROVAL OF COOPERATIVE PROJECT FUNDING AGREEMENT AND BUDGET AMENDMENT IN THE AMOUNT OF \$375,000 – RECONSTRUCTION OF GUADALUPE FROM AGUA FRIA TO PASEO DE PERALTA; NEW MEXICO DEPARTMENT OF TRANSPORTATION. (DAVID QUINTANA)**
6. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – ADVERTISING, SALES, DESIGN, PRODUCTION, INSTALLATION, MAINTENANCE AND REMOVAL FROM SANTA FE TRAILS’ BUSES EXTERIOR, SHELTERS AND BENCHES (RFP #17/11/P), TEMPLETON MARKETING SERVICES, INC. (THOMAS MARTINEZ)**
7. ***[Removed for discussion by Councilor Harris]***
8. **REQUEST FOR APPROVAL OF GRANT AWARD IN THE AMOUNT OF \$100,000 – 2017 FIRE PROTECTION GRANT FOR FIRE DEPARTMENT; NEW MEXICO STATE FIRE MARSHAL’S OFFICE. (JAN SNYDER)**
9. ***[Removed for discussion by Councilor Harris]***
10. ***[Removed for discussion by Councilor Harris]***

11. *[Removed for discussion by Councilor Villarreal]*
12. **REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 24-2.6 SFCC 1987 TO ADD A TRUCK AND OTHER LARGE VEHICLES TRAFFIC RESTRICTION ON DEFOURI STREET (COUNCILOR LINDELL). (JOHN ROMERO) Committee Review: Public Works Committee (approved) 01/23/17; City Council (request to publish) 02/08/17; and City Council (public hearing) 03/08/17. Fiscal Impact – No.**

END OF CONSENT AGENDA

CONSENT CALENDAR DISCUSSION

7. **REQUEST FOR APPROVAL OF INFORMATION TECHNOLOGY AGREEMENT IN THE AMOUNT OF \$99,847 – DEBT MANAGEMENT SYSTEM AND IMPLEMENTATION SERVICES, ANNUAL MAINTENANCE AND HOSTING FEES (RFP #16/47/P); EMPHASYS SOFTWARE. (LARRY WORSTELL)**

Councilor Harris said he asked several questions prior to the meeting one of which is when this will go live, and Mr. Worstell said we're about 3 months out from the award. Another question is the reason there was such a tremendous difference between the cost proposals, commenting Mr. Worstell's explanation was clear and asked him to repeat it for the Committee.

Larry Worstell, Director, IT Division, said the original quote was based on a 300 item list, and the second quote pared it down into a more neat, smaller list which the Evaluation Committee felt was better, and felt the list was correct.

Councilor Harris said he asked if any of the current Finance Department staff had worked with this company and software, and Mr. Worstell said Mr. Fluetsch is familiar with the same software as Ms. Hausman used. It seemed to be a non-issue.

Adam Johnson, Director, Finance Department, said he sat on the evaluation committee for the two software. He said this software is a sister product to what we used to manage our investments, so the platform is the same. With regard to the very large price difference between proposals, Mr. Johnson said the other software was, by far and away, more than we needed to manage what we're trying to manage, so that's the difference.

Mr. Johnson continued, saying he sat in the demonstrations for this. He said it is essentially, precisely what we need to better manage our portfolio all in one place to run reports, look at the schedule of debt and payments over time. It will create the journal entries and the annual budget for us to automate a process that has been manual, and kept track on spreadsheets that are prone to human error.

Councilor Harris said this seemed like a good move, so he has no issues.

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

DISCUSSION: Councilor Ives said in the contract document it is identified as the Technology Contract Template 2016. He asked if this is the City's contract template for IT services, or did we get this from the vendor.

Mr. Worstell said he can't answer that question.

Mr. Johnson said this contract was negotiated significantly by City Legal and Emphasys-Sympro software, so the answer is that it is a little bit of both.

Renee Martinez, Deputy City Attorney, said there are quite a few more sophisticated IT contracts coming our way, which combine both professional services, relocation services, software, license, software subscriptions, service level agreements for hosting and such. She said the standard City professional services agreement wasn't up to that task, so they took the State's IT contract for the same types of projects, gave that to City Legal, and they adopted a lot of the terms and conditions, and then added the specific City terms and conditions, and it is now the City's standard IT agreement for some of the larger software and professional services agreements.

Councilor Ives thanked staff for doing that, saying it was long overdue.

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

9. REQUEST FOR APPROVAL OF A BUDGET AMENDMENT RESOLUTION FOR SECOND QUARTER ENDING DECEMBER 31, 2016. (ANDREW HOPKINS)

Councilor Harris said he liked the format which provided a date and item number. He said these are adjustments through the second quarter, although there are some January line items – page 9 Wildland and Fire Hazard and the MRC. He said it appears you maybe got ahead of yourself.

Andrew Hopkins, Senior Budget Analyst, said there is a good reason for that, particularly for the MRC Fund that led to a negative finding from Local Government Division, DFA. He said they are threatening to put the City on a monthly reporting basis because of that. He said because of timing, and lack of Finance and Council meetings during the holidays, they were unable to bring this forward until now, but it really needed to be part of the second quarter report to satisfy Local Government. He said the other two were just a matter of convenience to get it on line as soon as possible.

Councilor Harris asked if, once approved, it will be sent to DFA with a letter of explanation addressing the MRC.

Mr. Hopkins said no, it will just be a part of the report that is submitted to DFA, but if they ask for more clarification we will do so.

Chair Dominguez asked if this is anything that is out of the ordinary. He said in the past, we've seen where this was common, and it doesn't seem to be the case here, and appears to be somewhat of an outlier.

Mr. Johnson said it certainly is an outlier. He said in dealing with such a situation, we have to balance the risk of not putting the adjustment into the system. He said, simply stated, we needed to do the adjustment to the MRC, and if for some reason it wasn't approved timely, it could be reversed in the system. He said what we can do to make it more clear, is when we have dates in the current quarter for the previous quarter as noted, we could add a simple explanation so it is obvious to everyone that this doesn't happen all the time and here's the reason.

Chair Dominguez said in the spirit of transparency, and as we go down the path of changing how we do things, it would be helpful to do that, so the public will understand as well.

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

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

10. REQUEST FOR APPROVAL OF BUDGET AMENDMENT TO REDUCE RENTAL INCOME ON CREDIT AVAILABLE, RENT PAYMENT REDUCTION AND ELIMINATE INTER-FUND TRANSFERS BETWEEN COLLEGE OF SANTA FE OPERATING – FUND 5910 AND COLLEGE OF SANTA FE DEBT – FUND 5912. (TERESITA GARCIA)

Councilor Harris asked for a further explanation of the rent-reduction action.

Teresita Garcia, Assistant Finance Director, said when the budget was approved for the College of Santa Fe Debt for 2016/2017, the Lease Agreement had not been negotiated. At that time, the College was to pay the rent agreement to meet the debt payment. The project was closed and the Lease Agreement was renegotiated which was approved by this Committee and the Governing Body. She said that Agreement provided that the "monies that they had paid," for debt services, the residual amount was to be applied to the rental. So we are using cash balance to pay for the debt the College of Santa Fe had paid in previous years.

Councilor Harris said he understood that part. He asked if there was a further reduction of the rent that was due quarterly or annually.

Ms. Garcia said yes. They revised the Lease Agreement so there would be no excess payments accumulated, so the payments were reduced from \$587,000 quarterly, to \$557,500 quarterly.

Councilor Harris said then that \$30,000 was going to reserves, and Ms. Garcia said that is correct.

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

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

11. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$283,200 – AGGRESSIVE AND COMPREHENSIVE ITT SYSTEMS MODERNIZATION FOR FINANCE, LAND USE AND COMMUNITY DEVELOPMENT; MOUNTAIN RIVER CONSULTING. (LARRY WORSTELL)

Councilor Villarreal asked how this PSA and this Amendment connects to last one we approved, which was a smaller amount – how do those two connect and how the service agreements differ.

Mr. Worstell said they are related in scope of work. The original \$10,000 was for a smaller amount of work, and on reexamination, as detailed in the Memo, they determined that the public utility potentially would need a lot more hours on the project. It would basically take data from an old system to a new system. He said there are Applications Specialists that normally would be in charge of doing that, but they are short-handed by 2 people at this point. He said they are working on filling those positions. However, it takes time to bring people up to speed and get them trained fully. He said Mountain River has been working closely with Public Utilities for quite a long time, and has the skill set we need. He said this is not a permanent situation, it will be temporary. He

said they don't have a good feel at this time for the total amount of hours that will be necessary to do this, especially since we don't have all the people in place in-house to assist.

Councilor Harris said he had asked about the account balances on the identified line items, noting Land Use was \$45,400 with no expenditures in this FY, IT was \$312,030 with \$3,500 expended, and Utilities \$116,500 with no expenditures in this FY. He said Mr. Worstell sent an email to him containing this information.

Chair Dominguez asked if the Committee has access to that email from Mr. Worstell to Councilor Harris.

Councilor Harris said this is the reason he is reading it to the Committee. He doesn't remember now what is being proposed to be drawn from those 3 accounts.

Mr. Worstell said the amount of the amendment is \$283,200, budgeted in 3 different accounts – for Land Use it is \$24,267, for IT is \$178,533, and for Utility Billing it is \$80,400.

Councilor Harris said he also asked about personnel, noting the numbers in the Summary of Contracts were relatively low, and then \$283,200, which is quite a jump. He asked how this is handled, and if the budget is in place for the significant increase. He said Mr. Worstell responded by email that, yes, the money is there, that they are working to put people back on the job as employees for the City. These funds are to keep the whole ERP and all the efforts moving forward. This is to have the monies in place to draw-down as needed, but with the idea that we are going to get the personnel place that will be long term employees and will cost the City somewhat less he would think. He noted Mr. Worstell said there is a 40% vacancy.

Mr. Worstell said this all of this amount may not be expended, because they are in the process of hiring some more Application Specialists.

Councilor Harris said, with those answers, he is satisfied with this request.

Chair Dominguez asked Ms. Martinez, regarding the vacancies, if she anticipates we will get into the same cycle as the Police Department where you are unable to keep these positions filled, and always are going to have vacancies. He said that is an important component in terms of the attrition rate and everything we have done.

Mr. Worstell said they have issues with the amount "we are allowed to pay."

Chair Dominguez said that's what the Police Department says.

Mr. Worstell said there are restrictions, and that's a problem right now in filling the Application Specialist positions, noting the in the past, that position has been used for a variety of projects and a variety of skill set that has changed. The City is moving away from the AS400-B1 series to a cloud based ERP and other cloud based applications. He said the primary use of these positions, initially, is taking all of the data from the old system and putting it into the new system, which requires a lot of skill and a lot of man hours. He said there 2 individuals we would like to hire NOW, but they won't come on for the pay.

Councilor Dominguez said then your answer to my question is yes. He said that is troublesome for him, because that is an argument across the City. However, we have made significant emphasis in the past to provide positions and funding for those positions, in anticipation of getting a better response. He said we are getting better, saying he doesn't want to dismiss the improvements that have been made, but he doesn't want to create and fund positions if we can't fill those positions.

Mr. Worstell said, "Mr. Chairman, that's a good philosophy."

Chair Dominguez said we will have that discussion during the budget, and he looks forward to those discussions at budget time.

Councilor Ives noted the new term of the Contract starts in June 2016, terminating on December 31, 2017, and asked if the services will be performed over that full course of time – when will the work be accomplished.

Mr. Worstell said it goes to his previous answer – at this point they don't know exactly when they will be fully staffed, and long it will take them to be at an effective state. He said the interim solution is to have Mountain River's highly experienced, highly effective staff to take us to a certain point at least. He said essentially, it is a fluid situation.

Councilor Harris said Mountain Rivers is a high value company and the services they are providing will cost more than what we can do internally. He said we can't get the talent at the pay scale, so we end up using the higher cost provider. He said the City is committed to this important work, funds are in place, but we find ourselves short of internal personnel.

Chair Dominguez said this might look to others as if we are looking to privatize government. However, he believes in what we've done, but this situation speaks to the long term investment we are going to make and how. He said this probably is typical in the industry in going to the private sector when you have these high value projects. He said this is a decision we have to make as a Governing Body.

Councilor Harris said this has been his experience in the private sector, and he is familiar with how this works. He said if we can provide the compensation for internal employees who will stay with the City over the long haul that know our systems, we would be better served. So we are going to have to look at compensation for a lot of employees and just not these.

Mr. Worstell said the IT and digital technologies are rapidly evolving and a good part of that is development, software management and application management as these applications change. The City is going through massive change across the board everywhere.

Chair Dominguez said we don't want to get in the way of those changes, because they are instrumental to the success of the City as a whole. However, just know that as we go down this road of troubled financial waters, we have looked at some of these things in the past, and probably will continue to look at them. He said we have decisions to make in terms of direction. He said, "Just know, we don't want to get in the way, but also know that we are all looking at how we want to invest the money, internally, or externally."

Councilor Ives said hopefully some of these issues can be considered in the Compensation and Classification study we will be considering in the next month, and staff will participate actively in terms of the changing needs. He agrees with everything that's been said.

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

13. MATTERS FROM STAFF

Mr. Johnson said City departments have begun working on next year's budget. He said we will be looking at the budget calendar at the next Finance Committee meeting. He also has been working with the Public Works Committee in looking at the capital budget in advance of the budget hearings.

Mr. Johnson said we will be looking at the framework around the budget as well at the next meeting.

14. MATTERS FROM THE COMMITTEE

Councilor Harris asked the timing of the next Financial Report.

Mr. Johnson said that will be on the next agenda.

Chair Dominguez said he is working with staff to get the Calendar developed, and looking at the same kind of timeframe on the Budget Hearings. He is working with Mr. Johnson to change somewhat the way the hearings have been conducted in the past – a different format, but the same concept. He asked the Committee members to think about how you want information to be presented, or if there is something specific which you would like to focus on.

Councilor Ives said at Public Works they will be moving forward to better understand the broad capital needs, as well as available revenues and funding options in the next 5-10 years. He said as soon as those are more fully developed, he will be happy to present what they're doing to the Finance Committee.

Chair Dominguez said he would be happy to discuss that with him. He said one of the things he would like to see is for the Public Works Committee to give a "yea or nay" on the CIP Budget, endorsing it. And then we can have that discussion. He said in the past we have had significant and important pieces of that budget, but there hasn't been the kind of comprehensive discussion we do on the operating budget.


Councilor Ives said he agreed. He said last year we did the operating budget, picked up the CIP budget in the last week and said here it is, what do you think. He said that wasn't a process that many of us found satisfying. He said hopefully we're changing that. He is hoping they will have a much more fully developed sense of the Capital Budget and may come forward with guidelines for everyone with regard to the allocation of all funds.

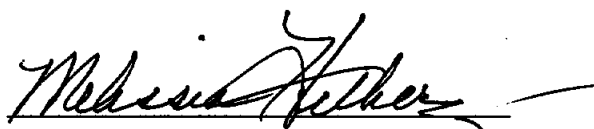
15. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at 5:45p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Adam Johnson, Finance Director
Department of Finance


Melessia Helberg, Stenographer