

CITY CLERK'S OFFICE
DATE 12/1/17 TIME 3:25
CHECKED BY Becky Casper
8888

City of Santa Fe, NM
Regular Committee
Monday, December 04, 2017
05:00 PM – Finance Committee
Council Chambers

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. APPROVAL OF CONSENT AGENDA

5. APPROVAL OF MINUTES

- a) Regular Finance Committee Meeting -- October 30, 2017
Item 5a.pdf
- b) Regular Finance Committee Meeting -- November 13, 2017
Item 5b.pdf

6. ACTION ITEM

- a) Quarterly Financial Report as of September 30, 2017 - (Informational Only). (Adam Johnson)
Item 6a.pdf

7. CONSENT AGENDA

- a) Request for Approval of the Procurement of a New Type 1 Fire Engine in the Total Amount of \$508,305 for the Fire Department; Siddons-Martin/Pierce Manufacturing. (AC Jan M. Snyder).
Item 7a.pdf
- b) Request for Approval for State Price Agreements 50-000-15-00059, 60-000-16-00050 to Spend Over \$50,000 for Automotive Vehicles, Heavy Equipment Services and Repairs and for the Procurement of Tires and Services via State Price Agreement 20-000-00-0083 A, B, C; Various Vendors. (Lawrence Garcia)
Item 7b.pdf
- c) Request for Approval of Procurement under the National IPA Agreement #141003 in the Amount Above \$50,000 for City-Wide Maintenance, Repairs and Operational Supplies; Grainger. (Lawrence Garcia)
Item 7c.pdf
- d) Request for the Approval of Amendment No.3 to the Professional Services Agreement in the Amount of \$24,300 for Deliveries of Our Official Santa Fe Visitor Guide Including Incidental or Special Deliveries as Requested by Tourism Santa Fe; Fun & Games. (Randy Randall).
Item 7d.pdf
- e) Request for Approval for the Procurement Under Cooperative and State Price Agreements in the Amount Not to Exceed \$150,000 for Food Products, Services and Equipment for All City Locations; Various Vendors. (Eugene Rinaldi)
Item 7e.pdf

f) Request for Approval of Professional Services Agreement in the Total Amount of \$69,883.99 for Audio Visual Upgrades in Council Chambers; Team 1st Technologies, LLC. (Joe Abeyta)
Item 7f.pdf

g) Request for Approval of Amendment NO. 1 to the Professional Services Agreement in the Amount not to Exceed \$16,443.72 Including NMGR for Engineering Services Related to the Design of the New Buckman Direct Diversion Water Treatment Facility Four Million Gallon Finished Water Storage Tank; Molzen Corbin (Kristin G. Johansen).

Committee Review:

Public Utilities (scheduled) 12/06/17

City Council (scheduled) 12/13/17

Item 7g.pdf

h) Request for Approval of Amendment NO. 2 to Professional Services Agreement in the Amount of \$23,100 Plus Applicable Gross Receipt Taxes for Additional Regulatory Methane Monitoring at Paseo de Vista Closed Landfill; Golder Associates. (Shirlene Sitton)

Item 7h.pdf

i) Request for Approval to Award a Professional Services Agreement in the Amount of \$3,740,186.88 (paid in 96 installments) Plus an Amount Based on Fuel Usage for the Compressed Natural Gas (CNG) Fueling Facility Design, Build, Operation and Maintenance (RFP #18/01/P); Clean Energy. (Keith Wilson, Shirlene Sitton)

Item 7i.pdf

j) Request for Approval of Award of RFB '18/05/B in the Amount of \$1,083,125 Including Gross Receipts Tax for the Priority Line Replacement Projects, CIP #3054; Sub Surface Contracting, Inc. (Lee Gagnon)

Item 7j.pdf

k) Request for Approval of Professional Services Agreement Using Exempt Procurement in the Amount of \$64,994 for Maintenance Agreement; Innovative Interfaces Inc. (Patricia C. Hodapp).

Item 7k.pdf

l) Request for Approval of the Draft "RFP for the STOP Program", Advertisement for the RFP to Follow Once the Draft is Finalized for the Police Department. (Deputy Chief Andrew Padilla)

Item 7l.pdf

m) Request for Approval of Procurement of Enterprise License Agreement with Addendum Leveraging the National Intergovernmental Purchasing Alliance, in the Annual Amount of \$27,361.70 for Three Year Enterprise Term License Agreement for Adobe Software; CDW Government LLC. (Joshua Elicio).

Item 7m.pdf

n) Request for Approval of Professional Services Agreement using State Pricing Agreement 60-000-15-00019 AI in the Total Amount of \$109,244.03 Including GRT for Repair and Maintenance of the Land Mobile Radio System; Motorola (Larry Worstell).

Item 7n.pdf

o) Request for Approval of Procurement Under State Price Agreement in the Amount not to Exceed \$550,000 for Network and Communication Cable Installations for Local Area Networks at Several City of Santa Fe Facilities; HEI Inc. (Larry Worstell).

1) Request for Approval of Budget Amendment

Item 7o.pdf

p) Request for Approval of Amendment NO. 1 to the Amended and Restated Lease Dated as of April 13, 2016 By and Between the City of Santa Fe and Santa Fe University of Art and Design, LLC, for the Real Property Located at 1600 St. Michaels Drive. (Kelley Brennan)

Item 7p.pdf

q) Request for Approval of Amendment NO. 3 to the Santa Fe Municipal Airport Lease Agreement By and Between the City of Santa Fe and Jet Center at Santa Fe Real Estate, LLC, for Certain Real Property Located at the Santa Fe Municipal Airport. (Kelley Brennan)

Item 7q.pdf

r) Request for the Approval of Amendment NO. 3 to Professional Services Agreement in the Total Amount of \$50,000 Plus GRT for Legal Services; Sheehan and Sheehan, PA. (Marcos Martinez, Assistant City Attorney)

Item 7r.pdf

s) Request for Approval of a Resolution Supporting an Annual Santa Fe Jewish Community Center-Chabad Chanukah Menorah Lighting Ceremony on One Sunday of Each Chanukah Season on the Santa Fe Plaza: and Waiving any Associated City Fees. (Mayor Gonzales and Councilor Ives) (Barbara Lopez)

Committee Review:

Public Works Committee (approved)

11/6/17

City Council

12/13/17

Fiscal Impact: \$2,557 for staff, permit fees and equipment

Item 7s.pdf

t) Request for Approval of a Resolution to Address the Opioid Crisis by Investigating and Pursuing Legal Claims Against Pharmaceutical Manufacturers and Distributors of Opioids that have Contributed to the Opioid Epidemic in the City of Santa Fe. (Councilor Maestas) (Rick Word)

Committee Review:

City Council

12/13/17

Fiscal Impact: None

Item 7t.pdf

u) Request for Approval of a Resolution Requesting that the New Mexico Legislature Enact a Change to the Tax Structure that Requires all Management and Operations of Los Alamos National Laboratories to be Taxable. (Councilors Ives and Maestas) (Adam Johnson)

Committee Review:

City Council

12/13/17

Fiscal Impact: None

Item 7u.pdf

v) Request for Approval of an Ordinance Relating to the Economic Development Plan, Section 11-11 SFCC 1987; Amending and Adding Definitions; Specifying Fees Eligible for Waiver; Amending Staff Reporting Guidelines; Amending the Application Review Criteria to Simplify Guidelines; Amending Exhibit A of Section 22 to Permit the Waiver of UEC Fees; and Making Other Such Changes as are Necessary. (Councilors Maestas and Harris) (Matt Brown)

Committee Review:

Economic Development Review Subcommittee (approved)	11/7/17
Economic Development Advisory Committee (approved)	11/8/17
City Council (request to publish)	12/13/17
City Council (public hearing)	1/10/18

Fiscal Impact: None

Item 7v.pdf

w) Request for an Ordinance Relating to the City of Santa Fe Economic Development Plan Ordinance, Article 11-11 SFCC 1987; Approving and Adopting a Local Economic Development Project Participation Agreement between the City of Santa Fe and Descartes Labs, Inc. for Design, Development and Construction of Tenant Improvements; and Lease Payments for Expansion of a New World Headquarters Facility, a Local Economic Development Project. (Mayor Gonzales and Councilors Lindell, Ives and Trujillo) (Fabian Trujillo)

Committee Review:

Economic Development Review Subcommittee	11/27/17
Economic Development Advisory Committee	12/13/17
City Council (request to publish)	12/13/17
City Council (public hearing)	1/10/18

Fiscal Impact: \$100,000 from the City Economic Development Fund

Item 7w.pdf

x) Request for Approval of a Resolution Directing the City Manager to Establish a Program Replacing Administrative City Fleets Currently Running on Gasoline or Diesel with Electric Vehicles by 2025. (Mayor Gonzales and Councilor Ives) (John Alejandro)

Committee Review:

Public Works Committee (approved as amended)	11/6/17
Sustainable Santa Fe Commission (approved)	11/14/17
City Council	12/13/17

Fiscal Impact: None

Item 7x.pdf

y) Request for Approval of a Resolution to Amend the City of Santa Fe's Five Year CIP Plan Authorizing Specific Future Road Projects Currently Approved, to be Accelerated to the Current Year CIP Project List, Utilizing Gas Tax Bond Proceeds. (Councilor Maestas) (Bradley Fluetsch)

Committee Review:

Public Works Committee	12/11/17
City Council	12/13/17

Fiscal Impact: None

Item 7y.pdf

z) Request for Approval of an Ordinance Amending Subsection 23-6.2 SFCC 1987 to Increase the Annual Dedication to the Children and Youth Fund to Four Percent; Establishing a Minimum Fund Balance; and Amending

the Powers and Duties of the Children and Youth Commission to Include an Annual Strategic Planning Process and Recommended Funding Priorities. (Councilor Dominguez) (Chris Sanchez)

Committee Review:

Children and Youth Commission (approved)	11/7/17
Fiscal Committee (postponed)	11/13/17
City Council (request to publish)	12/13/17
City Council (public hearing)	1/10/18

Fiscal Impact: \$450,000 increased GRT contributions to the fund

Item 7z.pdf

aa) Request for Approval of a Resolution Directing City Staff to Collaborate with the Public Service Company of New Mexico (PNM) to Develop a Photovoltaic (PV) Project to Provide City Owned Facilities with Solar Power, in Accordance with the City of Santa Fe's Stated Goal of Achieving Carbon Neutrality by 2040. (Mayor Gonzales, Councilors Ives, Rivera, and Maestas) (John Alejandro)

Committee Review:

Public Works Committee (approved as amended)	11/6/17
Sustainable Santa Fe Commission (approved)	11/14/17
City Council	12/13/17

Fiscal Impact: None

Item 7aa.pdf

8. DISCUSSION

a) Request for Approval of a Resolution Adopting the West Santa Fe River Corridor Plan as an Official Amendment to the General Plan and Specifically Amending the Future Land Use Map. (Councilor Villarreal) (Reed Liming)

Committee Review:

Planning Commission (cancelled)	10/19/17
Public Works Committee (approved)	10/23/17
Planning Commission	11/16/17

City Council	12/13/17
--------------	----------

Fiscal Impact: See associated Bill

a-1) Request for Approval of an Ordinance Relating to the Land Development Code, Chapter 14 SFCC 1987 Regarding the West Santa Fe River Corridor Master Plan; Creating a New Section 14-5.11 SFCC 1987 to Establish the West Santa Fe River Corridor Overlay Zoning District. (Councilor Villarreal) (Reed Liming)

Committee Review

Planning Commission (cancelled)	10/19/17
Public Works Committee (approved)	10/23/17
City Council (request to publish)	11/8/17
Planning Commission	11/16/17
City Council (public hearing)	12/13/17

Fiscal Impact: \$3,500,000 bond for future CIP projects

Items 8a and 8a-1.pdf

b) Verde Fund Report

c) Request for Approval of a Resolution Authorizing the Placement of a Question on the Ballot of the Regular Municipal Election, to be Held on March 6, 2018, To Ask the Voters of the City of Santa Fe Whether or Not the Santa Fe Municipal Charter Should be Amended to Include a Provision to Establish an Independent Office of Inspector General for the City of Santa Fe. (Councilor Maestas)(Renee Martinez)

Committee Review

Finance Committee (postponed)	10/30/17
Public Works Committee (postponed)	11/6/17
City Council	12/13/17

Fiscal Impact: \$3500 for publication of the ballot question

Item 8c

d) Request for Approval of an Ordinance Repealing Section 2-22 SFCC 1987 Internal Audit Department in its Entirety; and Amending Section 6-5 SFCC 1987 to Charge the Audit Committee with the Management of an Independent Audit Contract to Perform the Functions Currently Performed by the Internal Auditor. (Mayor Gonzales and Councilor Harris)(Kelley Brennan)

Committee Review

Public Works Committee (postponed)	11/6/17
City Council (request to publish)	11/8/17
City Council (public hearing)	12/13/17

Fiscal Impact: None

Item 8d.pdf

e) Request for Approval of a Resolution Directing the City Manager to Develop a Plan to Outsource the Functions Currently Performed by the Internal Audit Department in Accordance with Said Recommendation Within 60 Days of the Adoption of this Resolution. (Mayor Gonzales and Councilor Harris)(Kelley Brennan)

Committee Review

Public Works Committee (postponed)	11/6/17
City Council	12/13/17

Fiscal Impact: None

Item 8e.pdf

f) Request for Approval of Amendment No. 2 to Professional Services Agreement in the Amount of \$50,000, Exclusive of NMGRS for Consulting Services; A. Anderson Consulting, LLC. (Adam Johnson)

Item 8f.pdf

g) Request for Discussion Median Re-Development Project. (Richard Thompson).

Item 8g.pdf

9. MATTERS FROM STAFF

10. MATTERS FROM THE COMMITTEE

11. EXECUTIVE SESSION

12. ADJOURN

Cover Page		Page 0
Call to Order	Chair Dominguez called the Finance Committee meeting to order at 5:20 pm in the City Council Chambers. A quorum was present at the time of roll call.	Page 1
<p>Approval of Agenda</p> <p>The Chair asked to postpone Item G under Discussion Item to next meeting.</p> <p>Councilor Villarreal asked to postpone Item 8B (Verde Fund) under Discussion and would like to dedicate more time to this item and asked if there was a time constraint. The Chair answered that it is not as much as a time constraint but the people out in the public want to hear about it.</p> <p>Councilor Villarreal stated that they did not have anything to review prior to this meeting; tonight was the first of the report and she would like to review prior to the discussion.</p>	<p><i>Councilor Villarreal moved to approve the agenda as amended to postpone Items 8B and G, second by Councilor Harris, motion carried by unanimous voice vote.</i></p>	Page 1
<p>Approval of Consent Agenda</p> <p>No changes from staff.</p> <p>Chair Dominguez: Pull Item Z</p> <p>Councilor Villarreal: Pull A, B, D, T (co-sponsor), U (Co-sponsor) and Z</p>	<p>Councilor Lindell moved to approve Consent Agenda as amended, Items A, B, D, F, G, I, K, O, P, Q, S, T and U (add Councilor Villarreal as a Co-sponsor), B (add Councilor Ives as a Co-Sponsor), Item Y, Z,</p>	Page 2

<p>Councilor Lindell: Pull D, F, G, K, P, S, T and Z</p> <p>Councilor Ives: Pull P, V</p> <p>Councilor Harris: Pull I, O, P, Q, T, Y and Z</p> <p>Items pulled off consent agenda are Items A, B, D, F, G, I, K, O, P, Q, S, T and V (add Councilor Villarreal as a Co-sponsor), B (add Councilor Ives as a Co-Sponsor), Item Y, Z</p>	<p>second by Councilor Ives, motion carried by unanimous voice vote.</p>	
<p>Approval of Minutes</p>	<p>APPROVAL OF MINUTES No changes from staff.</p> <p>Councilor Ives moved to approve the minutes of October 30, 2017 as presented with no changes, second by Councilor Villarreal, motion carried by unanimous voice vote.</p> <p>No changes from staff.</p> <p>Councilor Ives moved to approve the minutes of November 13, 2017 as presented with no changes, second by Councilor Villarreal, motion carried by unanimous voice vote.</p>	<p>Page 2</p>
<p>Discussion</p>	<p><i>No Action on this item presented for informational purposes.</i></p>	<p>Page 2 - 7</p>

<p>Consent Agenda Items pulled off consent agenda are Items A, B, D, F, G, I, K, O, P, Q, S, T and V (add Councilor Villarreal as a Co-sponsor), B (add Councilor Ives as a Co-Sponsor), Item Y, Z</p>	<p><i>Councilor Villarreal moved to approve procurement of a new type I Fire Engine in the total amount of \$508,305 for the Fire Department, Siddons-Martin/Pierce Manufacturing, second by Councilor Harris, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Harris moved to approve Amendment No. 3 to the Professional Services Agreement in the amount of \$24,300 for deliveries of our Official Santa Fe Visitor Guide including incidental or special deliveries as requested by Tourism Santa Fe; Fun and Games, second by Councilor Lindell, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Lindell moved to approve professional services agreement in the total amount of \$69,883.99 for Audio Visual upgrades in Council Chambers; Team 1st Technologies, LLC, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Harris moved to approve Amendment No. 1 to the PSA in the amount no to exceed \$16,443.72 including NMGRT</i></p>	<p>Page 8- 25</p>
---	--	-------------------

	<p><i>for Engineering Services related to the design of the new Buckman Direct Diversion Water Treatment facility four million gallon finished water storage tank; Molzen Corbin, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Ives moved to approve PSA in the amount of \$3,740,186.88 (paid in 96 installments) plus an amount based on fuel usage for the compressed natural gas (CNG) fueling facility design, build operation and maintenance (RFP#18/01/P); clean energy , second by Councilor Harris, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Lindell moved to approve Professional Services using exempt procurement in the amount of \$64,994 for maintenance agreement, Innovative Interfaces Inc. second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Harris moved to approve procurement under state price agreement in the amount not to exceed \$550,000 for Network</i></p>	
--	--	--

	<p><i>and Communication Cable Installations for local area networks at several city of Santa Fe Facilities; HEI Inc., second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Lindell moved to approve Amendment No. 1 to the amended and restated lease dated as of April 13, 2016 by and between the City of Santa Fe and Santa Fe University of Art and Design, LLC for the Real Property located at 1600 St. Michael's Drive, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Harris moved to approve Amendment No. to the Santa Fe Municipal Airport lease agreement by and between the City of Santa Fe and Jet Center and Santa Fe Real Estate LLC for certain real property located at the Santa Fe Municipal airport, second by Councilor Lindell, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Lindell moved to approve Resolution supporting an Annual Santa Fe Jewish Community Center- Chabad Chanukah</i></p>	
--	--	--

	<p><i>Menorah Lighting ceremony on one Sunday of each Chanukah Season on the Santa Fe Plaza; and waiving any associated fees and would like to see these things come back to the Finance Committee annually with a cap of \$2500, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Villarreal moved to approve Resolution to address the Opioid Crisis by Investigating and pursuing legal claims against pharmaceutical manufacturers and distributors of opioids that have contributed to the opioid epidemic in the city of Santa Fe with revised language indicating our partnership with the Attorney General, second by Councilor Harris, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Villarreal moved to approve Resolution requesting that the NM Legislature enact a change to the tax structure that requires all management and operations of Los Alamos National Laboratories to</i></p>	
--	--	--

	<p><i>be taxable as amended (to add, sponsoring an amendment to change the language to amended to read as follows: to strike out the language to be deleted, (striking lines 2,3,4) – deleting text on line 1), second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Villarreal moved to approve an Ordinance relating to the Economic Development Plan, Section 11-11 SFCC 1987; amending and adding the Application Review Definitions; specifying fees eligible for waiver; amending staff reporting guidelines, amending the application review criteria to simplify guidelines, amending exhibit A of Section 22 to permit the waiver of UEC fees; and making other changes as are necessary and deleting text on line 1 of page 2 and replacing it with the following language: Amended to be read as follows, second by Councilor Ives, motion carried by</i></p>	
--	---	--

	<p><i>unanimous voice vote.</i></p> <p><i>Councilor Harris moved to approve a Resolution to amend the city of Santa Fe Five Year CIP Plan authorizing specific future road projects currently approved, to be accelerated to the current year CIP Project list, utilizing Gas Tax Bond proceeds, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Ives moved that we approve with the understanding that the substitute Resolution eliminating the portions being withdrawn by the sponsors put forth when it comes to the City Council, second Councilor Harris, motion carried by unanimous voice vote.</i></p>	
<p>Discussion Items a, a-1, c, d. e, f, g, Postpone item b and g.</p>	<p><i>Councilor Lindell moved to approve Resolution adopting the West Santa Fe River Corridor plan as amended, second by Councilor Lindell, motion carried by unanimous vote. Councilor Harris abstained.</i></p> <p><i>Councilor Villarreal moved to approve the ordinance relating to the</i></p>	<p>Page 26 - 38</p>

	<p><i>Land Development Code, Chapter 14 SFCC 1987 regarding the West Santa Fe River Corridor Master Plan; creating a new section 14-5.11 SFCC 1987 to establish the West Santa Fe River Corridor Overlay Zoning District including Councilor Lindell's amendment and the FIR #2987 wording for density, second by Councilor Lindell, motion carried by unanimous voice vote. Councilor Harris abstained.</i></p> <p><i>Councilor Harris moved that Item C not be approved for inclusion in the ballot, second by Councilor Lindell, motion carried by unanimous voice vote. Councilor Villarreal abstained</i></p> <p><i>Councilor Harris moved to postpone until January 2, 2018 to bring back the substitute Ordinance, second by Councilor Lindell, motion carried by unanimous by voice vote.</i></p> <p><i>Councilor Harris moved to postpone until January 2, 2018 to bring back the substitute Ordinance, second by Councilor Lindell, motion carried by unanimous by</i></p>	
--	--	--

	<p><i>voice vote.</i></p> <p><i>Councilor Harris moved to postpone Resolution until January 2, 2018 and it would be revised, second by Councilor Ives, motion carried by unanimous voice vote.</i></p> <p><i>Councilor Ives moved to approve Amendment No. 2 to Professional Services Agreement in the amount of \$50,000 exclusive of NMGR for Consulting Services; A. Anderson Consulting LLC, second by Councilor Lindell, Motion carried by unanimous voice vote.</i></p>	
Matters from Staff	<i>Informational</i>	Page 39
Executive Session	None	Page 39
Adjourn	There being no further business to come before the Finance Committee the Chair called for adjournment at 10:00 pm	Page 39
Signature Page		Page 39

**City of Santa Fe, NM
Regular Committee
Monday, December 4, 2017
5:00 pm – 10:00 pm – Finance Committee
Council Chambers**

MINUTES

1. CALL TO ORDER

Councilor Carmichael Dominguez, Chair called the Finance Committee meeting to order at 5:20 pm in the City Council Chambers. A quorum is reflected in roll call.

2. ROLL CALL

**Councilor Carmichael Dominguez
Councilor Signe Lindell
Councilor Michael Harris
Councilor Peter Ives
Councilor Rene Villarreal**

Others Present:

**Adam Johnson, Finance Director
Kelley Brennan, City Attorney
Reed Liming
Chris Sanchez
Brad Fluetsch
Ms. Christina Keyes
Andrew Hopkins
Randy Randall
Assistant Fire Chief Jan Snyder
Joe Abeyta
Jesse Guillen
Fran Lucero, Stenographer**

3. APPROVAL OF AGENDA

The Chair asked to postpone Item G under Discussion Item to next meeting. Councilor Villarreal asked to postpone Item 8B (Verde Fund) under Discussion and would like to dedicate more time to this item and asked if there was a time constraint. The Chair answered that it is not as much as a time constraint but the people out in the public want to hear about it. Councilor Villarreal stated that they did not have anything to review prior to this meeting; tonight was the first of the report and she would like to review prior to the discussion.

Councilor Villarreal moved to approve the agenda as amended to postpone Items 8B and G, second by Councilor Harris, motion carried by unanimous voice vote.

4. APPROVAL OF CONSENT AGENDA

No changes from staff.

Chair Dominguez: Pull Item Z

Councilor Villarreal: Pull A, B, D, T (co-sponsor), U (Co-sponsor) and Z

Councilor Lindell: Pull D, F, G, K, P, S, T and Z

Councilor Ives: Pull P, V

Councilor Harris: Pull I, O, P, Q, T, Y and Z

Items pulled off consent agenda are Items A, B, D, F, G, I, K, O, P, Q, S, T and V (add Councilor Villarreal as a Co-sponsor), B (add Councilor Ives as a Co-Sponsor), Item Y, Z

Councilor Lindell moved to approve Consent Agenda as amended, Items A, B, D, F, G, I, K, O, P, Q, S, T and U (add Councilor Villarreal as a Co-sponsor), B (add Councilor Ives as a Co-Sponsor), Item Y, Z, second by Councilor Ives, motion carried by unanimous voice vote.

5. APPROVAL OF MINUTES

Regular Finance Committee Meeting, October 30, 2017

No changes from staff.

Councilor Ives moved to approve the minutes of October 30, 2017 as presented with no changes, second by Councilor Villarreal, motion carried by unanimous voice vote.

Regular Finance Committee Meeting, November 13, 2017

No changes from staff.

Councilor Ives moved to approve the minutes of November 13, 2017 as presented with no changes, second by Councilor Villarreal, motion carried by unanimous voice vote.

6. ACTION ITEMS

- a) Quarterly Financial Report as of September 30, 2017 (Adam Johnson
Brad Fleutsch, Adam Johnson)

Mr. Johnson: This is the first quarterly report this year which shows mostly good trends. One of the things that Ms. Keyes will talk about is that we continue to have challenges with the collection and distribution of the state GRT. Normal distributions that they provided to us were not proportionately applied so we had to adjust ourselves which means that there is nothing to suggest that the value is off but just the fact that the total tax rate is based on various 16th and 8ths. Generally they track and we understand how they track all the funds, in this case we had to redistribute them. The increments that were dedicated to the General Fund were off by the exact amount

that was distributed amongst other increments and we had to do the adjustment on our side. It may be a little too much information but we wanted to bring this to light.

Christina Keyes: Quarterly revenue updates reflects the receipts through September that are reported for the month of November 2017 on page 3 of the Financial Report you will find the brief overview summary of what has been received. Total gross receipts for September were \$457 million, which is down approximately 1.29% from \$463 million reported before September 2016. Receipts received were strong in Professional, Scientific and Technical services. Finance, Construction, Insurance and Information services sectors. Chart 1 reflects the various percentages of receipts received.

Ref: Page 5 on chart 2 you will see the historical 4-year comparison you will see we are slightly below FY17 still on track to perform at a historical pace. Additionally on chart 5 you will see the dollar amount for the GRT distribution received by the city which you will reported at 9.47 million and on page 7 is the quarterly overview from NM Workforce Solutions and they are reporting that totally non-seasonal employees decreased by 1.9% end of the month. Additional information: Chart (Exhibit A) Labor Statistics – health and education services have grown dramatically. Leisure and hospitality have performed extremely well. LFC hearing brief (Exhibit B) – The Economist with TRD, DFA, Transportation provided their annual revenue forecasts for the state legislature this morning. Page 3: Relays a lot of the concerns that we have experienced as staff with TRD's lack of information and timeliness in reporting.

Mr. Hopkins: On section 2, page 8: Overall the city revenue picture is not as bright as we had hoped; although GRT is coming in right at our expectations. There were some other revenue sources that were not performing as well, such as franchise taxes, water fees, lodgers tax and there are some other sources that are doing better than expected, licenses, permits and ambulance fees. Overall we are running a bit below our revenue projections from earlier in the year with our projection to come in 1t 4% below budget. We tend to come in below budget on the expenditure side both in all funds and the general fund; we are not anticipating any revenue shortfalls. As you may recall from the financial report last year we have tightened up the budget considerably, particularly in the case of personnel services and benefits. We are projecting to come in at 8% below budget on expenditures. On the general fund side as previously noted, ambulance fees and applying land use fees are trending both their target budgets. GRT is not too far off so far based on budget. Revenue picture is by no means grim; we are running a little bit below on budget projections. Overall revenues are coming in below budget on the general fund side it is about 2% below budget. Particularly with GRT coming in below budget and as long as GRT is coming in ok we are ok. Mr. Hopkins reiterated that this is the 1st quarter report and they are watching closely the GRT and it appears that we are on target.

On the expenditure side, when the city starts to tighten up on benefits and salaries as we have done in the last few years, it tends to have more of a market effect on the general fund, we are seeing that so far this year particularly in the departments such

as Police and Fire which is very heavy on salary and benefits as a proportion of their budget whereas you won't see this as much in places like Finance or HR. Overall we are expecting general fund expenses to come in at 5% below budget.

Brad Fluetsch: On the Investment Report, there is very little change in the portfolio. One CD matured and not renewed. Chart 11: Savings rates spiked, and what we did was close the saving account and moved the investments in to a prime money market fund so we went from 17 basis points to 122 basis points. This was on about \$4.5 million dollars so it is an increase of \$4000 per month in interest income. Chart 12: The Federal Reserve has a new Chairman coming in February and there will be substantial changes. The next Federal Reserve meeting is December 12-13, 2017 which we expect the 25 basis point increase in the short term fed funds rate which will boost our money market funds by 25 basis points. Under the September 17th, change in market value; that is the amount of security the decline of market value as interest rates rose. Given the uncertainty that the market has in the Federal Reserve, who is going to be the Chairman and how are they going to fill the other vacancies. The market is actually priced in 2 rate hikes in the past couple months and the 2 year treasury is already up to 1.8% and the last time we reported we were at 1.3% so we have we have a substantial move in short term interest rates in the past 3 months which affects the market value of the portfolio. Chart 24: Duration at Quarter End – in duration it is a measure of interest rate risk where interest rates go up the value of your bond portfolio holdings goes down. Because we have such a short duration in our portfolio meaning the securities we own are less than two year to maturity. They are not having as dramatic market value adjustment as if you had a 5-year or a 10-year bond. The money markets do not appreciate or depreciate in market value as they are fairly short term, less than 30-day investments. I want to point that out because there will be additional market value adjustments in October and November. Chart 13, shows that the yield of the portfolio needs to increase and it is going to continue to increase; however the market value of those changes because the interest rate is decreasing the monthly investment income. If you look at chart 14 you can see that we are earning substantially more interest on a monthly basis. Chart 15 shows market value adjustments, the green is this FY, the red is last FY and the blue is two FY's ago. The important thing you want to look at is comparing charts 15 & 16. Even though we had the second largest market value adjustment in the last three years we still produced positive investment total income. When you compare Chart 17 & 18 our portfolio performance compared to the Barclays Bloomberg 1-3 year government and 1-3 year Aggregate Index; those two indexes have a substantially higher duration, ours is .26% and theirs is 1.89%. It says if you have a duration of 1.89% for every 1% interest rate increase – they go from 1% to 2% you are going to have 1.89% decline in market value. With a duration of .26% that our portfolio has if interest rates go up from 1% to 2% our portfolio will have a decline of .26%. We hold maturity, they are still going to mature at par so we will get this back in less than 2 years. Relative to the Index our portfolio did much better only because of our shorter duration and we take less risks than the index has. Other than that the portfolio has not changed that much significantly, we still hold about 52% in money market funds, a small percentage in CDs, that percentage will decline substantially in October with

two other CDs maturing. Again, at the beginning of the second quarter of the fiscal year we solicited bids from local banks, state owned banks; we are here to buy your CDs at a market rate, we had no offers to buy CDs.

The last chart shows the portfolio holdings. Going forward the Feds are going to raise rates in 2 weeks. Federal Reserve, their forecast is to raise interest rates three times next year. The economy is going, unemployment is extremely low, we are at a 17-year low in unemployment, we are well passed what the Federal Reserve has claimed to be the transitional rate, they thought it would be 5% and now it is 4.2% and we still have not produced any inflation. As long as the economy keeps going the last measure of inflation showed that we were at 2% inflation on CPI. I think the Feds are going to achieve their objective if the economy keeps going the way it is. The interesting thing it is not just in the US it is synchronized global growth. This is all good news but interest rates will go up and staff is maintaining a very liquid large position in short term fixed income to avoid risks.

Chair Dominguez: Mr. Johnson, some have expressed their concern, should we have done more with less. Should we anticipate growth in our GRT that contradicts what was said earlier?

Adam Johnson: What we have done this far is taken what was a significant demonstrated trend and moved that in to the budget, we have put back growth in to the current budget. Long-term growth on the GRT still shows about 2% per year over long term, obviously that has fluctuations. I would suggest as more information comes in perhaps we would see an additional 2% above and beyond in compared to the current year budget. That would look great, budget is balanced and we certainly have done more with less. This team has worked very hard with this committee to take the slack out of the budget and having more discipline in the budget process to get the numbers right especially in salary and benefits. It is a little early to know, we should you the current GRT data that we have and we show it to you in the form of performance report. As soon as we can update for 2nd quarter and I would anticipate that at the end of January 2018, we will see if we have additional growth showing up in the charts.

Chair Dominguez: Q: The all funds operating budget projections on page 9, the 2% variance in salary and benefits, 5% all together. Is that in addition to the attrition rate?

Adam Johnson: That is correct.

Chair Dominguez: At what point can we open up for positions?

Adam Johnson: There are no positions frozen per se. The attrition vacancy credit is calculated in a way to more accurately budget with what I call the city of Santa Fe's rate of unemployment in which there are always vacancies in the system to the extent

that there are positions that are not filled for longer periods of time or not connected or correlated to these numbers.

Chair Dominguez: So does that mean what you are saying, and Mr. Snyder is not here to speak to this topic, you are not holding any positions to keep our budget balanced.

Mr. Johnson: Mr. Chair, Committee members; no that is not the case.

Brad Fluetsch: Regarding the GRT, with interest rates going up as they are and they have been, large segment of the population is going to start earning a lot more money than they have in the last 8 years and that's the savers. People who have money in banks in CD's. They are finally going to start earning a better rate of return on their savings, which hasn't existed since the Feds started cutting the interest rates. Just like our portfolio went from ½% earnings per year now we have a yield of 1.3% and that continues to increase and it looks like the projections will decrease more. The extent that Santa Fe benefits from savers income will benefit our GRT as well as other taxes.

Councilor Harris: Our gross receipts will go up at the start of the year.

Mr. Fluetsch: That is correct.

Councilor Harris: None of this will accrue to the city, correct?

Adam Johnson: I believe the 8 to the 5 county.

Councilor Harris: The County generated the increase, so it applies across all incorporate as well as unincorporated areas. But none of that will accrue to the city?

Adam Johnson: That is correct.

Councilor Harris: Taking up the slack, I remember first quarter last year, it seems that revenue was up by 5%. When we came to the 4th quarter, time to reconcile everything, which 5% went down approximately to 2%. Taking the slack out, to my mind what I hear you say, is taking that slack out whether it is 2% would also than explain the 2% shortfall that we are looking at for this quarter rather than last year first 3 quarters we were up in projections, 5%. I don't know if that accounts for what we are seeing here for this quarter, again taking the slack; building those projections in to this budget.

Mr. Johnson: The slack is taken out of the expenditure side, the GRT side, yes that is accurate, we were watching percentages from the first three quarters that settled down by the end. On the revenue side, on the GRT specifically we were tracking lowly what we projected, we are very close in decimal points.

Councilor Harris: I will follow that, it does make me pause that we are off from where we started last year and all of a sudden 4th quarter what we thought was going to be 5% became, in terms of revenue, 2%. I keep reading and I don't have the expertise as you Mr. Fluetsch and Ms. Keyes; I read about a flattening yield curve that needs to be watched not necessarily for our performance but for the country's performance economically. I assume those are the types of warning signs you should be looking for as well. It probably has less to do since your durations are so short, it has far less to do with our city's performance in performance income and more to do with gross receipts revenue, lodger's tax revenue and everything else, although I did hear that RV sales are back up to the \$500,000 mark, people are buying those big boxes at a healthy pace. It is just something that we need to watch, I am a little bit cautious after the 1st quarter report perhaps from what I was last year.

Mr. Johnson: Councilor Harris, that is an excellent point, that often times is an indicator as the market talks about impending recession. It is unknown at this time, the consensus that I follow suggests that we have these markers that in the past have indicated an impending recession, another one is that this is the longest suspension that has ever been known, however at this point in time everything points to that this is going to continue for short foreseeable future of a couple of years. The important point is that we watch it monthly, we present on it quarterly to try to make informed decisions. Further as we move along in enhancing our policies, set up our reserve policy such that we would have more capabilities to be flexible in the event of a downturn.

Councilor Harris: I do note that any balances that are projected are considerably higher than where we started for the year and well above our 10% reserve requirements so overall it seems that we are prudent in that regard.

Brad Fluetsch: Yield curve, the saying on Wall Street goes, any recession has been preceded by an inverted curve where short rates are higher than long term rates, but not every inverted curve is up and followed by recession. It is a very important piece of information to pay attention to. Another thing that the people in the street are paying attention to is where did the Federal Reserve \$4.5 trillion dollar balance sheet come from, that is all out the curve. They took a huge amount, \$4.5 trillion off the supply market and flattened it intentionally. Any time they want to steepen it they just have to sell a few or hint at the suggestion of selling some and their balance sheet will have a steep curve like you won't believe.

Councilor Ives: Chart 14, which is the Total Interest by Month, we were noting that it is significantly up for July, August and September. I think there was a statement that it is anticipated to continue, is that correct?

Mr. Fluetsch: Yes

Councilor Ives: Looking at the chart it suggests that an extra half million dollars has been collected in those three months in terms of interest income.

Brad Fluetsch: About \$300,000.

Councilor Ives. In terms of the above? Mr. Fluetsch: Yes.

So, what did our budget say in terms of what we were anticipating as interest income?

Brad Fluetsch: I believe it was \$1.4 million vs. last year's budget which was \$600,000, we earned \$1.3 million, this year's budget is for \$1.8 million. As long as the Federal Reserve stays on pace we will hit it.

Mr. Johnson: I think your questions are whether or not these changes are budgeted.

Councilor Ives: Essentially, I am wondering.

Mr. Johnson: Staff has done an excellent job of estimating what the annual return will be and they put that in to the annual budget. If we perform better we will provide that information.

No Action on this item presented for informational purposes.

7. CONSENT AGENDA

A) Request for approval of the procurement of a new type I Fire Engine in the total amount of \$508,305 for the Fire Department, Siddons-Martin/Pierce Manufacturing.

Councilor Villarreal: I want to understand better the replacement process, so the funding for this fire engine comes from the State Fire Protection Fund, is that correct?

Chief Snyder: That is correct.

Councilor Villarreal: And is that an allocation they give us annually and is that particular fund just for vehicle purchases or other equipment that we need? Do you have to spend it or lose it?

Chief Snyder: It can be spent on fire equipment, vehicles, training and travel. It can be carried over and that is part of our strategy, we roll it over and encumber funds for larger purchases like big ladder trucks and million dollar purchases.

Councilor Villarreal: What required a 10-year fire engine to be replaced?

Chief Snyder: A few years ago, before you were on the City Council, the department brought to the City Council a Fleet and Apparatus Replacement Plan. Now the Comprehensive Plan we put together had other departments and other large industry that use large apparatus and we showed a scoring strategy for every truck. What we didn't want to do is come before this committee and say I have money, the truck is 10 years old and I want to replace it. With the comprehensive scoring, for every year it

gets a point, for every engine hour it gets a point, for other consideration it gets a point, based on that scoring strategy we can look at our whole fleet on a 8-10 year plan and forecast out how we are going to spend this money. Based on that plan we adopted and that scoring strategy, Engine 3, which is the replacement truck is due for replacement. Once we get this approval it takes about a year to get that truck in to the city which the truck will hit that 11 year mark before it is purchased which gives us a real good truck to put in the reserve status for 4-5 more years. Points system is based on engine hours.

Councilor Villarreal: It stays in reserve, we don't auction it off?

Chief Snyder: Not initially. We eventually would donate or auction off. We buy an economical fire truck, some can buy a fire truck for \$800,000 and we are frugal and we buy at a lower price than that. We calculate use on engine hours.

Councilor Villarreal: It helps to understand the scoring strategy.

Councilor Villarreal moved to approve procurement of a new type I Fire Engine in the total amount of \$508,305 for the Fire Department, Siddons-Martin/Pierce Manufacturing, second by Councilor Harris, motion carried by unanimous voice vote.

Councilor Lindell: Do we know how many actual miles are on this truck, not engine hours.

Chief Snyder will send information to committee members by e-mail.

D) Request for approval of Amendment No. 3 to the Professional Services Agreement in the amount of \$24,300 for deliveries of our Official Santa Fe Visitor Guide including incidental or special deliveries as requested by Tourism Santa Fe; Fun and Games. (Randy Randall)

Councilor Villarreal asked how the cost is determined.

Mr. Randall said that it is based on how many brochures they deliver to the visitor centers throughout the state as well as the Airport in Albuquerque. The actual formula is based on the number of the brochures they take, for example a pallet is a certain amount and the amount of miles they go. This is based on an estimate from a couple of years experience in working with this company.

Councilor Villarreal: How do they charge, how do they come up with a budget?

Mr. Randall: It is based on the number of miles that they go and how many brochures they take.

Councilor Villarreal: They have a flat fee per mile and a number of brochures that they take.

Mr. Randall: They factor in the number of brochures they take and the distance. It costs less to have more brochures taken to the various business centers and make fewer trips. This is an allocation contract this is not a flat fee contract. The trip is the highest expense. We deliver about 150,000-200,000 to each tourism center throughout the year. A comparison was made and in-house staff is not used for this type of service and it is a significant savings. Local entities come for their brochures.

Councilor Lindell: Page 17 or 33: Amendment refers to provide incidental or special deliveries as needed and that is what this request is about. What is that?

Mr. Randall: When the contract was amended under Amendment 2 it was amended without any funds, another department started to use Fun and Games and that is where we exceeded the funding amount. \$24,300 is the amount we project for this year for the deliveries.

Councilor Lindell: Explain their billing process.

Mr. Randall: It is billed after the fact; they identify what services they rendered. We set up a PO for payment.

Councilor Harris moved to approve Amendment No. 3 to the Professional Services Agreement in the amount of \$24,300 for deliveries of our Official Santa Fe Visitor Guide including incidental or special deliveries as requested by Tourism Santa Fe; Fun and Games, second by Councilor Lindell, motion carried by unanimous voice vote.

Chair Dominguez said that the discussion last time was to get away from department comingling. Is that an internal practice, is it a policy you need from the Governing Body? It seems to me that it is part of best practices.

Adam Johnson: It certainly has to be documented as a Policy in our Procurement Manual with some good clarifying examples as to what is the distinct scope and what is not. You certainly could get yourself in to procurement trouble if you were trying to walk a fine line on the scope question so you really want to be specific. A great example is that I met with the Chief Procurement Officer of the State of New Mexico, I asked them about towing services, in particular when our transit department uses towing services vs. when the police department uses towing services. It is very distinct as to what those are being used for, or what type of towing service is being done. We can use the same contractors, each department can exceed the \$50,000 without worrying of crossing over each other because there are scopes for the State. This example has not been promulgated well or communicated in the past to the departments so we are in the process of making that clarification and improving on that.

Chair Dominguez: But in this case we know which department it is?

Mr. Johnson: I'm not sure we are clear on which other department used the contract I think is what Mr. Randall is concerned about which caused the Amendment.

Mr. Randall: Which caused the two amendments. Frankly I felt that we should have moved it forward and I am glad it is here before the Finance Committee and going to the City Council. We fully intend to carry out the 4-years of this agreement, they just left out the funding and we are correcting it here.

F) Request for approval of professional services agreement in the total amount of \$69,883.99 for Audio Visual upgrades in City Council Chambers; Team 1st Technologies, LLC. (Joe Abeyta)

Councilor Lindell: Can you go over how you determined what needed to be replaced. I don't see the microphones specifically.

Mr. Abeyta: Audio is on there; I know we talked about it because we wanted some that were more compressed; I will talk to the vendor. I have a meeting tomorrow with the vendor and will ask him about the Audio in the chambers and the monitors.

Councilor Lindell: Was this item in the budget?

Mr. Abeyta: It was budgeted for \$35,000 originally. We had a vendor come in to review and provide us a quote. It was a little more and we would rather do it all together instead of piece by piece.

Adam Johnson: The additional monies are in the current budget, they are in other line items, and so it isn't coming from fund balance.

Councilor Lindell: We need to have better clarification on the budget. These pop up frequently and it is always said that we have budget for these items.

Councilor Lindell moved to approve professional services agreement in the total amount of \$69,883.99 for Audio Visual upgrades in Council Chambers; Team 1st Technologies, LLC, second by Councilor Ives, motion carried by unanimous voice vote.

Councilor Harris: Make sure that this vendor has current insurance before it comes to the Governing Body. As of December 2nd their insurance was expired.

Councilor Villarreal: How did you decide on this vendor?

Mr. Abeyta: I made the effort to talk to other municipalities to find out who they use. Las Cruces had an exceptional system but it was built in to their plan and we could not afford that type of system install. We are using a monologue system, we need an upgrade

but can't promise that audio will be better at home. Mr. Abeyta will keep the Finance committee up-to-date.

G) Request for approval of Amendment No. 1 to the PSA in the amount no to exceed \$16, 443.72 including NMGR for Engineering Services related to the design of the new Buckman Direct Diversion Water Treatment facility four million gallon finished water storage tank; Molzen Corbin. (Kristin G. Johnson)

Councilor Lindell: Why are we doing an amendment for this? Why was it not in the original design? Is this a deficient design?

Kristin not in attendance: There are four Motor operator valves for internal reviews. Molzen Corbin, asked that we add motorized valves and this is the design cost for this effort.

Councilor Lindell: What is the total cost for this complete project? It is difficult when you don't have an estimated cost.

Staff: Kristin can e-mail the total cost to the committee members. The design has been improved by adding the motorized valves. I apologize that it is difficult to approve without knowing the amount of money we are talking about.

Councilor Ives: We had put this through the Water Trust Board and we had asked the county to meet us at \$800,000, and the entire project was \$4,000,000.

Councilor Harris: Original design, I would favor moving this forward at \$16,000, can we bid it out as an alternate, to have a number on bid day.

Councilor Harris moved to approve Amendment No. 1 to the PSA in the amount no to exceed \$16, 443.72 including NMGR for Engineering Services related to the design of the new Buckman Direct Diversion Water Treatment facility four million gallon finished water storage tank; Molzen Corbin, second by Councilor Ives, motion carried by unanimous voice vote.

I) Request for approval to award a PSA in the amount of \$3,740,186.88 (paid in 96 installments) plus an amount based on fuel usage for the compressed natural gas (CNG) fueling facility design, build operation and maintenance (RFP#18/01/P); clean energy. (Keith Wilson, Shirlene Sitton)

Councilor Harris: Is there a savings?

Keith Wilson: Per diesel gallon – in reality we will be paying less with this current contract which is at 80 cents per diesel gallon. New contract is 81 cents per diesel gallon.

Councilor Ives moved to approve PSA in the amount of \$3,740,186.88 (paid in 96 installments) plus an amount based on fuel usage for the compressed natural gas (CNG) fueling facility design, build operation and maintenance (RFP#18/01/P); clean energy , second by Councilor Harris, motion carried by unanimous voice vote.

K) Request for approval of Professional Services using exempt procurement in the amount of \$64,994 for maintenance agreement, Innovative Interfaces Inc. (Patricia Hodapp)

Councilor Lindell: It sounds to me like we have no choice but to proceed with this contract because it seems like a saw a letter in our packet that says no one else can work on this system other than this company. True?

Ms. Hodapp: Yes that is true.

Councilor Lindell: This system is old, is it time to upgrade the entire system? It is not an inexpensive maintenance contract on it to be maintaining an old system. Are there new, better and improved systems, and I don't know what they would cost. It just seems like we are pretty tied in to this and I want to know what your opinion is on it.

Ms. Hodapp: This particular system is used all over the country and it is upgraded all of the time. We have a good relationship with the vendor and we are paying approximately the same amount that we have paid for a couple of years. As they make changes like going to the cloud or if we go from a system one that we don't have to totally maintain, this is something that is in our maintenance contract. There are other systems throughout the country but III-Sierra has recently purchased one of the other ones such as Polaris. What we are finding is that we have a system that is growing and adding so many more benefits with little cost.

Councilor Lindell moved to approve Professional Services using exempt procurement in the amount of \$64,994 for maintenance agreement, Innovative Interfaces Inc. , second by Councilor Ives, motion carried by unanimous voice vote.

Chair Dominguez: Have you coordinated with IT? When it talks about support services 24 hours a day, 7days a week is that to city staff, to you? What does that mean?

Ms. Hodapp: Yes we coordinated closely with IT. Our entire system is up 24-7, we often have things that are done at night. This Sierra system maintains all of our check outs, all of our library cards, we have 3,000 card holder, everything that is checked out from the Library, when drops are made at night, everything goes through the system. Today if we were to have people do this for us it would take approximately 4 staff people.

Chair Dominguez: Will there be upgrades, in the future?

Ms. Hodapp: We are looking at going through the cloud and there will be added cost at that time.

O) Request for approval of procurement under state price agreement in the amount not to exceed \$550,000 for Network and Communication Cable Installations for local area networks at several city of Santa Fe Facilities; HEI Inc. (Larry Worstell)

Councilor Harris: Mr. Johnson, I looked at how the money gets moved around, it is hard to understand. You don't normally see this many technical BAR's, I think there are 4-5 sheets. Can you give us a little description on how the money is being moved and confirmation that wherever it is coming from is all budget money this FY.

Councilor Harris made reference to page 32: Technical BAR, this goes back to Councilor Lindell's comments it is hard to track especially on a transaction like this, is there a reference if the money is all budgeted.

Mr. Johnson: First BAR: This money was already budgeted and moved to the appropriate line item to make the specific purchases. In the Capital Fund 3139 and the other one in ITT's Internal Service Budget, those items were previously budgeted. Next BAR, this represents moving money from the Utilities Department, this BAR is moving money from a department in laymen terms to the internal service fund of ITT and also balanced out by the revenue that they will be receiving for the expenditures that will be coming out of ITT. This goes back to the model of putting expenditures for ITT in to ITT and charging them proportionately.

Councilor Harris: That was one of my questions about the abbreviation, Internal Government Services, that is the Allocation Model that we discussed at the last budget hearing.

Mr. Johnson: That is correct. In this case what is happening is that initially the budget was originally in the Utility funds in the Chavez Center and then we moved it to ITT. To answer your question it was already budgeted and now it is being moved to the ITT budget.

Councilor Harris: This is the one that doesn't balance out. This shows an increase to ITT that is coming from GCC budget. This is a good example, providing us with a narrative would be helpful.

Mr. Johnson: This was originally in the utility funds and moved to ITT, it was already budgeted and it is now being moved to reflect in the ITT budget. It is a one-time expenditure coming from the GCC to the ITT budget.

Mr. Worstell: It got complicated because it crossed several departments.

Councilor Harris moved to approve procurement under state price agreement in the amount not to exceed \$550,000 for Network and Communication Cable Installations for local area networks at several city of Santa Fe Facilities; HEI Inc., second by Councilor Ives, motion carried by unanimous voice vote.

P) Request for approval of Amendment No. 1 to the amended and restated lease dated as of April 13, 2016 by and between the City of Santa Fe and Santa Fe University of Art and Design, LLC for the Real Property located at 1600 St. Michael's Dr. (Kelley Brennan)

Councilor Lindell: Questions on Exhibit 1 the reduced area, was all of that at the request of what they wanted?

Ms. Brennan: We asked them to identify the buildings that they needed to teach out with the approximate 100 students remaining. I think that we recognize what those were as core campus area.

Councilor Lindell: Question on Garson Theater is identified as an area they needed to teach out with, do we have a consideration on rent for that theater?

Ms. Brennan: Not based on the discussions we have had. We talked about reducing the size of the campus commensurate with rent reductions commensurate with reductions on sq. footage and the sq. footage and rent views started the numbers with the CBRB, most recent appraisal performed for us. We did discuss revenues and the current lease does not provide for revenue sharing. In our discussion with University they are paying the rent, paying the cost of operations and maintenance for the buildings within this area. They are also maintaining and operating the other and as you know under the amendment are also agreeing to deed over the additional property, which has significant value. We felt that the exchanges were reasonable.

Councilor Ives: On the map there are a number of facilities that are segregated in terms of their geographic location. I didn't see any reference to continued access rights or if there are any limitations in that regard. I was wondering how is that being handled?

Ms. Brennan: The other terms of the lease continue to apply except as varied by this amendment, access rights and those types of things on the campus and also allowing access to their neighbors who originally had some concerns about the Higher Learning Center, people having access to the Art Institute. So all those inter-party agreements about access including the city and university continue to apply.

Councilor Harris: I forwarded a couple of questions to Ms. Brennan, Mr. Johnson and Mr. O'Riley this morning. What I was asking, because the formula that is attached to the schedule. What is the difference between the amount of money that is anticipated between the amended and restated lease, the base rent and what this Amendment #1 calculates.

Ms. Brennan: I will let Mr. O'Riley respond as he did earlier to your e-mail. I will say that in footnote 1 there is a credit of _____ for the month of January.

Matt O'Riley: The dollar amount difference is \$598,319.60. That is the difference of what we would have collected under the terms of the old lease and what we will collect under the terms of this new lease for this 6 months period.

Councilor Harris: What is the value of the tenant property, which gets defined in different ways? We know that in the amended and restated lease that they are entitled to that tenant property but this Amendment #1 anticipates that it would stay with the facility.

Mr. O'Riley: The amendment to the lease makes that property to become ownership to the city.

Councilor Harris: Can you provide an opinion on Tenant Property?

Mr. O'Riley: I spoke to Santa Fe University Art and Design and their finance people and their legal department. What they have said is that the depreciated value of the property will be over \$3,000,000, which will become ours but they anticipate it will be substantially higher once they finish their calculations so we may be able get a more precise number later in the week.

Councilor Harris: Have they provided a schedule as to what that would be? It would be great to know what is coming our way; I think we should know that.

Ms. Brennan: We have not received a schedule, and I am not sure that there is a schedule attached to the original lease, which might have suggested what some of that property was. I think that by process of elimination, if it is not our property and it doesn't fall within this category.

Mr. O'Riley: The reason that the University is going to be able to provide us an exact number soon, is because they have an inventory and they know when they bought their equipment and there is equipment there now that wasn't there and is part of the campus now when they took it over. We are taking over substantially additional equipment that wasn't there when we bought the University.

Councilor Harris: I would like to see that schedule. Any revenue stream that might happen at the Garson studio, I assume it is mostly for classrooms, sound stages are vacant.

Ms. Brennan: They are working hard to keep their commitments and teach out their classes. I am not aware that they have any rentals coming in. Anything that would come in past June 30th revenue would come to the City. We are working on a transition plan and security is clearly a part of that.

Mr. O'Riley: We do get inquiries, so far they are open and they know this amendment is coming down the pike. I believe Mr. Ruben is staying on and the city is working with the Stage Coach Foundation to find other users. Other requests for usage are coming in and revenue will come to the city.

Chair Dominguez: Alumni Hall is still being used.

Mr. O'Riley: Yes the tenant has requested to use it as their reduced area.

Councilor Villarreal: Fogelson Library, will the students need it for the next 6 months.

Mr. O'Riley: That is correct.

Ms. Brennan: When we talked about Fogelson Library, they don't use it in traditional ways, they do so much electronically.

Councilor Villarreal: Do we have opportunities for the use of the Library?

Mr. O'Riley said we have the opportunities that have been articulated in the Resolution that the Council adopted and that will be further articulated and expressed by the Santa Fe community as we move forward.

Councilor Villarreal: I look at having that opportunity sooner than later.

Mr. O'Riley: If I could, what I said earlier, we haven't decided what we want to happen. There are big things that can happen on the campus when it has been articulated by the public process that we go through and there are smaller activities; for instance that the neighborhood wants to hold the Mayoral debate for one night for 3 hours at the forum. The issue that comes up for the city that we want to talk about is how do we manage that. The city has roughly 1,000,000 square feet of real estate and on January 1st we will have another 300,000 square feet of real estate that we could potentially use for things or make available. We need to think about the use of this space before we fling the doors open, there may be a time when we get there. For the next few months we need to be careful to make sure we have people there for those types of uses, insurance, we need to be careful and prudent on how we do that in the short term.

Councilor Lindell moved to approve Amendment No. 1 to the amended and restated lease dated as of April 13, 2016 by and between the City of Santa Fe and Santa Fe University of Art and Design, LLC for the Real Property located at 1600 St. Michael's Drive, second by Councilor Ives, motion carried by unanimous voice vote.

Q) Request for approval of Amendment No. 3 to the Santa Fe Municipal Airport lease agreement by and between the city of Santa Fe and Jet Center and Santa Fe Real Estate LLC for certain real property located at the Santa Fe Municipal airport. (Kelley Brennan)

Councilor Harris: Jet Center had their lease, basically A, B, C and D.

Ms. Brennan: Original Lease was B, C and D, but the time we entered in to that lease we had a lease with Landmark for A, but we had a right to buy out Landmark's interest. Part of the arrangement in the original lease was for Jet Center to pre-pay its rent which we would apply to the buying out essentially of Landmark and leasing the building to Jet Center for a short term to use as a temporary terminal to make improvements to use as a temporary terminal while they provided us with a trailer adjacent to A and then at the end of the period they would evacuate and move in to the new terminal. In the meantime we undertook on the discussion of the master plan and it became apparent that we might not need A or Building 3002 an expansion area and might want to do something different and in fact that was the ultimate decision which changed the dynamic on A and Jet Center now wants to include A as part of its long term lease and expand its existing terminal to A and B. This is fine with us. The lease itself, the original lease for B, C and D and the amendment which added A, and then another amendment that extended it for 6 months until the board decided what they would do with the master plan. It would be rolled up in to and amended restated lease that rolled A in to the lease parcel, invited for an increase rent reflecting existing value. This gives us the time to do that and a new development plan would be required as well.

Councilor Harris: This where I was headed, what the future might hold for B, C and D. The airport is increasingly dynamic. Other players may come along, long term Jet Center will be able to use facility on A. I am just concerned that we aren't going to freeze the assets in B, C & D.

Ms. Brennan: We were very mindful of that when we drafted the original lease and there were construction imperatives that we built in to it and they agreed because they could see opportunities for them with A in the future, depending what would happen. I think by doing an amended and restated lease we could put them together, establish the new development plan because I believe perhaps C, one or two hangars were to be constructed and the terminal was originally going to be under construction. This is a reconfiguration that that they would only use those parcels and again we would set up the construction timelines because that was our experience with Landmark.

Councilor Harris moved to approve Amendment No. to the Santa Fe Municipal Airport lease agreement by and between the City of Santa Fe and Jet Center and Santa Fe Real Estate LLC for certain real property located at the Santa Fe Municipal airport, second by Councilor Lindell, motion carried by unanimous voice vote.

S) Request for approval of a Resolution supporting an Annual Santa Fe Jewish Community Center-Chabad Chanukah Menorah Lighting ceremony on one Sunday of each Chanukah Season on the Santa Fe Plaza; and waiving any associated fees. (Barbara Lopez)

Councilor Lindell: I will have a conversation with the sponsors; I am concerned about the continued waiving of fees with no end point. I would rather see people come to us

every year. Once we grant those fees maybe we should grant to everyone. We should put a cap: \$2500

Councilor Lindell moved to approve Resolution supporting an Annual Santa Fe Jewish Community Center-Chabad Chanukah Menorah Lighting ceremony on one Sunday of each Chanukah Season on the Santa Fe Plaza; and waiving any associated fees and would like to see these things come back to the Finance Committee annually with a cap of \$2500, second by Councilor Ives, motion carried by unanimous voice vote.

T) Request for approval of a Resolution to address the Opioid Crisis by Investigating and pursuing legal claims against pharmaceutical manufacturers and distributors of opioids that have contributed to the opioid epidemic in the city of Santa Fe.

Councilor Lindell and Councilor Harris attended the forum that the AG sponsored.

Ms. Brennan: We did get an invitation from the AG to have a private conference of what they are doing. This original was started by Councilor Maestas, someone who was representing a couple of municipalities. It is my feeling that there are a number of cases, we should interview counsel and find out what the costs are. I was happy to see that the AG is going to drive this. Part of my concern is that these cases achieve an end. They go to municipalities and they still have to prove their damages. We want to make sure we can structure our damages; we will follow that up with the AG Office.

Councilor Harris: There were a number of municipalities and their legal counsel was there. I heard that the state of New Mexico is bringing this forward fewer than four acts; fraud, unfair practices, racketeering and fraud against tax payers. Some of those and some of the actions only accrue to the state of New Mexico and the Attorney General Office. They have a broader scope of what they can do and further more, by running with the state of NM and not attaching any of the other jurisdictions that it has gotten moved to Federal Court. Mora County was the first to file suit and that puts them to a disadvantage in NM courts. Councilor Harris talked about the general strategy on these types of suits. The Attorney General's office will be acting for all municipalities, all counties in this suit that they are doing it on a basis of Lone Star, which is a term I had not heard. The firm that they employed out of Louisiana that will do a fair amount of this work that at the end of the day, they will be documenting their cost and not operating on a contingency basis. The AG office representatives (Ms. Maestas and Bryan) said that it is their intention that there will be an abatement plan that they will identify and will have three components, treatment and health care, prevention and education and law enforcement. Monies that may come out of this suit will not go in to general fund; which happened when they successfully sued Purdue Pharmaceuticals but in fact it would go to this abatement fund. There is an agreement that if in fact after the dust settles and if the county or municipality is not pleased or satisfied they can move forward on their own. They have been working on this for a long time. There is a power point presentation that would be useful on their website. Also in closing they distributed a 2-3-page document, basically made suggestions to a county or municipality, if you are going to go on your

own these are some of the issues and questions that you should ask. This seemed like a genuine statement from the Attorney General's office.

Ms. Brennan: I will be interested in talking to them. The issue is obviously the concern. I have a legal concern about it being unlikely _____ because there is an intervening clause that is being described on positions so I think that liability is going to be more complex to prove and under current law and the test may not be able to be met. I will be interested in having discussion with them about that too.

Councilor Harris: What they did say that in addition to manufacturers they would be naming distributors. They didn't say specifically clinics or physicians. We need to look closely, but I would question if it is to our advantage. Quite frankly, one thing they will tell you is how the courts would look at this is that multiple suits and multiple settlements, in some ways diminishes the chances for success or a successful settlement that the state may have. I asked for clarification on that exact point. I heard it said a few different ways a few different times.

Councilor Ives: I know the way this was captured it said to explore and to pursue legal claims. So it seems to be authorizing moving ahead with the filing of claims, which would seem to have potential direct fiscal impact to the city. I know that in the summary it says that this Resolution commits the city to explore representation, so it seems like they come at it a couple of different ways. Exploring and especially if it is exploring with the Attorney General, by all means.

Ms. Brennan: I don't see it as exploring, it started out as a different thing. I have expressed some of my reservations about being able to establish liability clearly and also proving damages and also what do we truly mean when we say contingent and costs, those types of things. I felt that there are a lot of questions and there are a number of lawyers pursuing these suits. I am very glad to find out that the Attorney General is involved and I have understood this to me exploring as there are many open questions.

Councilor Ives: With the understanding that we will explore the opportunity to partner with the Attorney General to keep costs and expenditures to a minimum, I am all for it.

Councilor Harris: I don't mind moving it forward but I feel that there has to be better language in the caption.

Councilor Villarreal moved to approve Resolution to address the Opioid Crisis by Investigating and pursuing legal claims against pharmaceutical manufacturers and distributors of opioids that have contributed to the opioid epidemic in the city of Santa Fe with revised language indicating our partnership with the Attorney General, second by Councilor Harris, motion carried by unanimous voice vote.

U) Request for approval of a Resolution requesting that the NM Legislature enact a change to the tax structure that requires all management and operations of Los Alamos National Laboratories to be taxable. (Councilors Ives, Maestas and Villarreal) Adam Johnson

Councilor Villarreal moved to approve Resolution requesting that the NM Legislature enact a change to the tax structure that requires all management and operations of Los Alamos National Laboratories to be taxable as amended (to add, sponsoring an amendment to change the language to amended to read as follows: to strike out the language to be deleted, (striking lines 2,3,4) – deleting text on line 1), second by Councilor Ives, motion carried by unanimous voice vote.

v) Request for approval of an Ordinance relating to the Economic Development Plan, Section 11-11 SFCC 1987; amending and adding the Application Review Definitions; specifying fees eligible for waiver; amending staff reporting guidelines, amending the application review criteria to simplify guidelines, amending exhibit A of Section 22 to permit the waiver of UEC fees; and making other changes as are necessary.

Councilor Villarreal: I understand most of the language changes and would like to understand better specifically on page 6, Section 7a talking about application review criteria and applications that we would consider, line 3, we took out a, b, c, d, e. Can you give me some reasons why that section was eliminated?

Matt Brown: We start those as part of a larger strategic effort on behalf of the Governing Body to provide an amount of flexibility for making decisions in the future by listing just a finite set of industries it could potentially limit what we look at or give preferences or over time might not be relevant because in the future there may be other factors or industries that we want to prioritize other than those that could get locked in to the Ordinance.

Councilor Villarreal: These are the ones that we will consider as stated in this Ordinance.

Mr. Brown: Yes we would consider.

Councilor Villarreal: Page 3 – We reference UEC fees but we don't define it until later on in the document so we need to say what UEC stands for there. We talk about UEC later on. We say what it is on page 12.

Mr. Brown: If I may ask Legal Counsel for a moment. Section 7 relates to the Waste Water Utility so it references over to another Ordinance.

Councilor Villarreal: We reference things that are completely different from the Ordinance. It is an easy fix and we should say what it is.

Ms. Theresa Gheen: A suggested amendment to the UEC charge code reference or state "as defined by Sub-Section 7, Exhibit A, Section 22.

Councilor Villarreal: When you say that, no one is going to know what you are talking about. What I am saying is when someone sees this at the beginning of an Ordinance they aren't going to know what is UEC.

Councilor Villarreal: How would a UEC waiver be applied to a qualifying economic development project vs. housing. Nothing in the ordinance talks about how it is applied to single-family dwellings, units or accessories.

Fabian: The way it works that whenever they are hooking up they need to get utility expansion charges for infrastructure. We did this with Santa Fe Spirits, we had \$50,000 in their LEDA project where we paid for some utility expansion charges. This would give the governing body the option to waive them instead of paying for them out of the Economic Development Fund.

Councilor Villarreal: How would we charge for them? In this section it actually does give examples on family dwellings and how much we charge for unit, how would we charge?

Fabian: For commercial entities there are specific charges in Section 22 of the Ordinance. I don't think we noted them because we aren't changing them, but there are specific charges for commercial allocations.

Councilor Villarreal: Do we have to reference that here? What is happening is that we see Land Use Codes and we have been dealing with this. It doesn't say that we have this in another section, sometimes it does and then you have to flip back to another section.

Mr. Brown: Absolutely, we will cross-reference.

Councilor Villarreal: Page 7 – Criteria: I am glad that we defined what we are asking for in the criteria, additional development and cross training. Is it important to look at the option for these potential projects to provide internships or fellowships for other job skills development.

Mr. Brown: I feel that it is both valid and important and we run the risk of adding many, many different elements as these are representative of things we will consider. It is not a finite list. I would add that we included a preference for company's or social impact groups and push their social corporate responsibility to the city.

Councilor Villarreal: I want to be assured that we think about potential internships and scholarships. I like that they put in anticipated job sharing and career development plans for their employees. Do you ever think about the implications of having them describe ways of partnering with them for internships, fellowships or other types of skill

development. I think that is where we are lacking in the City to create partnerships. I know you do that informally; what if you formalized this process?

Mr. Brown: I believe we have it in our department. If you would like to amend and add to it, we would be supportive of that.

Councilor Villarreal: Is there any reason why we should not add it?

Mr. Brown: I don't think there is a reason not to add it provided we had few more items in the spirit of maintaining flexibility. We tried overall to take those lists out and reduce those elements and we followed your directives based on the report and your recommendations this year. I support bringing that in.

Councilor Villarreal: Thank you. If you could work with Jesse to get language before the next meeting. On page 7 – Number and types of jobs to be created, was that to leave it open ended?

Mr. Brown: Amendment correction to make. The objective was to bring our Ordinance in compliance with the State and in doing that to adopt all the state definitions as ours. The bottom of page 1 section 2 through page 2, as we drafted it the language said we would add and amend as opposed to adopt and follow the state definitions, we want to clarify that language.

Chair Dominguez asked for clarification; that is an Amendment you want us to consider now?

Theresa Gheen, Asst. City Attorney: Subsection 11-11.4 SFCC 1987 is amended to add the following definitions. I would recommend to add, sponsoring an amendment that would change the language to say at the top of page 2: Amended to read as follows and directing staff to strike out the language to be deleted and have that in the packet when it goes to the Governing Body so it is very clear as to what is being deleted.

Chair Dominguez: You would be striking lines 2,3,4 and replacing it with the language you just recommended.

Ms. Gheen: Simply we would be deleting text on line 1 of page 2 and replacing it with the following language: *Amended to be read as follows.*

Councilor Villarreal will add to her Amendment Sheet as suggested before it goes to the Governing Body.

Councilor Villarreal moved to approve an Ordinance relating to the Economic Development Plan, Section 11-11 SFCC 1987; amending and adding the Application Review Definitions; specifying fees eligible for waiver; amending staff reporting guidelines, amending the application review criteria to simplify guidelines, amending exhibit A of Section 22 to permit the waiver of UEC fees; and making other changes as

are necessary and deleting text on line 1 of page 2 and replacing it with the following language: Amended to be read as follows, second by Councilor Ives, motion carried by unanimous voice vote.

Y) Request for approval of a Resolution to amend the city of Santa Fe Five-Year CIP Plan authorizing specific future road projects currently approved, to be accelerated to the current year CIP Project list, utilizing Gas Tax Bond proceeds. (Councilor Maestas)

Councilor Harris: How was the list determined, did the list come from Public Works and particularly Mr. David Catanach?

Mr. Johnson: Yes, Mr. Catanach generated the list.

Councilor Harris moved to approve a Resolution to amend the city of Santa Fe Five Year CIP Plan authorizing specific future road projects currently approved, to be accelerated to the current year CIP Project list, utilizing Gas Tax Bond proceeds, second by Councilor Ives, motion carried by unanimous voice vote.

Z) Request for approval of an Ordinance amending Section 23-6.2 SFCC 1987 to increase the annual dedication to the Children and Youth Fund to 4%, establishing a minimum fund balance; and amending the powers and duties of the Children and Youth Commission to include an annual strategic planning process and recommend funding priorities. (Councilor Dominguez)

Chair Dominguez: I will be amending from 4% to 3%, caption won't reflect the correct wording. This results from the conversation that we have had in the past about trying to fill in the gap between the Commission and the Governing Body and the processes, it does that and it also deals with the minimum fund balance. This was pulled for that reason and it will be reverting back to the 3%.

Jesse: We would amend the caption.

Councilor Ives: As the Parliamentarian: Open Meetings Act and proper notice under the rules. As we have talked about this in the past we would bring it forward as a substitute Resolution and that could be done at City Council eliminating that portion of the caption that relates the increase from 4% to 3%.

Councilor Villarreal: Does it have to go to another committee before it goes to City Council? I do agree with the annual strategic planning process, which is important and could lead us to 4% in the future. If we did consider 4% I would like to know where the revenue would go directly, would it be increasing the rent amounts and awards or would it go to Administrative Grant overhead or evaluation cost.

Councilor Harris: To date we have had no minimum balance, this proposes a balance of \$900,000.

Mr. Sanchez: We do have a reserve. Over the years there has been remaining dollars left over by grantees. There is money that has been saved in that account. We have \$1 million dollars in the reserve and the reason for that is in the event we go into another economic down turn, we would have money to fund critical programs.

Councilor Harris: In the General Fund, we are required to carry 10%, which is approximately \$9 million dollars. I have a problem with additional reserves over and above what we carry for our General Fund. I really think to the greatest extent possible we should put this money in to service rather than holding it in reserve. If you are talking about a down turn, how does it break down one to the other?

Mr. Sanchez: If you look back at when the economy took a downturn there was a significant increase in suicides, a lot of things that occurred that if we had the funding we could have helped those agencies or organizations to provide those needed critical services.

Councilor Harris: Mr. Johnson, do we have reserves similar to this?

Mr. Johnson: The direct answer to your question, at this time we do not. I would suggest that going through a similar type of analysis when we had the special revenue funds in the event of a down turn is a healthy exercise. I worked closely with Mr. Sanchez on the analysis for this and I think having approximately a year of being able to fund programs, they are highly dependent on the GRT and I wouldn't go higher than what is requested here but I feel this is a healthy approach. I also think that more of these analysis and increased looks at doing high reserve amounts is to the benefit of the City.

Chair Dominguez: You are correct, in previous years every department had a reserve and we didn't even know it. What's happened here; is that sometime you will have a grantee that doesn't use all their money, for whatever reason. I want to protect that money so it doesn't go in to the general fund or in to a different department, but that it stays with Children and Youth and not go back in to the general fund.

Councilor Harris: I will move it forward; I want to be assured that we don't start doing this. I would hate to end up with discreet departments and discreet divisions with reserves that take the money out of the system. That is what I want to avoid.

Councilor Ives moved that we approve with the understanding that the substitute Resolution eliminating the portions being withdrawn by the sponsors put forth when it comes to the City Council, second Councilor Harris, motion carried by unanimous voice vote.

8. DISCUSSION

a) Request for approval of a Resolution adopting the west Santa Fe River Corridor Plan as an official Amendment to the General Plan and specifically amending the future Land Use map. (Councilor Villarreal)

Reed Liming: The West Santa Fe River Corridor Plan was set in motion about 2 years ago. We put together a working group of 9 members, we met weekly for 6 months, put together a draft Plan with a simple overlay. The plan had a number of goals set out by the working group, (Ref. Pg. 18). A good plan, integrity and character, neighborhood scale, new development uses, commercial uses, safe and complete connectivity, conserve and enhance the river and open space. The idea of the plan was to focus on future land uses as well as zoning. If you will recall this came on the heels of the Blue Buffalo. We came up with a draft plan and we met with Councilor Villarreal this past July and we made some changes that the working group agreed to which was not to pursue any down zoning in the plan.

Changes:

Page 31: Proposed Future Land Use Map and Zoning. The only changes are the areas that are currently zoned R-1. The area was broken down in to four areas, semi rural area between Siler and the Commons north of the river, north of the river by the Commons and La Jolla Road, south of the river between Agua Fria, the Santa Fe river was the organic area, between Frenchy's and Siler - which we called the mix area. Throughout the entire area, basically the only area's proposed for changing were the areas currently zoned R-1, they will go from 1 unit acre, recommended to go from 1 to 3 unit acres north of the river. That area has a waist water main going down the river but it has no water lines in that area. South of the river areas currently zone R-1, either went from 3 to 7 unit acres between Blue Buffalo land and Frenchy's or R-1 was changed to mixed use in the commercial area. We also had a 5 item overlay district, the principal issues in the area was height so in the overlay as written it would require no higher than 24'. There will be an amendment by Councilor Lindell to that affect changing that height. Height was certainly a consideration as were setback. The 5 items, bill is in the packet, basically the last page of the plan, sets out the various requirements in the overlay district.

Councilor Villarreal: What is not in the packet is a separate map of the zoning to show that we weren't downzoning, can you reference the page.

Mr. Liming: Page 31 in the Plan and in the packet it is page 66.

Councilor Lindell: Chair, Can we get the map when it goes to Council that is horizontal in the direction that we can read it and have the map along with the Ordinance.

Councilor Villarreal: The council at the time made a commitment to honor the work charging the staff to work with a community group on this. I wanted to move this

forward because there was community and staff time dedicated to this to get the details worked out. It now comes down to a considerable amount of compromise with community and staff to figure out a good balance. What you have before you is the Resolution talking about our commitment on Resolution 2015-93 talking about the goals and procedures that we would like to see. Ordinance is the bill that not only outlines the purpose and intent, boundaries, building height; recommended to read that part. My Amendment was to update the traffic numbers, we realized that there were some additions that the Traffic Engineer Long Range Planning staff wanted to adjust.

Councilor Lindell: My Amendment is very simple, it talks about on page 2-line 11, taking building height to 28 vs. 24.

Discussion:

Councilor Harris: This has been going on for a long time. July 2016 I provided a couple of pages of comments that didn't go very far, I don't understand when you say, Mr. Liming that we aren't down zoning but we still have language in here. The proposed design development standards below are generally more restrictive than those specified in the standard districts of the Land Development Code. Whether it is sewer, or it says nothing should really happen north of the river because of the conditions of the river, or the open ground that could potentially be accessed from Frenchy's field. The whole net result of this overlay is about preservation, which is my view. Is that a fair statement?

Mr. Liming: I am not sure, are you talking about the plan or the overlay itself? Are talking about the overlay language at the end of the plan.

Councilor Harris: The Plan is really about preservation.

Mr. Liming: I think people were concerned and we were working with the working group about the rural nature of the area, now semi rural. You do have those pressures between some people; there were some people in the working group who saw perhaps a future of more urbanization in this area and people who were not particularly excited about that prospect. The plan attempts to balance that as much as possible.

Councilor Harris: Going back to the Blue Buffalo case, it seemed to me that was one of the few times that I saw a statement from Land Use that really suggested R7 would be preferable. I personally believe that you were amongst the people that were not looking forward to the urbanization of this area.

Mr. Liming: If I could explain that Mr. Chair, Councilor Harris and members, when long range was reviewing that case, we saw in the General Plan one major theme of our current General Plan or Urban form says to the affect that surrounding densities infill, we should promote infill, but it should reflect surrounding densities. We just

felt that what was being proposed at the time, 29 units or 450 apartment units was not really in keeping of surrounding densities.

Councilor Harris: Here is something that we have worked on for 2+ years. Is this a reaction to Blue Buffalo coming around? I spoke to Councilor Lindell about this because I am wondering if in fact this is a reaction to Blue Buffalo coming back around. I will let her speak to what she heard about that. In fact those folks think that this plan and the standards in there are complimentary to what they are proposing, I haven't seen their plan, I don't know if it will even get to the governing Body. Timing troubles me, preservation bias I found throughout the Plan it is based on. In one of the earlier statements in the draft, there was a reference to the Public Bank, did that get scrubbed out?

Mr. Liming: I believe there is language in the first or second page that was added by the working group. (Bottom of page 2 talks about traditional land ownership and modern financing factors).

Councilor Harris: Don't even bother referencing page numbers; it doesn't do us any good. Here it is, my apologies. It is through a public banking system the system might be reversed. I don't know what that is in there. It is editorializing.

Chair Dominguez: If you want to ask that question to a member of the committee, you can, or ask it to staff.

Councilor Harris: I will ask it of staff. It has been there since the beginning, it is still there and I just wonder why. Can you tell me why it is there?

Mr. Liming: This was something that came from a member of the working group and the working group agreed to have it put in to the plan. It was seen from some of the members on the working group as part of the challenges to dealing with land in that area with having land capability but not having capital capability. One of the members came up with the language and it was put in to the plan.

Councilor Harris: I will set my comments aside for right now. I don't know if Councilor Villarreal or anyone else feels like I am being too harsh with this. I don't know it is the timing, or that it has been going on for 2-years and here we are again or the fact that it is really about preservation. It tends more to disincentive development than it does to incentivize development. My comments haven't changed, these are comments I documented 2 years ago.

Chair Dominguez: I tend to believe that Councilors have the best of intentions in mind when we take on something as difficult as this. It is not easy to come up with a compromise one-way or the other. While some may see it, wording that you used Councilor Harris, preservation, it certainly could have been the other way as well. As far as the timing goes, I haven't heard anything about Blue Buffalo, I don't know if that is a particular application that is in there.

Councilor Harris: I just saw a reference in Next door about an ENN.

Councilor Lindell: I will reiterate, and maybe I wasn't clear, Councilor Harris, certainly in none of the conversations or meetings that I have had was there a conversation that we had to hurry up and do this because the Blue Buffalo group is coming back; not at all. I haven't heard about the Blue Buffalo project until very recently. There was absolutely no motivation like that nor was I a part of Blue Buffalo at ENN and we asked for the minutes of Planning Commission.

Councilor Villarreal related to timing, you didn't hear me say this because you were distracted with the plan. The timing with a lot of different things is the reason we are here, it is long over due and not for lack of interest. It was that a lot of big items came to Council when I was first starting and I could not take this on. We spent 6 months trying to communicate and compromise with community members to try to figure out the best thing that made sense. I wouldn't agree with you about saying that the ultimate goal of the plan is really about preservation. It was about looking at an area that was supposed to be a transition area and was given zoning schemes at the time of annexation, they didn't make sense. They were R-1 and when the working group looked at those they were sure that there were people that wanted to down zone and we said no. We said that there was no down zoning that was going to happen and we would be looking at what that transition is coming from which was light industrial to residential areas would make sense. I felt good about that. In terms of Blue Buffalo I saw the ENN as you mentioned. The only reason we did hear about it was at the Planning Commission and I am very disappointed because we had asked for the minutes from the Planning Commission so you could all read what they liked and their concerns.

Mr. Liming: The Planning Commission minutes will be at the Council meeting for the public hearing. They voted unanimously that the Plan be adopted by the Council. On the overlay they unanimously recommended that the overlay be adopted by the Council with further consideration of items like height, density and setback. They did not have specific recommendations on those items. In both cases, it was a unanimous recommendation.

Councilor Villarreal: Good comments and supportive of the plan and they were ok with the overlay, looked for the eight variation from 24 to 18. In the public hearing portion there were folks from Tierra Concepts to talk about how they were supportive of this plan, they were ok with all of the overlay points. They asked us to look at flexibility for 2018 so that not all heights would not be at one level of 24, so they could have a variety of height in the event they wanted to do variation in ceiling height. I am sorry this information was not in the packet.

Mr. Liming: In meetings that I have had with the representatives from Tierra Concepts, they held a meeting with all members of the working groups and invited staff and we had a meeting at Frenchy's field. My understanding is that whatever they

bring forward they intend to meet. They believe they can meet the density on their property and with the exception of the Amendment that Councilor Lindell was sponsoring, they feel like they can meet the overlay as well.

Councilor Villarreal: This might be coincidental in timing. In terms of language on public banking that one sentence doesn't necessarily affect the legal implications. The overlay district is what I have been focusing on. In the plan draft there were a lot of ideas that made sense, we don't know where public bank is going to go so I have been focusing on the Ordinance. I will make sure that it is separated out and that we have the minutes from the Planning Commission.

Mr. Liming: The only other thing I would like to add is that any Councilor can recommend language to be added or struck from the plan related to the overlay, certainly within the capability.

Councilor Ives: As I look at various maps and some of the language in the plan itself, and at page 30, trying to understand a statement at the beginning that says, some properties were down zoned and other properties were up zoned. I am trying to understand if there are incidents of both of those occurring in this plan. In terms of aggregated, numbers in the plan before it is implemented, how many were up zoned and down zoned? Page 30 of the document shows mixed area. There is one area that is marked R-1 crossed out now C-2.

Mr. Liming: Those would all be cases of up zoning.

Councilor Ives: Where is the down zoning?

Mr. Liming: There is no down zoning. If you see that stated in the plan, which probably needs to be crossed out.

Ms. Brennan: There is no down zoning in the plan; because we discussed that down zoning was the problem.

Mr. Liming: At one point in the process of the draft there were recommendations from the working group to actually down zone some property. When we met in July and it seemed that the plan wasn't moving forward, the Attorney's office had concerns with any down zoning; that was eliminated. Nothing in the plan is down zoning any property.

Councilor Harris: When I read in regard to the Organic area, the approximate 23 acres, to a certain extent it is land locked. A plan such as this could in fact open that up by working with property owners and working with the city to provide access to Osage and Agua Fria inter-section. But instead what we have is a statement encouraging an organic area and agriculture on this tract could be the most appropriate use. These are part of the statements that I point to when I talk about this plan about preservation.

Councilor Villarreal: Unless I have any specific changes, I have one from Councilor Lindell.

Councilor Lindell moved to approve Resolution adopting the West Santa Fe River Corridor plan as amended, second by Councilor Lindell, motion carried by unanimous vote. Councilor Harris abstained.

a-1) Request for approval of an ordinance relating to the Land Development Code, Chapter 14 SFCC 1987 regarding the West Santa Fe River Corridor Master Plan; creating a new section 14-5.11 SFCC 1987 to establish the West Santa Fe River Corridor Overlay Zoning District. (Councilor Villarreal)

Councilor Villarreal moved to approve the ordinance relating to the Land Development Code, Chapter 14 SFCC 1987 regarding the West Santa Fe River Corridor Master Plan; creating a new section 14-5.11 SFCC 1987 to establish the West Santa Fe River Corridor Overlay Zoning District including Councilor Lindell's amendment and the FIR #2987 wording for density, second by Councilor Lindell, motion carried by unanimous voice vote. Councilor Harris abstained.

Councilor Ives. On Page 3 of the FIR in the section marked General Narrative, it says that the overlay zoning district would reduce allowable densities on certain properties increasing potential densities on other properties.

Mr. Liming: We can amend the FIR that is incorrect. I wanted to add that the reason we put West Alameda as it was part of the annexation agreement. The only reason the FIR was put in on the estimated cost for improving West Alameda in the future. It is not in the 5-year CIP at this point, we tried to address it with an FIR. It is in the annexation agreement that the city and county will split the costs for West Alameda based on drainage primarily. We did not try to design this process.

Councilor Villarreal accepted the change in wording for the FIR as stated.

b) Verde Fund Report - Postponed

c) Request for approval of a Resolution authorizing the placement of a question on the ballot of the regular Municipal Election, to be held on March 6, 2018, to ask the voters of the city of Santa Fe whether or not the Santa Fe Municipal Charter should be amended to include a provision to establish an independent office of Inspector General for the City of Santa Fe. (Councilor Maestas, Renee Martinez)

Councilor Harris: It doesn't show in the committee reviews that there was a special meeting of the Audit Committee last week and it only dealt with this question as well as d & e having to deal with Internal Auditors. I asked those members to attend and

speaking to what came out of the Audit Committee. Ms. Gonzales and Ms. Borrego attended and asked for them to speak.

Ms. Caroline Gonzales, Audit Committee Member and Ms. Borrego, Audit Committee Member: Speaking on behalf of the Audit Committee.

Chair Dominguez allowed Ms. Gonzales and Ms. Borrego to speak as they confirmed they were speaking on behalf of the Committee.

Councilor Harris clarified that they are focusing on Item C at this time. It is really two different discussions.

Carolyn Gonzales, one of the Audit Committee members and also here with Barbara Griego who is a committee member. Item C: I am representing the Committee and talking about the Audit Committee meeting what we discussed and the outcome of that meeting. Related to the office of the OIG this committee is actually making a recommendation against that Resolution based on a number of factors, that we discussed on item c but it also (relates to d & e), we felt like this particular resolution was preliminary at this point and was more the cart before the horse in that the other two resolutions needed to be taken in to consideration. There had to be more analysis done before this particular Resolution is put on the ballot.

We felt like d & e - we were not in support of as written but with modifications. We felt like the outcome of d & e with modification could potentially cross over in to this particular off of the OIG and could potentially cover items in that particular Resolution. In our discussions one of our primary focuses was on independence as would be a standard for internal audit function of the city of Santa Fe. In following that particular guide which leads us into everything else, (I am going in to d & e). Related to those other two Resolutions, an discussing the modifications that we felt needed to be at least analyzed and looked at. When we look at D the Resolution, this relates to charge the Audit Committee with the management of an Independent Audit Contract for the functions performed by the Internal Auditor. Your actually in this particular Ordinance, you are talking about disbanding the Internal Audit Department. We felt at this point it should be analyzed and considered before you take that step to disband that department. In following that with Item e, which is the plan to out source the function that ties in with d. In the sense that the city needs to take in to consideration the potential restructure that is a consideration and I know there are some changes based on the McCard Report and Internal Audit that needs to be somewhat analyzed and reviewed. Along with d & e, we want to make sure that the city maintains their flexibility in decisions that they make. There may be the opportunity to out-source, in-source or co-source this function. We wanted to make sure that before we give our approval on this that all of these factors be taken in to consideration. At this point that is how the Committee responded to this.

Chair Dominguez: Do you have recommendations to make?

Ms. Gonzales: So you are asking if we have formal recommendations to make? I am not quite sure that is something that we can make. Councilor Harris?

Councilor Harris: I was in the office of Legislative services on Friday to work on those Amendments that were in line with what Ms. Gonzales just described on the two resolutions that I co-sponsored with the Mayor. I spoke to Ms. Brennan that day, she felt that rather than trying to craft the Amendment or perhaps even substitute Resolution, that it would be better to have the discussion at Finance Committee tonight and perhaps bring them forward to the Governing Body, so that is what we are doing. I have to say that I hesitated to really make any wholesale changes in Amendments or substitute Resolutions without talking to the co-sponsor Mayor Gonzalez. As it turned out, later that evening I did speak with him, explained my reasoning, explained the comments that were made during the Special Audit Committee meeting and he agreed that we could step back, proceed cautiously and I use those two words as that came out a letter from the Internal Auditors. Certainly they were making a case to keep the Internal Auditors function but they also talked about co-sourcing. What I heard on Wednesday at that meeting, I heard Ms. Gonzales just say that they would not recommend at this time putting the office of Inspector General on the ballot in March. I had the opportunity to speak to David Harper who is from the OIG for the City of Albuquerque. He was very generous with his time, he offered to come to speak with anyone who is willing. He talked about his own experience, he felt at a minimum to have an Inspector General along with Internal Auditor function in house it would be a minimum of 3 people. He applied a rule of thumb of 1/2% to the general fund budget, which calculates to \$457,000 for a budget. He had a professional career in the Air Force in the Office of Inspector General. The message was proceed cautiously and co-source, so again that is what the Committee recommended which is keep the Internal Auditor function and analyze it also knowing that it was not sufficient. When Ms. Carr made her presentation she noted she did not have the staff to do the job. The audit function we need to look at and support with the financial resources meaning the people whether they are internal or external. When we talk about co-source, there are some clear advantages to having an Internal Audit. I also want to say one thing, that Mr. Harper said when he came to the Office of the Internal General, it can be created three ways; created by EO, by Ordinance or created by going on to our Charter. Even if we didn't have it on the ballot in March we could still continue to analyze and look, create it by Ordinance if we thought that was appropriate.

Councilor Villarreal: We had this same conversation, part of it in the Public Works Committee but we didn't call it co-sourcing. I remember talking about maybe there is a combination of two, where we have an internal and also have possible out sourcing components. What we did say is that we needed more information and we postponed items d & e until we get more information from the Anderson Audit Group so we would have additional information to go from. I still believe that is the way to go. What path do we need to go until we hear from the Forensic Auditors.

Mr. Johnson: The intention of the Anderson Consulting Group contract was to make sure that the operations of the Finance Department were stabilized and that we continue to be able to work on and complete our _____ and also go through their own process to identify various areas of weakness and processes that need to be improved. The McCard report stands on its own, it is what it is. The issues are documented on their terms. There is not, right now, a firm under contract of a plan to do a forensic accounting of anything. Taking the McCard report as well as the results of the current year internal audit as well as the results of the various processes and items found by the Anderson Firm should help inform this decision but it should not delay it or be the only information source for it. In fact I would particularly say that the work that the Audit Committee has done is an excellent job for moving forward with a model for co-sourcing, partially city staff, partially co-sourcing executed if that is what we get after we have done some more analysis. I don't think that you need the results of the work that Anderson is doing to make a decision on these Ordinances, so I would recommend you not wait.

Councilor Villarreal: Why did you tell us that at Public Works?

Mr. Johnson said that he was not in attendance at Public Works.

Councilor Villarreal: Yes you were. I know that there was staff there. Either way I wonder why no one brought that up as both d & e are waiting to make a decision about getting rid of the Audit Committee completely, out sourcing our functions and both of those were postponed by Public Works until the Audit Group completes their work.

Mr. Johnson reiterated he was not at Public Works.

Councilor Villarreal: I don't have enough information to make a decision on either d or e. Regarding the other option, Inspector General, Mr. Harper also said he would recommend to do a charter amendment.

Councilor Harris said that Mr. Harper told him the same and that it was the best route but it can be done by other means. It has to do with independence, that is the way to provide the greatest degree of Independence for the OIG.

Ms. Gonzales: In reviewing that particular Resolution in the OIG, we felt like that was actually preliminary or somewhat hasty in the sense that the other two resolutions have to be analyzed and evaluated because there could be some oversight that comes out of the change in those other two resolutions that would cover or could cover some of the items that the OIG would actually entail. We felt at this point there needed to be more analysis and more information before it is put in the ballot.

Councilor Villarreal: Was there any research or information that you read to formulate your decision?

Ms. Gonzales: Our decision was formally based on some of our own research we had done, a couple of committee members did research on the side, but actual information on the OIG, no.

Councilor Villarreal: We did receive information by e-mail that was informational for us and it would have been helpful for you all to have the additional information. I appreciate that the Audit Committee did meet, thank you for being here tonight to give us more insight.

Councilor Ives: As an advocate and specifically arguing to have a forensic auditor added to our staff. If you look at the powers and duties of the internal auditor and those that follow the Inspector general there is a significant amount of overlap in terms of capacity, subpoenas and other sorts of things. The City Attorney has used her budget to engage the services of 3rd party when it has proven to be necessary. I too had conversations with Mr. Harper who confirmed some of the concerns that I had and which I have expressed previously at the FIR on this particular matter identifies minimal amount of expense, \$3500 which would not cover, presumably drafting the language for the wording on the ballot. This is a question to the public, which would create an office with 3 staff, recommendation from Mr. Harper and presumably about one half million dollars for salary cost, benefits etc., on an annual basis. For all of those reasons I would welcome slowing this down and looking more serious at all of the options that are there to be considered.

Chair Dominguez: Item c: I agree with what you have said, it is enhancing or restricting d, coming up with e if we can't resolve what is happening in d. In item c we can't put this on the ballot. From my perspective I brought the Internal Auditor forward we wanted some independence. I will tell you this, I feel disrespected by even the previous state auditor, even when we brought up the parks bond there wasn't much wrong then when they looked at it. I feel like some of this is politically motivated, we need to be methodical about it, before creating new positions and putting things on the ballot. At this point in time it makes it that much more difficult, it makes sense to slow things down, restructure d and go to e after more analysis.

Mr. Johnson: I walk a fine line to make sure that this process has a lot of independence, the finance department is supposed to be watched by this department. While I work closely with this group I have to make sure that the process takes place without my influence. That said, what I have seen so far, I would suggest going methodically, empowering the function that we have of doing a better job. With the discussion held at the Audit Committee, which I intend, we should make sure and identify the internal framework that is lacking in the city, that is a process that takes significant time. I am not just talking about business applications that make sure you what we can do in the system. I am talking about broader at the top, via this process and the conversation we are having tonight. I would say proceed with caution there as well. I don't rule out that some day you might have a set up like the City of Albuquerque, we have discussed at length of the Audit Committee that one of the challenge is the scope of what this function does will change over time. We need to

discuss the address the internal control issues on a very macro broad level over time. Once that is done, the shift to a focus that is maybe very narrow, we need to see what becomes of it. The City is very dynamic and we will continue to change as we update the various processes and procedures and set the tone.

Councilor Harris moved that Item C not be approved for inclusion in the ballot, second by Councilor Lindell, motion carried by unanimous voice vote. Councilor Villarreal abstained

Discussion:

Councilor Ives: I am wonder if anyone has a sense of the time frame needed to do the work that is being discussed here?

Mr. Johnson: The work that I just mentioned?

Councilor Ives: Audit Committee said we should step back and we need to engage in an evaluative process, postponing to a date in the future, putting them on the table for 6 months until we do the inquiry might be the most effective way to deal with this.

Chair Dominguez: I think you are right and this is why I was asking Councilor Harris for formal language. As it pertains to c we are at the 11th hour on whether or not we get something on the ballot. I think your question is more appropriate for Item d and e.

Councilor Ives: the committee has approved it previously; so presumably it is going to City Council on any event. Public Works postponed until next week.

Chair Dominguez: It doesn't necessarily die at this committee if we vote against it.

Ms. Brennan: Interjected to respond to that question; I understand the Audit Committee to be saying that the Inspector General is essentially a more extreme measure and perhaps may not be needed at all depending on how the restructuring of the Internal Audit Department proceeds and they have made some recommendations in which we can embody and Ordinance. You may be thinking of me at Public Works, Councilor Villarreal. Part one of the things that I said, was that I feel that staff initiated the McCard report as you know ad there is a sense of responsibility of undertaking on those responsibilities. We found many failed controls in systems but we have not found any evidence of any endemic corruption or type of fraud that would typically lead to an Inspector General, in that sense it may be premature. Maybe the Audit Committee may want to talk regarding that concern.

- d) Request for approval of an Ordinance Repealing Section 22 SFCC 1987 Audit Department in its entirety, and amending section 6-5 SFCC 1987 to charge the audit committee with the management of an independent Audit Contract to perform the functions currently performed by the Internal Auditor. (Mayor Gonzales and Councilor Harris) Kelley Brennan**

Chair Dominguez: How much time for Audit Committee to come up with language

Ms. Brennan feels that the language has been done.

Councilor Harris: The ordinance was a combination of two initiatives; the Mayor introduced the language on the abolishment of Internal Audit Department. Members of the audit committee had approached me because they had been working independently to change or revise the Ordinance basically to strengthen their role of independence. They were working on that for a few months because of their own concerns. I took that draft language that they gave to me to Ms. Brennan and she made her own comments on how the information got tracked. It got combined with the Mayor's initiatives so we have two elements in this proposed ordinance change. As a result of discussion with the Audit Committee, I proposed at the very least that the first step is to go back to see what the Audit Committee was proposing and strengthen their role and that would apply no matter what we did with internal auditor or out sourcing auditor or co-sourcing. The Audit Committee did feel like co-sourcing was appropriate and that was what I was prepared to do. I thought a substitute Ordinance would be the cleaner way to go and tracking with a substitute Resolution.

Ms. Brennan: The proposed ordinance addresses the department and one part addresses the committee so the significant changes would be to the relating to the department so it won't be a straight forward repeal, we would need to redraft that.

Chair Dominguez: This has been noticed for Public Hearing December 13th.

Ms. Brennan: If the sponsor would like to postpone we can do that.

Councilor Harris moved to postpone until January 2, 2018 to bring back the substitute Ordinance, second by Councilor Lindell, motion carried by unanimous by voice vote.

Councilor Villarreal: Are you saying that you are going to propose a substitute ordinance and resolution that will have elements of this one, but it sounds like it will change considerably.

Councilor Harris what it will do is remove the language that says we are going to abolish the internal audit department or division. But then it will also, similar to how it already reads, strengthen the role, including independence of the Audit Committee. That is pretty much done, the hard part will be the language that refers to co-sourcing.

- e) Request for approval of a Resolution directing the City Manager to develop a plan to outsource the functions currently performed by the Internal Audit Department in accordance with said recommendation within 60-days of the adoption of this Resolution. (Mayor Gonzales and Councilor Harris)**

Councilor Harris: Item E is the resolution that would track and I am proposing that we would also postpone to the first Finance Committee meeting in January.

Councilor Harris moved to postpone Resolution until January 2, 2018 and it would be revised, second by Councilor Ives, motion carried by unanimous voice vote.

- f) **Request for approval of Amendment No. 2 to Professional Services Agreement in the amount of \$50,000 exclusive of NMGR for Consulting Services; A. Anderson Consulting LLC. (Adam Johnson)**

Mr. Johnson: Second amendment to the contract for A. Anderson Consulting to continue the work we are doing essentially through the month of December. Provided in the packet and not for an action item but to provide the information is the matrix that has been developed thus far by Anderson Consulting from their view of the various weaknesses and processes throughout the city that have to be addressed. Essentially what we have determined is that the city cannot continue on to address those processes with a Vendor or Consulting Firm without doing a competitive procurement process. The items contained within the matrix are not specialized enough that another accounting firm would be able to provide those services as well. At this time I am working to develop the request for qualifications in order to do a procurement process to address the matrix in addition to other work management is doing. The matrix is long and it should all be handled by an external consultant is up for analysis right now in comparison to filling positions, executing some of the issues with internal staff and using an external source to monitor our progress. At this time, this is a similar request to last months request to continue on to complete our current capper, keep working on the processes daily and weekly that we have them working on and they will not be able to continue on unless they are the awardees.

Councilor Harris: I am glad to see it. Conversation next week, we bundled the request for the report, it was basically integrated in to the request for McCard. I heard you say to complete the caffer, competitive RFP, there is a lot here that won't fall under one contract. You may need to bundle the scope to put them to work in the event we don't go to one vendor.

Chair: I think that this is important; because we know we have an election coming up and we need to set that tone since now and hope that it carries through the election. There is a lot of work that needs to be done.

Councilor Ives moved to approve Amendment No. 2 to Professional Services Agreement in the amount of \$50,000 exclusive of NMGR for Consulting Services; A. Anderson Consulting LLC, second by Councilor Lindell, Motion carried by unanimous voice vote.

9. MATTERS FROM STAFF

Mr. Johnson said thank you, it is a pleasure to work with the Finance Committee members. Thank you for all of the accomplishments that come out of this Committee.

10. MATTERS FROM THE COMMITTEE

Chair Dominguez wished everyone a Merry Christmas.

Verde Fund: Get comments from Land Use.

McCard Report – Councilor Lindell – about 65 items, when it came out we said a lot of those items have been addressed; I would like to see some follow-up. We need to have some type of a follow up report.

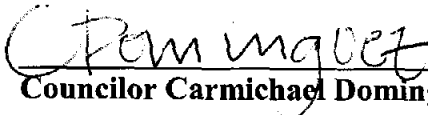
11. EXECUTIVE SESSION

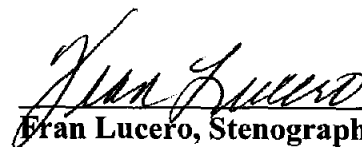
None

12. ADJOURN

There being no further business to come before the Finance Committee meeting, Chair called for adjournment at 10:00 pm.

Signature Page:


Councilor Carmichael Dominguez, Chair


Fran Lucero, Stenographer