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City of Santa Fe, NM
Special Finance Committee (If Needed)*
Wednesday, May 23, 2018
05:00 PM – Finance Committee
Council Chambers

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. CONSENT AGENDA

- a) Budget Continuation from May 21, 2018 (If Needed) - Request for Approval of FY 2018-2019 Budget.
(Bradley Fluetsch) (Andy Hopkins)

Item 7b-1CityCouncilBudgetProposed_FY1819.pdf

Budget Amendments FC 5-21-18.pdf

5. MATTERS FROM STAFF

6. MATTERS FROM THE COMMITTEE

7. EXECUTIVE SESSION

8. ADJOURN

*** IF THE FY 2018-2019 BUDGET IS APPROVED AT THE MAY 21, 2018 FINANCE COMMITTEE MEETING, THE MAY 23, 2018 FINANCE COMMITTEE MEETING WILL NOT BE HELD.**

**SPECIAL FINANCE COMMITTEE MEETING
CITY HALL, CITY COUNCIL CHAMBERS
WEDNESDAY, MAY 23, 2018, 5:00 PM**

1. CALL TO ORDER

The special meeting of the Finance Committee was called to order by Councilor Roman Abeyta, Chair, at 5:00 pm on Wednesday, May 23, 2018, in the City Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT

Councilor Roman Abeyta, Chair
Councilor Christopher Rivera
Councilor Signe Lindell
Councilor Michael Harris
Councilor Carol Romero Wirth

MEMBERS ABSENT

OTHERS PRESENT

Erik Litzenberg, Interim City Manager
Brad Fluetsch, Finance Department
Becky Casper, Finance Department
Elizabeth Martin, Stenographer

Chair Roman Abeyta said in our meeting packet are the budget amendments.

3. APPROVAL OF AGENDA

MOTION A motion was made by Councilor Harris, seconded by Councilor Romero Wirth, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

4. CONSENT AGENDA

**A. BUDGET CONTINUATION FROM MAY 21, 2018 - REQUEST FOR
APPROVAL OF FY 2018-2019 BUDGET**

MUNICIPAL COURT

Mr. Fluetsch said an error was made. \$311,198 was added to their proposal. When we went back and looked at the spread sheet we noticed 3 line items that the budget group wanted to keep the same. It is the assessments which are insurance, IT and benefits assessments. We are moving them from last years budget to this year. The total is an additional \$80,740 making their total budget \$2,137,969.

Councilor Romero Wirth said they came in the second day and you had reworded budget numbers of items not included that they were concerned about.

Mr. Fluetsch said there were 4 items. Ankle bracelets and some smaller items for a total of \$40,000. Those are not included here and are scheduled for mid year review.

Councilor Harris asked with the assessments you are saying short of the \$40,000 this makes them whole.

Mr. Fluetsch said in total this is last year's budget plus the increases of the 3 assessments.

Councilor Harris asked have you discussed this with Judge Vigil.

Mr. Fluetsch said no.

Councilor Harris asked will they be surprised with this.

Mr. Fluetsch said no, the department makes the numbers for those 3 items. Finance does it.

Councilor Harris said he realizes that, but he wants to make sure operationally that this budget is in line with their expectations except for the \$40,000.

Chair Abeyta said in regard to that and other items this evening where is the funding going to come from.

Mr. Fluetsch said we have identified from this years budget that we have \$1.5 million of revenue that has been unbudgeted and unspent for this fiscal year. On July 1st it changes to be cash. It can only be used for one time expenses. We would use the \$1.5 million to fund those one time expenses freeing up new money to fund these items.

Chair Abeyta asked these items are on going, but we should be fine.

Mr. Fluetsch said correct.

MOTION There was a motion by Councilor Harris, seconded by Councilor Lindell, to approve the Municipal Court with the addition of the assessments as

described.

VOTE The motion passed unanimously by voice vote.

SFUAD COSTS

Mr. Fluetsch said the Asset Director identified some costs related to SFUAD. Staff will move the money from the Debt Service Fund to the Facilities Fund. There will be an additional \$100,000 in rent revenue as well.

Mr. Fluetsch said the previous Finance Director put this money into the University Debt Service budget. He did not think we would run these expenses through Facilities. We have set up a University Business Unit. We want to track the expenses we spend. We will increase the Business Unit by \$545,000. The money is there in debt service, but we are moving it from that line item to the operating line. The \$100,000 revenue will go to the Business Unit as well.

Councilor Harris said procedurally this is revenue from SFUAD that is going to go into the operations unit.

Mr. Fluetsch said that is correct.

Councilor Harris said that is the way it should be. This is neutral in terms of budget impact because the money was in debt service.

Mr. Andy Hopkins said he would like to add one other thing. There is also going to be an adjustment to transfers to the account for the debt for next year. This means financing the debt will be covered by cash in the Municipal GRT fund. Going forward we will need to keep identifying the method of doing that without a tenant.

Councilor Harris said thank you for clarifying that.

Mr. Hopkins said we cannot do this after this year if we have to continue making the payment with no revenue coming in. It will be a bit of a job to figure out how to pay that.

Councilor Rivera said in the process of trying to look at different things happening out there most department budgets have specific line items for specific reasons. Is this money going to be borrowed or can it come out of this one line item.

Mr. Fluetsch said it is a Business Unit. The line items are in addition to the Business Unit. Mr. O'Rielly has given us a list of what those line items are.

Councilor Rivera asked so it is set up like a regular department.

Mr. O'Rielly said correct. The projected revenue is \$100,000. He was being conservative. We are working on lots of possibilities and short term uses. It is possible that we will come close to covering expenses through leases.

Councilor Harris said that would be tremendous.

Councilor Rivera asked the one stop gap funding, where is that coming from.

Mr. Fluetsch said somewhere else. It is in the Municipal GRT fund. The \$1.5 million is in the General Fund.

MOTION A motion was made by Councilor Rivera, seconded by Councilor Harris, to approve the Facilities budget with the requested changes.

VOTE The motion passed unanimously by voice vote.

INTERNAL AUDITOR BUDGET

Mr. Fluetsch said a discrepancy on the Internal Auditor budget was identified. They need \$30,000 additional.

Ms. Rene Martinez said we found that to prepare for a co-sourcing model for an internal auditor we increased the contractual budget by \$30,000. That \$30,000 is not in the initial budget. Last Monday you considered a completely out sourced model. That would make a change in the budget as well. If we went to a completely out sourced model we would recommend moving the personnel budget to the contractual budget. The estimates we received from 2 firms said we could expect to pay \$25,000 for each audit. If we budgeted for 6 audits that is \$150,000. That leaves \$33,000 in contractual.

Councilor Rivera asked would there be some general expenses and follow up responses.

Ms. Martinez said the internal auditor will need to follow up on implementation of the recommendations. We expect 20 hours every quarter which is \$12,000. We are concerned about reducing the contractual budget since this is the first year. The Audit Committee recommends the out source model for one year and then to reassess it.

Councilor Rivera said we have \$30,000 over what we think we will spend.

Ms. Martinez said if we don't include the maintenance part of the budget. We would have 33,000 left to spend.

Councilor Rivera asked we are looking at an increase of \$30,000.

Ms. Martinez said that budget was put together for the co-sourcing approach. If outsourcing is approved the numbers would move around as stated.

Councilor Rivera asked if we approve the outsourcing, however you decide to use it, the money could be moved around to support the outsourcing.

Ms. Martinez said yes, 6 audits and follow ups on the audits with the departments.

Councilor Rivera said you are not asking for an additional \$30,000, but rather that it remains whole.

Councilor Harris asked was this \$30,000 from the same amount.

Councilor Romero Wirth said right now for the outsourcing the amount budgeted is \$183,000.

Ms. Martinez said yes, we would move personnel to contracts.

Councilor Romero Wirth said you have \$128,000 in personnel, \$55,000 in contracts and other.

Ms. Martinez said there is a discrepancy between her numbers and the numbers in the book.

Mr. Fluetsch said the book has \$159,000 in it.

Councilor Romero Wirth asked can we see what we are working with here. She is looking at page 137 in the budget book.

Councilor Romero Wirth said with the \$159,821 in the book for this budget plus the \$30,000 you want to add it comes to \$189,821.

Ms. Martinez said that would be enough to cover either model.

Councilor Romero Wirth asked is that more money than you need. 6 audits are \$150,000 plus \$12,000 for maintenance. Are we over budgeting.

Ms. Martinez said the other costs here is the software for fraud abuse. It could be expanded. The budget would be \$162,000 for contracts and \$20,000 for software so \$182,000 is adequate. The Governing Body has not approved the recommendation to outsource.

Councilor Romero Wirth said this gives us the flexibility to do that. Co-source or outsource.

Councilor Harris said he wants confirmation that if we got 6 audits that would be more than was accomplished in the past with the internal auditor.

Ms. Martinez said yes, on average 2 to 4 were done. If we expand the hotline we may get more investigation work to be done.

Councilor Harris said expanding the hotline was a very strong recommendation from the McCard people.

Chair Abeyta asked are we talking about a \$23,000 increase as opposed to \$30,000.

Mr. Fluetsch said yes.

Councilor Rivera said the former internal auditor used to manage the hot line. Who will do that.

Ms. Martinez said she was part of a team. The Internal Auditor, the HR Director and the City Attorney were the team.

Councilor Rivera asked what team is responsible now.

Ms. Martinez said we have not changed that team. We may need a retainer in the contract with the internal auditor to investigate. That has not been decided yet.

Councilor Rivera said when we set up the hotline initially it was going to cost less than \$5,000. When did the increase come.

Ms. Martinez said she was speaking to the actual cost of the software. It is between \$7,000 and \$8,000.

Chair Abeyta asked if we outsource we create a new team to take calls including the internal auditor

Ms. Martinez said yes.

MOTION A motion was made by Councilor Harris, seconded by Councilor Romero Wirth, to increase the Internal Auditor Budget by \$23,000.

VOTE The motion passed by a voice vote of 4 yes and 1 abstention. Councilor Rivera abstained.

Councilor Rivera said it seems we are shooting from the hip.

Chair Abeyta agreed.

MCHARD REPORT CONTRACT FOR FORENSIC AUDITS

Mr. Fluetsch said this item is for the McHard report recommended contract for forensic audits. We recommend that this be included in the Finance Department for \$200,000.

Mr. Fluetsch said we got on the internet and looked at compliance audits and information for internal and external audits. We figured \$50,000 was sufficient for the compliance audit. The performance audit would also be \$50,000. We have the ability to limit the forensic audit as far as what is looked at for the McHard report. It has to be enough to give a level of confidence to the Council and the public. We have earmarked \$100,000 for that. It will be mainly focused on what the McCard report said and what our annual audit is going to say.

Councilor Lindell asked how much did we spend on the parks bond audit.

Mr. Fluetsch said he did not have that in front of him. He can get it for her.

Councilor Lindell said several hundreds of thousands of dollars she thinks. She thinks we are being optimistic that we can get done what we want done with \$200,000. She thinks this is underfunded and that is a concern. She thinks the audits we did on the park bond was more than this and this may need more time and more digging. She is in full support of dedicating monies to this to get to the bottom of some of this, but she does not think \$200,000 is enough.

Councilor Harris said perhaps this might be a subject for discussion at the 6 month review.

Councilor Romero Wirth said it seems like 6 months would give us more time to have better information for costs. What are the pros and cons of over budgeting or under budgeting now. This money is coming from the \$1.5 million you identified.

Mr. Fluetsch said we will not use the entire \$1.5 million.

Councilor Romero Wirth asked so what is better, over or under.

Mr. Fluetsch said he is comfortable with \$200,000. He likes the idea of the 6 month review. At least by then we may have one of the audits completed and we will have a better idea. We do not expect to have 3 audits and 6 internal audits every year. Our capacity to deal with all this may not allow that. The forensic audit is the only one in

question.

Councilor Romero Wirth said the forensic audit is very important. Is there another source we can look at before the Governing Body meeting to reach out for experience in forensic audits.

Mr. Fluetsch said that is an excellent recommendation. It will be done.

Councilor Rivera said he does remember the parks bond audit being significantly higher than we are anticipating here. If we had another one like that it would be significantly higher. He is okay with this recommendation, but look and see what we have done in the past.

Mr. Fluetsch said it is harder to know about forensic audits.

Councilor Romero Wirth asked so we should budget more

Mr. Fluetsch said the amount depends on if they find things.

Councilor Romero Wirth said based on the McCard report we know we will find things. This a very important audit.

Mr. Fluetsch said if you feel it is necessary we will add another \$100,000. That would also fit within the \$1.5 million. It would be better to over budget.

Councilor Romero Wirth said you should do more research. Go with \$200,000 and discuss this again with the Governing Body based on the information you find.

MOTION A motion was made by Councilor Romero Wirth, seconded by Councilor Lindell, to approve the Finance budget with the additional \$200,000 request.

DISCUSSION Chair Abeyta said be sure not to forget this and that you will point out and provide information at the Governing Body meeting and discussion.

Mr. Litzenberg said we won't forget.

VOTE The motion passed unanimously by voice vote.

ENVIRONMENTAL SERVICES BUDGET

Mr. Fluetsch said the Environmental Services Department is an enterprise fund.

It is necessary to increase their debt service by \$131,000. This does not effect the general fund. It was an error. He is bringing it to the Committee's attention.

Councilor Harris said when Environmental Services presented their budget there was an anticipated increase of \$480,000 for tipping fees and we backed off of that. We approved the budget for SWMA, but without any tipping fee increase. They would be healthy even with this change.

Mr. Fluetsch said absolutely.

MOTION A motion was made by Councilor Harris, seconded by Councilor Lindell, to approve the Environmental Services Department budget with the addition of \$131,000 in the debt service.

VOTE The motion passed unanimously by voice vote.

CONSTITUENT SERVICES POSITIONS

Chair Abeyta said we approved the proposal the Mayor brought forward for 2 additional constituent services staff, 1 neighborhood liaison and 1 Council liaison. We discussed where was most appropriate for those positions to be housed. It was made clear that all positions report to the City Manager. We do want to talk about how to best set this up for the public and the Council and the Mayor.

Chair Abeyta asked the neighborhood specialist, what does the Committee feel about this position.

Commissioner Romero Wirth asked can we look at the spread sheet on the budget for City Council.

This spread sheet is attached herewith to these minutes as Exhibit "1".

Commissioner Romero Wirth said the salaries, whose salaries are those.

Mr. Fluetsch said the Council.

Councilor Romero Wirth said there are no FTEs. The legislative office has 2 FTEs.

Mr. Fluetsch said yes.

Councilor Romero Wirth said their responsibility is to draft legislation and do

research.

Mr. Litzenberg said they do research assistance and drafting. He does not have their job descriptions with him.

Councilor Romero Wirth asked in legal how many lawyers are there.

Mr. Litzenberg said 7 in addition to the City Attorney.

Councilor Romero Wirth asked those attorneys, do they all respond to Council or do they have responsibility for Council issues.

Mr. Litzenberg said he has not heard of any specifically assigned to Council. They are broken up by subject matter.

Councilor Romero Wirth said the Mayor talks about professionalizing the Mayor's office. She thinks we would be remiss if we don't professionalize Council as well. We need to look at how best to use the positions we have. We have legislative, constituent, attorneys and the Council Liaison. She would like us to think about, given all those FTEs, how do we best organize them to support the Mayor's office and the Council. She is not sure what is laid out here that achieves that goal. She wants to point out these are the resources. There are 2 ½ FTEs existing in Constituent Services. In the Mayor's office there are another 2 proposed. With the Council Liaison that would be 5 ½. She feels strongly that the Constituent office should not be put in the office of the Mayor. She understands there is an organizational chart and that he probably has the power to do this unless we act. It seems to her that at least 2 of those FTEs ought to be hired and fired by Council even if they report to the City Manager to ensure the constituent office is not moved into the office of the Mayor. The other question is how the attorneys office and legislative liaisons could be configured in the best way to serve the Council too.

Councilor Lindell asked are you looking at a page in the budget book.

Councilor Romero Wirth said she is going off what she remembers from the budget hearings. Adding one Council Liaison is not sufficient.

Chair Abeyta asked what is the difference between Constituent Service and Council Liaison.

Councilor Romero Wirth said maybe we need to talk about what kinds of things they should be doing. They should be doing research maybe.

Councilor Harris said this is on page 2 and 3 of the narrative.

Councilor Lindell asked why are you so opposed to that.

Councilor Romero Wirth said she thinks we need to make sure that the Council has the support it needs to do the work it needs to do and that we have some control over the staff and accountability and responsiveness from that staff. We need to think about how we organize City government to serve the Mayor's office and the Council.

Councilor Lindell said her concern is having staff actually reporting directly to Council. She finds that to be extremely problematic. In 2018 we have a Council that does well together. That does not mean it will always be that way. Some Councilors go directly to staff and direct their time. That is inappropriate and improper and has to stop. She is uncomfortable for Council to have the direct reporting of staff. They would have 8 bosses. That is impossible.

Councilor Romero Wirth said the Council Liaison is going to have to respond to all 8 of us. That person is hired and fired by whom.

Councilor Harris said this is a worthy discussion. Are we going to see a revised organizational chart.

Mr. Fluetsch said yes.

Councilor Harris said in that is it anticipated a change will be made where everything gets funneled through the Mayors office. We have a new responsibility and power under Charter Commission. Her concern and his, as we start down this road, is that we strike a balance now. How we do that is what we are talking about now. He thinks that needs to be done. We would like to see the different organizational chart.

Mr. Litzenberg said we are having an ongoing discussion about the organizational chart and how it fits into the new Mayor's position. Who has the authority to hire and fire for City positions. The Clerk, City Manger and City Attorney are under the Mayor. All others are under the City Manger. We want to get more responsive to the public.

Councilor Harris said we need to strike a balance in the Mayor's role and the Council role. There will be a lot of confusion. We also have a Chief of Staff giving support to the Mayor and he is not opposed to that. That person can go a long ways to help the Mayor keep up. How does the Council keep up. An example was the Audit Committee minutes listing the Chief of Staff first as a contact. There is a perception that almost everything should go to the Mayor's office. He is resistant to that. We need to work towards striking a balance that allows Council to do their job.

Chair Abeyta said we set up constituent liaisons at the County. We had one assigned to each commissioner. It was more in line of a liaison rather than constituent services. There would be one per district and more than just a complaint office. That seems to be what we have now. He could be wrong. That is not effective in assisting the Councilors in doing our jobs. With 4 positions we could have one per District to help Councilors.

Councilor Romero Wirth said her idea is we have 2 ½ constituent people. The Mayor is proposing 2 new constituent people, 1 Council Liaison and then there are 2 legislative liaisons on Board. If we took the 2 constituent people, the new Council Liaison and one Legislative Liaison that was created that is 4 which creates one per district, but that would mean rethinking how we use these people. That leaves one legislative person for the Mayor, the neighborhood person, the Chief of Staff and 2 ½ constituent services people, but we need to redefine what their job responsibilities are and who they report to. Maybe it is time to create a City Council Service. The State Legislature has the Legislative Council Service. Maybe we create something similar to that. Maybe we need an Ordinance to do that. Maybe one is a director to manage the 4 FTEs.

Chair Abeyta said in the County the staff is hired and fired by the County Manager. They are assigned to Commissioners with their input. The Commissioners also evaluate these individuals to the county Manager. He sees it as the City Manager hires and fires and they are evaluated with our input. It could work. They would be more liaison rather than constituent services. More than complaint takers.

Councilor Harris said he has attended 3 meetings over the last month with Nava Ade about fireworks. We have a good plan this year. There is another meeting tonight. If he had a staff person they could attend for him and bring him the information. We need the support.

Councilor Lindell said she appreciates this discussion. It is worthwhile, but she has the feeling this should be a discussion of the entire Governing Body. She is not discounting at all the direction we are talking about, but we may be spinning our wheels. We may need to call a special work session and talk about this.

Councilor Rivera asked does the organizational chart have to be part of the budget that is submitted to the State.

Mr. Fluetsch said yes.

Councilor Rivera said he does like Councilor Romero Wirth's idea. He strongly suggests we not effect the Legislative Liaison people. That is a tough enough job already. It is specialized. He would recommend we take the ½ position at Market Station.

Mr. Litzenberg said there are 3 full time positions assigned to Constituent Services.

Councilor Rivera asked we would still need another person for Market Station.

Mr. Litzenberg said yes.

Councilor Rivera said he does feel this should be discussed with the entire Governing Body. Put the Neighborhood person in Land Use maybe. He would approve of the City Council Liaison moving to Constituent Services. One person for all of us will not work. Going back to the spread sheet. You said the personnel cost is us. We all make about \$30,000 a year. What he does not see is the Mayor at over \$100,000.

Councilor Romero Wirth said she thinks this is just Council expenses. It was done in response to her request.

Mr. Hopkins said correct. There is a separate Business Unit for the Mayor's Office. The Mayor and Council share the same division, but do not share the same cost center.

Councilor Rivera asked who are the 9 people.

Mr. Hopkins said Councilors.

Councilor Rivera said there are 8 of us.

Mr. Fluetsch said in the proposal you see 9 line items under personnel, not 9 people.

Councilor Romero Wirth said for this budget can we change this so we are a stand alone.

Mr. Hopkins said the only hesitancy he has is time. We have until next Wednesday. If there are a lot of reprogramming changes his concern is that we will not get done by the 30th.

Councilor Romero Wirth asked can we add this to our 6 month list. We need to be a stand alone budget.

Chair Abeyta said he agrees that we need the entire Councils input, but would like to take a structure forward before the Council to start with. You have 3 existing Constituent Service people, 2 proposed and one Council Liaison. If we pulled out 4 and called them Council Liaisons that leaves 2 Constituent Services people to handle day to day complaints. We can start there.

Councilor Romero Wirth said she is asking us to restructure job descriptions for these folks so they not delineated the way they are. These Legislative Services people do what we could have the new people do. They do research and bill drafting and some is done in legal.

Chair Abeyta said they do bill drafting and get legal help to review. When we hire them we look for that specific expertise.

Councilor Romero Wirth asked would we not want that in the persons we hire for each of the districts. It might make it easier to spread out that work over 4 people. She is asking that we turn this on it's head and rethink it. District people can do research, bill drafting, constituent services and scheduling for events and cover for us some. That is what we need help with to stay on top of things coming at us.

Councilor Lindell said she is concerned with this. She does not know that she actually has 20 hours of work every week for someone. That is an excessive amount of time.

Councilor Romero Wirth asked even with all the duties.

Councilor Lindell said week in and week out she does not have 20 hours of work.

Councilor Rivera said there is not enough time to do what you want to do. If we keep it simple for now and keep legislative services where they are at. Additional job duties means adding additional money as well. They can accrue comp time and have the ability to use it. You are suggesting taking 3 of the people already there who may not want the duties you describe.

Councilor Romero Wirth said or have the job skills to do it.

Councilor Rivera said for now keep it as simple as possible.

Councilor Harris said he does not think we can resolve this prior to May 30th. In the longer term we do need to keep legislative services under the Legal Department. If we could find the talent it would still need to be worked through a central repository. There are a lot of questions. For now he would like to run with Councilor Rivera's recommendation. He would like to see the organizational chart to reflect something other than what it shows now that acknowledges what we want. Right now constituent services is under the Deputy City Manager. As a starting point he would like to have the bulk of these constituent individuals going through the City Manger's office. Then we can sort it out from there.

Chair Abeyta said if we keep it the way it is we will have 3 new FTEs to hire July 1st. We should hold off filling these positions. We can fund them, but not fill them until we all approve of a plan.

Councilor Romero Wirth said she would hate for us to lock into something that does not serve both the Council and the Mayor. We need balance. She hopes we don't move forward in ways that lessen our flexibility.

Chair Abeyta said the way you lock yourself in is hiring people.

Councilor Lindell said she does not want to wait 6 months to get the personnel.

We need to work on this right away.

Councilor Harris said we have approved the budget and the numbers associated with these positions.

Chair Abeyta said their direction on the 30th is we have approved the positions, but are going to get to work on defining that. That needs to be done by Council, not staff. If staff is working on something now that is not good without input from us. How do we want to move forward.

Councilor Romero Wirth said we don't know where the Mayor is in being open to reworking what we approved. She does not want to be taking a budget vote that locks us into something that does not serve the Council. It would be great if the Mayor said he is open to that conversation.

Chair Abeyta said maybe research that between now and the 30th to see if it is okay to identify the FTEs with roles and titles to be defined at a later date. The sooner the better. If we can't do that then we need to know that now. He asked the City Manager to report this to the Mayor and ask about flexibility. What is important is to let us know the parameters.

Mr. Litzenberg said we don't know the answer, but will get with the Mayor and get back to you.

Chair Abeyta said the sooner the better.

Councilor Harris said we need an acknowledgment that he is going to work with the Finance Committee and the Governing Body to define these positions. Let's make him aware of this discussion and that it is not resolved. It is also important for the Chair to speak with the Mayor.

Councilor Harris said a decision was made by the Governing Body some time ago that as State mandated, the reserve would hit 10%. Is that spot on at \$10 million.

Mr. Hopkins said that is 10%.

Councilor Harris asked 10% of what.

Mr. Hopkins said general fund expenditures less transfers.

Councilor Harris said that contingency, is that to be used. Is that \$1.6 million now. How has it been used in the past.

Mr. Hopkins said since the contingency is defined at the State's requirement of 1/12 and the 10% Council has defined, that has never been used and is meant to be an

emergency fund.

Councilor Harris said he thought it was a separate line item separate from reserves.

Mr. Hopkins said it is different from the actual cash balance and the reserve. He misspoke.

Councilor Harris asked so it is a separate calculation and additional monies.

Mr. Hopkins said not calculation. 10% is the floor. We want to stay a bit above that for dire situations.

Councilor Harris asked has it been used in the past in dire circumstances.

Mr. Hopkins said we are using the \$1.5 million and that is eating into that contingency.

Councilor Harris asked is it fair to say as we approve this we are drawing down on this years contingency. Does it carry over to next fiscal year.

Mr. Fluetsch said it is real money. It changes characteristics on July 1st. It goes from being able to be spent to next year going into the fund balance and it can only be used for one time items.

Councilor Harris said right now it is contingency.

Mr. Fluetsch said correct.

5. MATTERS FROM STAFF

None.

6. MATTERS FROM THE COMMITTEE

Chair Abeyta said he is going to distribute his notes on things we want to follow up on. He documented that and will provide it to the Committee and staff. If he missed anything please provide it to him and staff. Now we have to work on a plan.

This listing is attached herewith to these minutes at Exhibit "2".

Councilor Harris said regarding enterprise funds, he spoke to Brad. We do have room to move. Mr. Fluetsch went to Mr. Mumm and we got this sheet. It says none of those funds meet the standard in excess of 12 % in funds and we can shift it to other

uses.

The enterprise fund sheet is attached herewith to these minutes as Exhibit "3".

Councilor Harris said those 3 funds are the only ones worth speaking about.

Chair Abeyta asked is there any update on the potential Finance Director.

Mr. Litzenberg said we have done multiple sets of interviews. We are in the position to start talking to the top candidate, but have not yet.

Chair Abeyta asked so you have a top candidate so it may be forthcoming.

Mr. Litzenberg said he hopes to get the person on board in no longer than a couple of weeks. We will be announcing that as early as we can.

Councilor Harris asked what is the status of the CAFR.

Mr. Fluetsch said we have scheduled an exit interview tomorrow at 2:00 pm with the auditors. That is the last step before it going to the State Auditor. It will be submitted before the end of the day tomorrow.

7. EXECUTIVE SESSION

None.

8. ADJOURN

There being no further business before the Committee the meeting adjourned at 7:00 pm.



Councilor Roman Abeyta, Chair



Elizabeth Martin, Stenographer

Santa Fe

Utility Rate Study

Excess Revenue Subject to Appropriation

FY 2018/2019*	Water	Wastewater	Envl. Svcs
Revenues			
Rate Revenues	\$ 34,135,553	\$ 12,496,495	\$ 12,527,540
Non-Rate Revenues	1,662,738	2,777,467	2,382,595
UEC's	165,948	166,895	-
Interest Earnings	347,925	264,510	151,531
Total Recurring Revenues	\$ 36,312,163	\$ 15,705,367	\$ 15,061,667
Operating Expenses			
O&M Expenses	\$ 24,222,013	\$ 9,936,272	\$ 12,586,395
Debt Service	3,357,211	1,824,275	1,349,041
System Reinvestment	-	-	-
Total Operating Expenses	\$ 27,579,224	\$ 11,760,547	\$ 13,935,436
Net Revenue	\$ 8,732,940	\$ 3,944,819	\$ 1,126,230
less: Capital Projects**	(10,400,000)	(4,857,466)	(3,120,000)
less: Funding of 12% Operating Reserve	-	-	-
Revenue Subject to Appropriation	\$ -	\$ -	\$ -

* These numbers are from our projections before any true-ups to published FY2019 budget numbers

** Envl. Services does not have a published CIP. Number shown is estimate based on discussions with staff

April 25, 2018
2018 – 2019 Budget Hearings
City of Santa Fe
Finance Committee

CHAIRPERSON NOTES/ OBSERVATIONS

NOTES:

Mayor Webber indicated that there will be a 6 month check-in and also a City-wide Re-organization.

Class and Compensation Study Presentation:

- What's the follow-up plan? (Finance Committee)
Councilor Villa Real: Make sure the study addresses gender equity.

AFSCME:

- \$409,000 was negotiated for Merit Increases. This was not reflected in the budget. The contract with AFSMCE isn't clear but one could argue that the \$409k is a recurring cost once it is added to an employee's base salary. Management was silent on this. AFSMCE may consider this a one-time increase if nothing else. (Finance Committee)

Police:

- Special Events Budget. Present an update to the Finance Committee. Councilor Abeyta has requested an internal meeting with the appropriate Departments.
- Internal Investigations backlog. Provide an update to Public Safety Committee?

Fire:

- Annexation question. Is Fire Station No. 2 still needed? A meeting has been scheduled for early May.

Municipal Court:

- We need to make sure and meet with the Judge and her Finance staff prior to next year's budget hearings and help them prepare their budget.
- Finance Committee to approve Budget.

Land Use:

- Too many divisions. Need to re-org Land Use.
- Need to do a better job with the budget. Do not include references to expansions, salary adjustments and fees if not included in the budget being recommended by the City Manager.
- Land Use needs to do a General Plan Update
- Land Use needs to do a Code Re-write
- Short Term Rental Enforcement. What happens when we get to 1,000?

Community Services:

- Find a funding stream for the Southside Library
- Streamline/ Consolidate / Re-org. City Committees

Exhibit "3"

- Funding for La Farge Library

Parks and Rec.:

- Lifeguard shortage. Do a better job of recruiting. Offer free lifeguard classes in the summer. Be pro-active. Increase starting pay. Differentiate between shallow pool guards and regular pool guards.
- MRC soccer field \$500k improvements will be addressed in the CIP process.
- Weeds & Maintenance up keep
- Replacement of 55 gallon drum trash cans
- Fill GCCC Rec Manager position

Public Utilities:

- Purchase of property from the Airport for the Sewer Plant. Start the process. (Finance Committee)
- Pay as your throw – cost of service study.

Public Works:

- Rent at Market Station. Need to address this issue. Do we want to continue to pay rent here for City offices? Provide a summary to the Finance Committee of rent paid here and anywhere else for City offices.
- Bike Bus Program. Look at the funding for this. How was the money spent? Do we want to fund this next year.
- Special Events at the Railyard. Why are we paying for them?
- Transit system study to determine adequacy of bus routes.
- Access road off 599 to the Airport.

Finance:

- Schedule a presentation of the \$365 Million Dollar Budget. Where does all the funding come from? (Finance Committee)
- We need a list of Bond projects, CIP Projects, funding source, and status of each project. (Finance Committee)
- Centralize Grant Writing Function

Human Resources:

- Quarterly reports on HR statistics. (Finance Committee)
- Travel. Should we have one travel budget instead of each individual Departments so that travel is targeted to actual City initiatives we are undertaking or going to undertake? (Finance Committee)
- Tuition Assistance. Who gets it and for what purpose? (Finance Committee)
- Create an employee development program that includes employee evaluations. (Finance Committee)

ITT:

- Emergency RECC system. Make a presentation to Finance Committee and Public Safety Committee. (Finance Committee)
- \$2 Million in Contracts. Why? Provide the Finance Committee with a detailed list of the contracts we will be funding for 2018-2019. (Finance Committee)

City Manager:

- Channel 28 upgrade to HD.
- Translation Services. What is the City's plan. Who can we contract with to develop a strategy for moving forward?
- 311. When will this come on-line?
- Dues for Municipal League? Do we want to continue to be members of the League? Is there a smaller membership?
- Communication/publications/branding/graphics.

Tourism:

They provide \$275k for overtime for Police for from Lodgers Tax for Special Events. Why are we double dipping? (See Police section above)

OBSERVATIONS/ OPPORTUNITIES:

The Budget Book should be developed so it matches OpenGov. It is too hard to find line items from the categories in the book when you go to OpenGov. They don't track.

All Departments need to be trained on Budget development, especially the narratives in the book. For example, RBA Performance Measurements vary from Department to Department. Each Departments section differs. The new Finance Director needs to be provided a copy of the Finance Book the committee was provided. We need the book to be more unified.