

City of Santa Fe, NM
Regular Committee
Tuesday, May 05, 2020
5:00 PM – Finance Committee
Virtual Viewing
<https://www.youtube.com/user/cityofsantafe>

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. APPROVAL OF CONSENT AGENDA

5. APPROVAL OF MINUTES

Regular Finance Committee - April 20, 2020

[Minutes April, 20, 2020.pdf](#)

6. EXECUTIVE SESSION (IF NECESSARY) - In Accordance with the New Mexico Open Meetings Act, NMSA 1978, Section 10-15-1 (H) (6), Discussion in Which the Contents of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code and Discussed During the Contract Negotiation Process.

7. CONSENT AGENDA

a. Request for Approval of Joint Funding Agreement in the Total Amount of \$45,325.13, Excluding NMGR, to Model and Investigate Post-Fire Debris Flows in the Santa Fe Municipal Watershed; U.S Geological Survey, United States Department of Interior. (Alan Hook, Water Resources Coordinator Assistant, ahook@santafenm.gov, 955-4205)

COMMITTEE REVIEW:

Public Utilities Committee (approved) – 4/1/20

Governing Body (scheduled) – 4/29/20

[Item a.pdf](#)

[Item a-FY20 FIA.pdf](#)

b. Request for Approval of a Resolution Incorporating the Third Quarter Budget Amendments for Fiscal Year 2019/2020. (Andy Hopkins, Principal Budget Analyst, ajhopkins@santafenm.gov, 955-6177)

[Item b.pdf](#)

8. PRESENTATION

FY21 Budget Framework

9. MATTERS FROM STAFF

10. MATTERS FROM THE COMMITTEE /CHAIR 2021 BUDGET PLANNING

11. ADJOURN

RECEIVED AT THE CITY CLERK'S OFFICE

DATE: April 30, 2020

TIME: 3:51 PM

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
VIRTUAL MEETING
TUESDAY, MAY 5, 2020, 5:00 PM**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER		1
ROLL CALL	QUORUM	1
APPROVAL OF AGENDA	APPROVED	1-2
APPROVAL OF CONSENT AGENDA	APPROVED	2
APPROVAL OF MINUTES	APPROVED	2
EXECUTIVE SESSION (IF NECESSARY)	NONE	2
<u>CONSENT AGENDA</u>		
REQUEST FOR APPROVAL OF JOINT FUNDING AGREEMENT IN THE TOTAL AMOUNT OF \$45,325.13, EXCLUDING NMGR, TO MODEL AND INVESTIGATE POST-FIRE DEBRIS FLOWS IN THE SANTA FE MUNICIPAL WATERSHED, U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF INTERIOR.	APPROVED ON CONSENT	2
REQUEST FOR APPROVAL OF A RESOLUTION INCORPORATING THE THIRD QUARTER BUDGET AMENDMENTS FOR FISCAL YEAR 2019-2020.	APPROVED ON CONSENT	2-3
<u>PRESENTATION</u>		
FY21 BUDGET FRAMEWORK	INFORMATION/DISCUSSION	3-8
MATTERS FROM STAFF	NONE	8

**MATTERS FROM THE
COMMITTEE/CHAIR 2021 BUDGET
PLANNING**

INFORMATION/DISCUSSION 8

ADJOURN

ADJOURNED 9

**FINANCE COMMITTEE MEETING
VIRTUAL MEETING
TUESDAY, MAY 5, 2020, 5:00 PM**

1. CALL TO ORDER

The meeting of the Finance Committee, was called to order by Councilor Roman Abeyta, Chair, at 5:40 pm on Monday, May 5, 2020 via virtual meeting, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT

Councilor Roman Abeyta, Chair
Councilor Signe Lindell
Councilor Carol Romero-Wirth
Councilor Renee Villarreal
Councilor Jamie Cassutt-Sanchez

MEMBERS ABSENT

OTHERS PRESENT

Mayor Alan Webber
Councilor Christopher Rivera
Councilor Michael Garcia
Mary McCoy, Director, Finance Department
Joe Abeyta, City of Santa Fe
Alan Hook, Water Department
Brad Fluetsch, Finance Department
Alexis Lotero, Finance Department
Carolynn Roibal, Finance Department
Elizabeth Martin, Stenographer

3. APPROVAL OF AGENDA

Ms. McCoy said in the packet for the consent agenda, item 7A, the materials refer to a meeting in April. The date should be May 13th.

MOTION A motion was made by Councilor Romero-Wirth, seconded by Councilor Cassutt-Sanchez, to approve the agenda as amended.

VOTE The motion passed unanimously by voice vote as follows:

Chair Abeyta, yes; Councilor Lindell, yes; Councilor Romero-Wirth, yes and Councilor Cassutt-Sanchez, yes. (Councilor Villarreal had not joined the meeting at this time)

4. APPROVAL OF CONSENT AGENDA

MOTION A motion was made by Councilor Lindell, seconded by Councilor Romero-Wirth, to approve the consent agenda.

VOTE The motion passed unanimously by voice vote as follows:

Chair Abeyta, yes; Councilor Lindell, yes; Councilor Romero-Wirth, yes and Councilor Cassutt-Sanchez, yes. (Councilor Villarreal had not joined the meeting at this time)

**5. APPROVAL OF MINUTES
APRIL 20, 2020**

MOTION A motion was made by Councilor Lindell, seconded by Councilor Cassutt-Sanchez, to approve the minutes as presented.

VOTE The motion passed unanimously by voice vote as follows:

Chair Abeyta, yes; Councilor Lindell, yes; Councilor Romero-Wirth, yes and Councilor Cassutt-Sanchez, yes. (Councilor Villarreal had not joined the meeting at this time)

6. EXECUTIVE SESSION (IF NECESSARY)

None.

7. CONSENT AGENDA

A. REQUEST FOR APPROVAL OF JOINT FUNDING AGREEMENT IN THE TOTAL AMOUNT OF \$45,325.13, EXCLUDING NMGRT, TO MODEL AND INVESTIGATE POST-FIRE DEBRIS FLOWS IN THE SANTA FE MUNICIPAL WATERSHED, U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF INTERIOR.

Approved on consent.

B. REQUEST FOR APPROVAL OF A RESOLUTION INCORPORATING

THE THIRD QUARTER BUDGET AMENDMENTS FOR FISCAL YEAR 2019-2020.

Approved on consent.

Councilor Villarreal joined the meeting.

8. PRESENTATION

A. FY21 BUDGET FRAMEWORK

Ms. McCoy stated that she will be assisted in the presentation by Mr. Fluetsch, Ms. Lotero and Mr. Hopkins. They will review the structure of the budget, give an economic update, discuss the factors and levels of uncertainty and next steps.

The presentation is herewith attached to these minutes as Exhibit "1".

Questions and comments were as follows:

Chair Abeyta asked on this slide, the General Fund pie comes out of the All Funds pie.

Mr. Fluetsch said yes that is correct.

Chair Abeyta said some of the pieces of the pie restricted funds.

Mr. Fluetsch said that is correct. An example would be the lodgers tax. State statute drives how that can be spent. Grant funds are specific to certain projects.

Chair Abeyta said so we cannot move other funds over to the General Fund in many instances.

Mr. Fluetsch said yes. Also roughly one half of the GRT, \$66 million, is pledged as collateral for debt.

Chair Abeyta said because it is pledged, our obligation does not stop or lower if our GRT revenue lowers. We still have to stick to certain levels and pay the debt service.

Mr. Fluetsch said that is correct.

Councilor Rivera said Public Utilities funds are not directly from GRT.

Ms. Lotero said that is correct. An increment of GRT funds Environmental

Services.

Councilor Rivera said also the funds that come from Departments who pay for water go into the Enterprise Fund.

Ms. McCoy said correct.

Councilor Villarreal asked what is included in the Finance Department fixed costs.

Mr. Hopkins said by far the largest part is the risk function.

Chair Abeyta asked with fixed costs is there not much room for change or can we lower them.

Ms. McCoy this is for the City's footprint. They cover such things as insurance and utilities for 2020. Going forward to 2021 there will be decision points.

Chair Abeyta said long, long term, there are lots of City buildings we have to pay utilities and maintenance on. If there was one large City Hall we might adjust fixed costs downward.

Ms. McCoy said yes.

Councilor Villarreal asked what are the fixed costs for ITT.

Mr. Hopkins said those are mostly communications charges. City network charges.

Chair Abeyta said if we have to make cuts in the General Fund, Fire and Police are the biggest users of that fund, but they are public safety.

Ms. McCoy said yes. There are several different methodologies to look at when we look at reductions. We can hold several Departments harmless due to services to the community or we can use other approaches. What is legally required and essential services.

Councilor Rivera asked of the 67% of GRT what are we going to lose from the major markets not happening this summer.

Ms. McCoy said we are going to go over segments of our revenue. The biggest is retail trade and tourism. Mr. Randall did a study about the impact of the loss of festivals and markets. We will get that and share it with all of you. It is significant.

Councilor Rivera asked if they do virtual markets do we have any way of

collecting GRT online.

Ms. McCoy said a bill regarding that was passed at the session; however, it will be 13 to 14 months before it is implemented. We are in discussions with Taxation and Revenue and they estimate that in the interim the City will receive a flat amount of \$60,000 a month until they have everything in place. We are not seeing our share of GRT now and will not for virtual markets.

Councilor Rivera asked is it legal to defer payments to Public Utilities for a year.

Ms. McCoy said that is something we are considering. We are deferring utility bills now. We can talk to legal and get back to you on that.

Mayor Webber said he would like to add a bit of context to this presentation. He hopes that everyone got the link to the US Conference of Mayors Fiscal Pain index. It shows the numbers City by City. He urged everyone to look at it and benefit from the entire field of fiscal pain across the country. He recommended that the City engage in an exercise that he and the Chair have talked about. The global financial meltdown is real. We have to frame our response as strategically as we can. The exercise is called TINA and is a fiscal tool, There Is No Alternative. Look behind the numbers. It is facts where there is no alternative. It is an open question as to if the Federal Government will provide help to cities. That is unknown at this time. The Committee can discuss the unalterable facts that frame our options going forward. We have possible alternatives for spending by Department. Priorities have to be established going forward.

Councilor Lindell said thank you Mayor. We all know the task in front of us. We all know it will be a tough one.

Councilor Lindell asked how much in payments by credit card do we bring into the City. Do we add charges to cover the process.

Ms. McCoy said she can get her the stats on that.

Councilor Lindell asked do we charge across the board for credit card transactions, even on lodgers tax items.

Ms. McCoy said yes.

Chair Abeyta said if the Governor continues along this path, according to this slide festivals and markets will be in the last group that will be able to open back up.

Ms. McCoy said yes. They will be one of the last.

Chair Abeyta said even when things open up to the public there is a question of the public's willingness and the restaurant's percentage they are allowed to be open.

GRT is not going to skyrocket.

Councilor Romero-Wirth said the other question is will people travel by car, if not by airplane, to visit Santa Fe. That is not reflected directly in this chart.

Ms. McCoy said yes, that is a great point.

Ms. McCoy said our schedule for budget hearings is to have them between July 13th and July 27th.

Councilor Romero-Wirth asked do you have the times for the hearings.

Ms. McCoy said she will send them out in a memo. They are primarily in the afternoon.

Councilor Romero-Wirth asked assuming we do get help from the State and/or the Feds, what kind of thinking are we doing on that. What will be the nature of the funding we get if we get any. What has to factor into the 2021 budget.

Ms. McCoy said we are actively monitoring that. There are indications that there will be a stimulus plan for cities. Our Congressional delegation is very supportive.

Councilor Romero-Wirth said the information you are providing us is helpful in making our case. Also it is important for us to say what kind of aid we need.

Ms. McCoy said unrestricted funds are our priority. Speaker Pelosi refers to it as the Heros Bill. At the top of our priorities list, if restricted, is to fund essential services to the community.

Councilor Villarreal said she agrees about needing to know details for July. Will we have any special study sessions or can we take the dates we had for May for budget hearings off our schedules.

Ms. McCoy said we are focused on information sessions during the regular Finance Committee meetings. Our next one is May 18th.

Councilor Villarreal asked have we contacted Taxation and Revenue about the length of time we have to wait for GRT reports so we know how much revenue we are going to get.

Ms. McCoy said that is a great question. That was one of our first phone calls. Tax payers pay GRT at the end of the month. It is a process after that. It is stated in the law. There is nothing we can do to change that. Our team is meeting with their team at least weekly. They are helping us with their forecasting. Historical data is not helpful unfortunately.

Councilor Rivera said thank you Mary and your team and this Committee for the presentation. When we went through this in 2008 all Departments were asked to go through an exercise of identifying other possible revenues. Have we asked them to do that this time.

Ms. McCoy said not at this time. A few ideas have been floated. We need to be careful when we look to increase fees and fines during this time when people are unemployed and incomes are lower. We are working with Economic Development on collecting unpaid lease payments.

Councilor Rivera said it would be nice to have an idea about how increasing fees temporarily with a sunset clause could effect our revenues. Even if it was one-eighth of a percent.

Ms. McCoy said we can put something together with one-eighth of a percent as an example.

Councilor Cassutt-Sanchez said in the past you worked with Departments to find opportunities. Will that be part of the budget process and will we see it here.

Ms. McCoy said that has been part of the process over the last two budget cycles. We are working with the Departments this week to look at the legally required services we have to provide and building up from there. We are also looking at what services constituents prefer over others. It is a bit of a different approach. We are looking at double digit reductions. We are looking at the entire structure of our government.

Chair Abeyta said the budget hearings start on July 13th. Usually the administration puts a budget together and brings it to us. What process will you use to keep us informed this year or are you just going to bring us a budget.

Ms. McCoy said that is not acceptable this time. We will use the committee process to bring the budget to the major committees on policy areas.

Councilor Cassutt-Sanchez said thank you for that.

Councilor Cassutt-Sanchez said in Public Utilities we are giving folks time to pay and still giving them water. At what point will we no longer be solvent.

Ms. McCoy said Mr. Jones and his team are monitoring that on a weekly basis. They are required to have certain levels of reserves that they have to maintain. She encourages the Committee to continue these kind of presentations on issues like this.

Councilor Cassutt-Sanchez said she was thinking long term and how much we really don't know. She worries about the time it will take to get a vaccine. We need to

think about worst case scenarios.

Ms. McCoy said we look forward to continuing these kind of presentations. If there is a specific topic you want to hear about we can bring professionals and staff to address it.

9. MATTERS FROM STAFF

None.

10. MATTERS FROM THE COMMITTEE/CHAIR 2021 BUDGET PLANNING

Councilor Villarreal said she wanted to express concern about a survey that went out that we were not aware of. It came from the Chair. That should not have come from him. It was sent to a selected group of 1,000. What was the intention and why were we not told.

Chair Abeyta said the survey was done by him through Survey Monkey. It was sent to people in his District to obtain some information about concerns in the community. It was not City administered.

Councilor Villarreal asked if he got any feedback.

Chair Abeyta said yes. The public is very interested. Maybe we should do something like this to the City as a whole.

Councilor Villarreal asked are you willing to share your questions and the feedback.

Chair Abeyta said sure. He will forward it to Christine. His recommendation, from the response he got, is to do something like that from the City.

Chair Abeyta asked for the meeting on the 18th will we have the GRT reports from the State.

Ms. McCoy said yes.

Chair Abeyta asked will that help you forecast April and May.

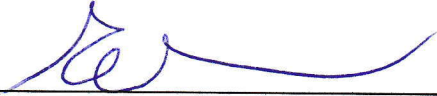
Ms. McCoy said it will only reflect half of a month of the effect of the virus. It will give us some insight, but it will not be a full month of impact.

Councilor Garcia said he wanted to give a shout out to Ms. McCoy and her team for the thorough presentation.

11. ADJOURN

There being no further business before the Committee the meeting adjourned at 7:10 pm.

Councilor Roman Abeyta, Chair

A handwritten signature in blue ink, appearing to read 'Elizabeth Martin', written over a horizontal line.

Elizabeth Martin, Stenographer

City of Santa Fe Finance Committee Update



May 5, 2020



Finance Committee Update- Agenda

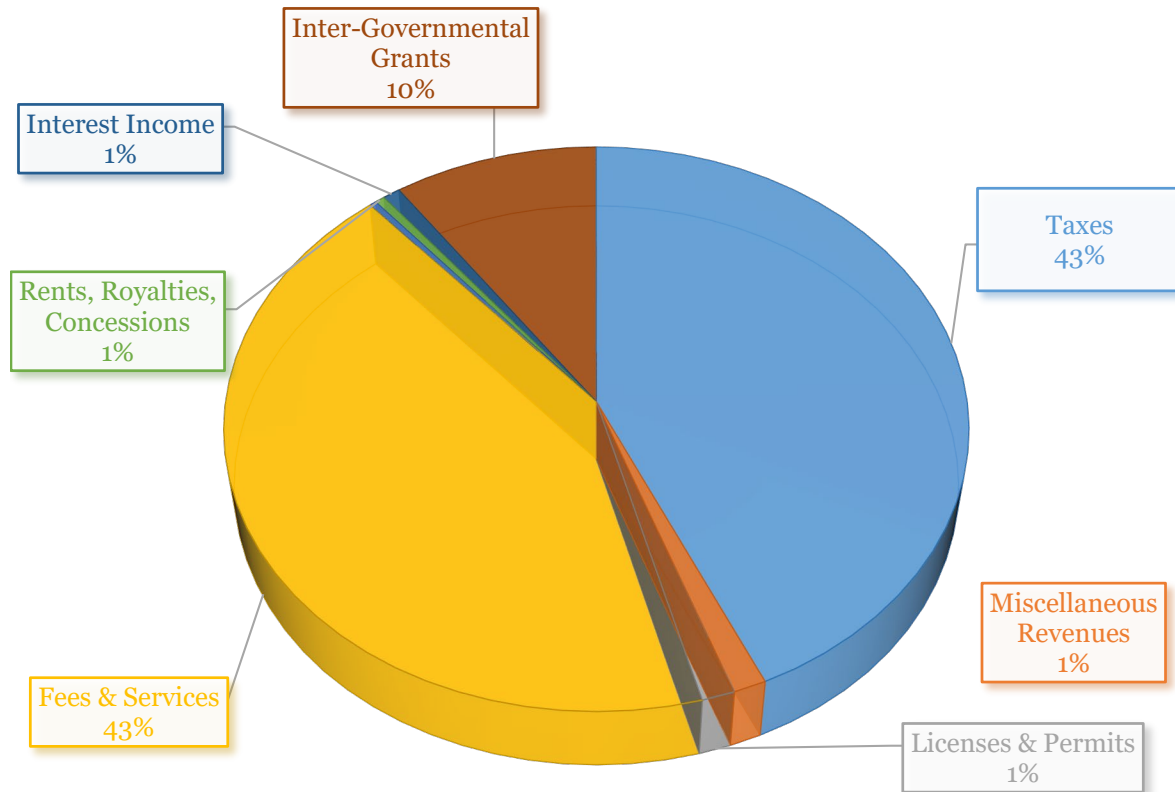
- 1 FY20 Revenues
- 2 FY20 Expenses
- 3 FY20 Estimates
- 4 Economic Update
- 5 FY21 Scenarios
- 6 Next Steps



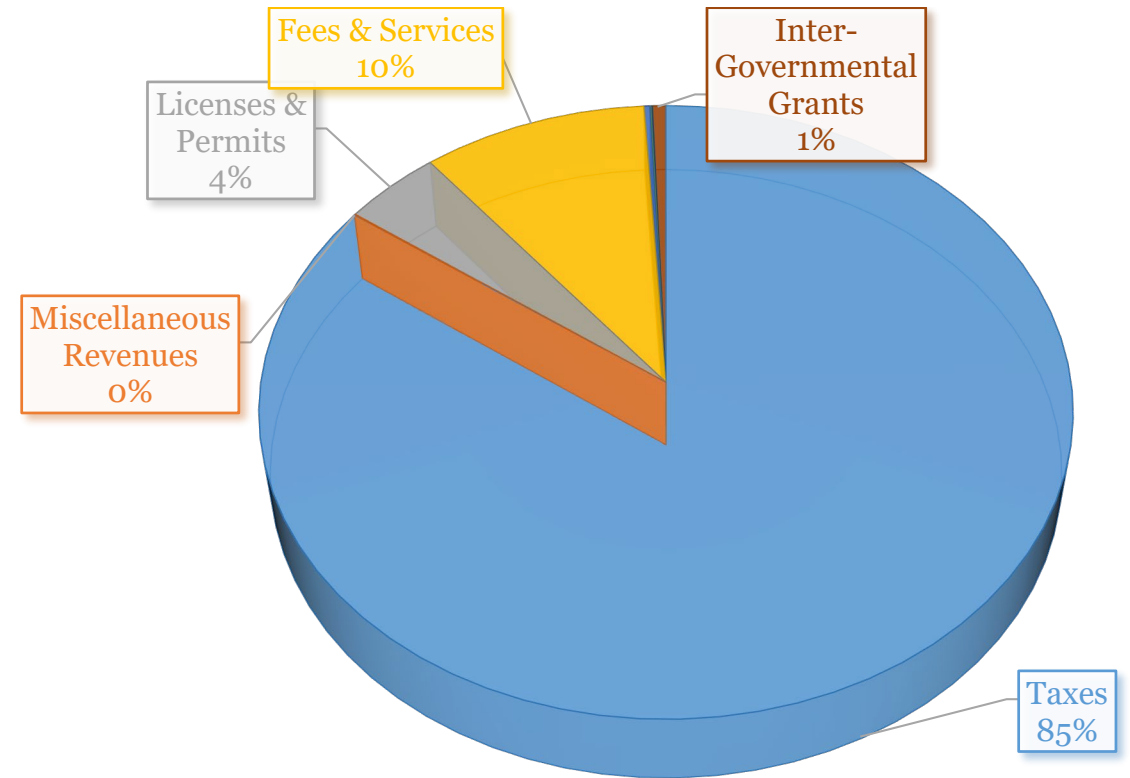
FY20 Revenues

Both Taxes and Fees/Services make up 43% of All Funds
While Taxes makes up 85% of the General Fund

FY20 All Funds
Budgeted Revenues by Category



FY20 General Fund
Budgeted Revenues by Category



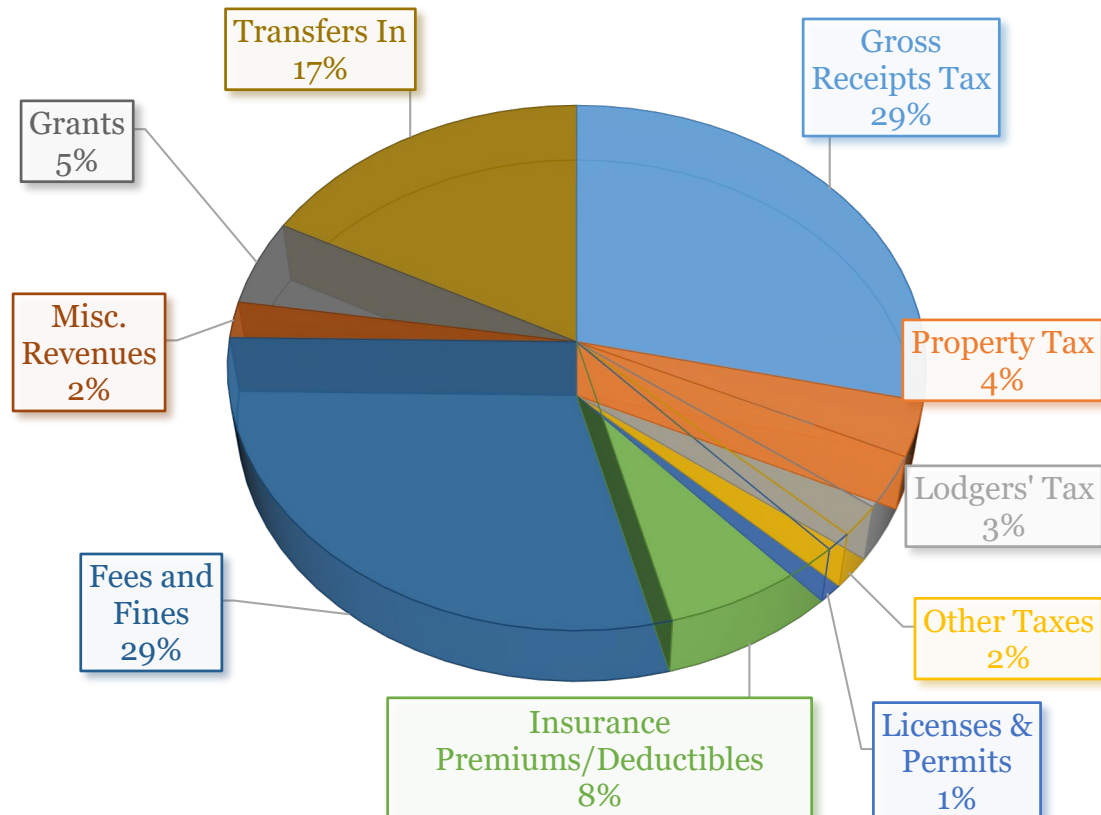


FY20 Revenues

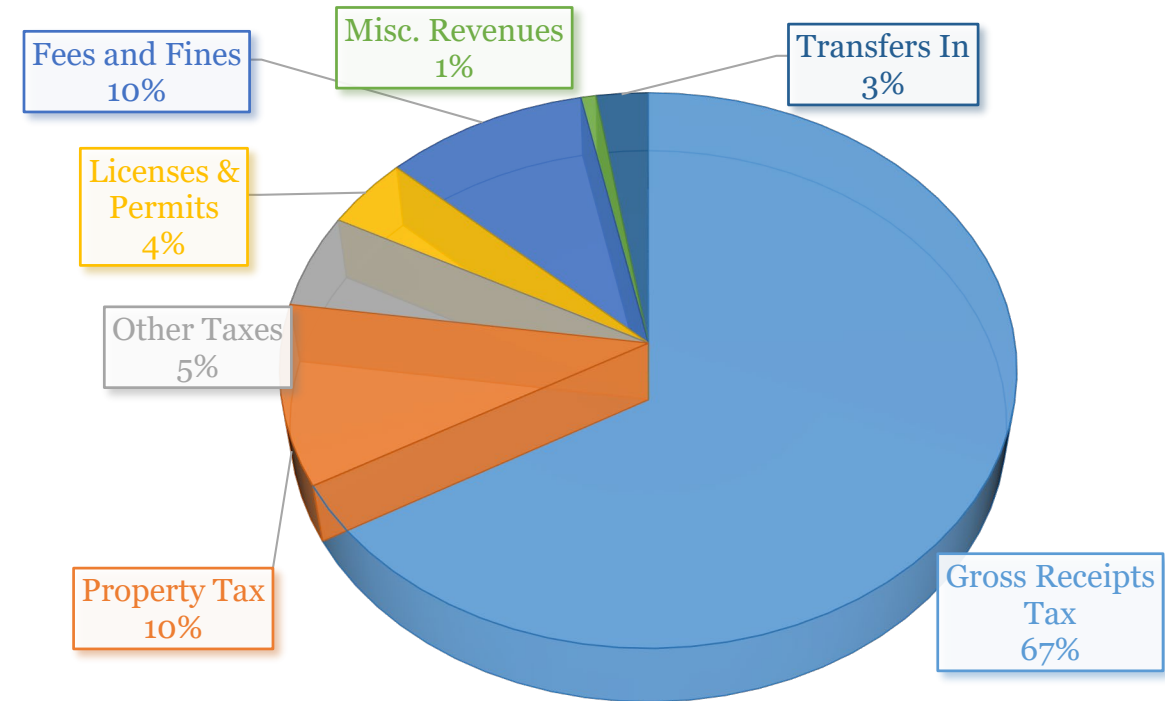
Both GRT and Fees/Fines make up 29% of All Funds

While GRT makes up 67% of the General Fund

FY20 All Funds
Budgeted Revenues by Category



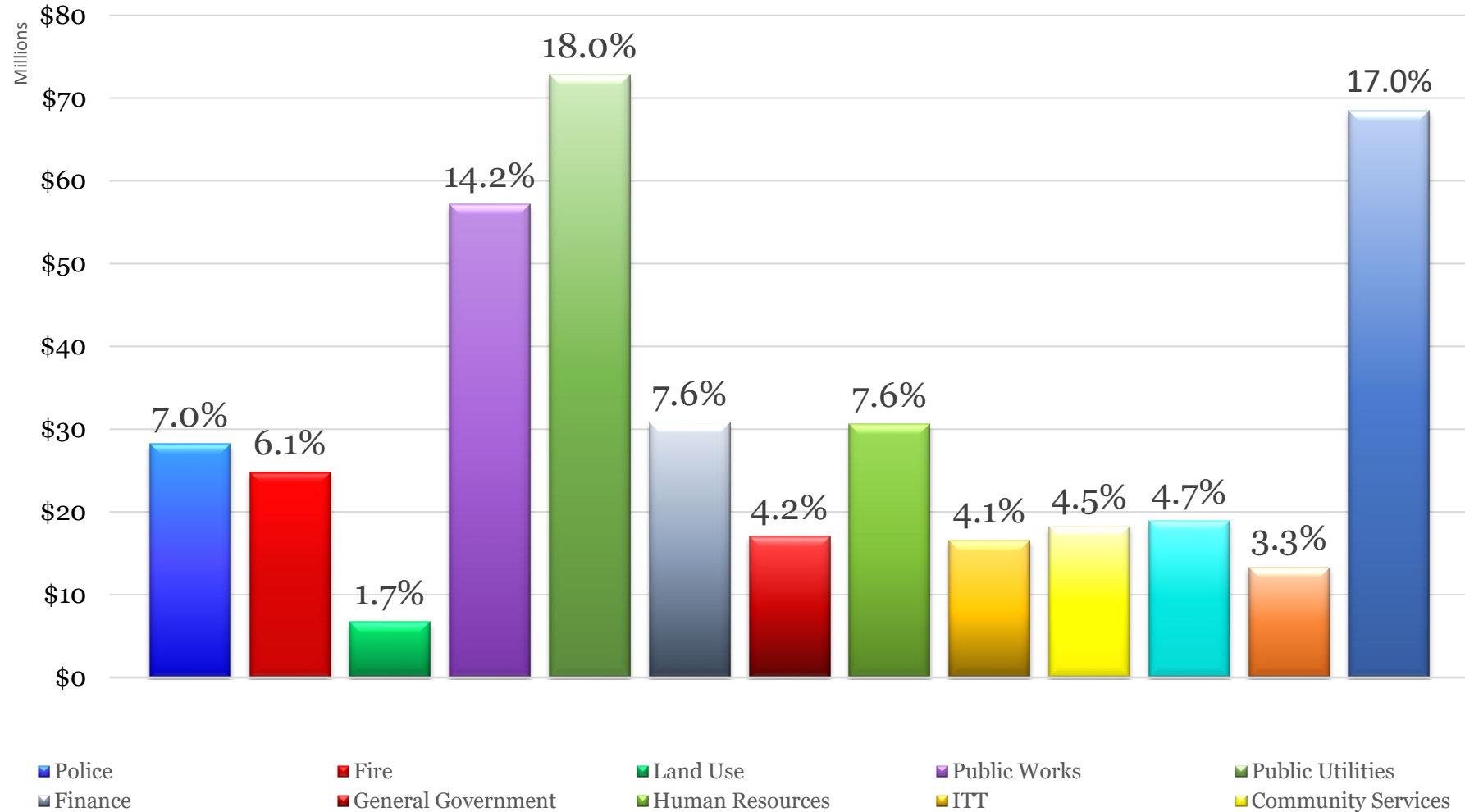
FY20 General Fund
Budgeted Revenues by Category





FY20 Expenditures

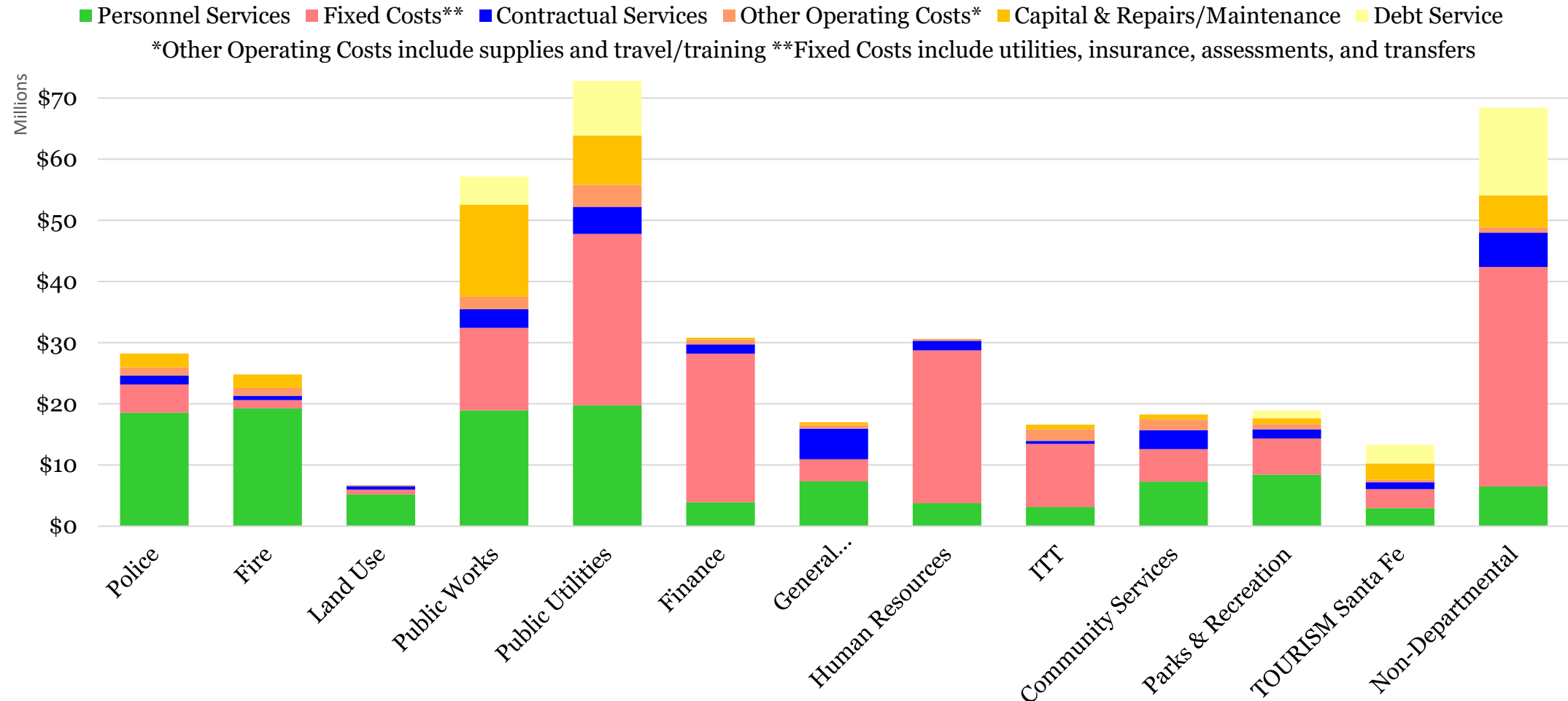
FY20 All Funds - Budgeted Expenditures by Department





FY20 Expenditures

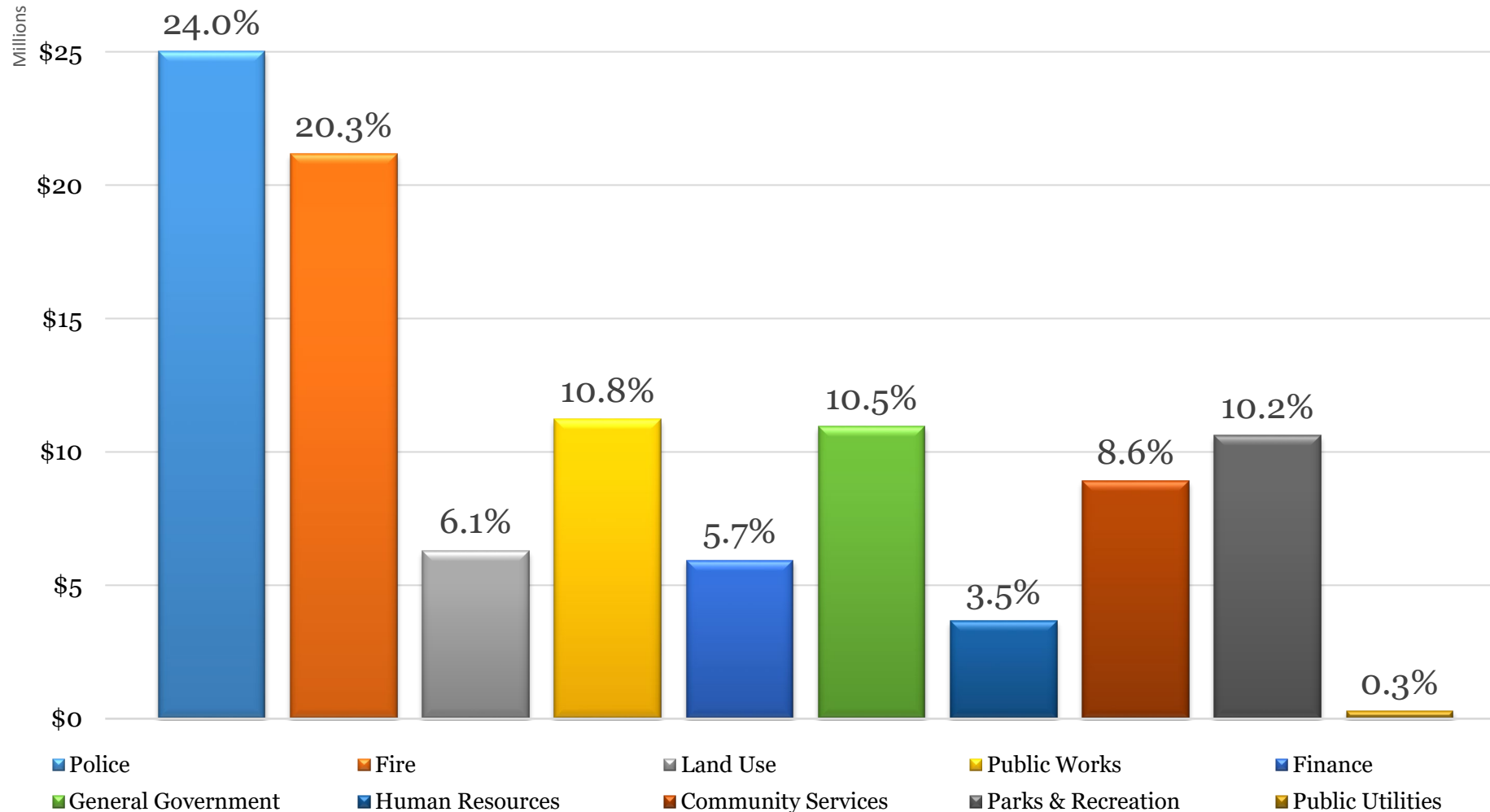
FY20 All Funds, Budgeted Expenditures by Department & Category





FY20 Expenditures

FY20 General Fund - Budgeted Expenditures by Department

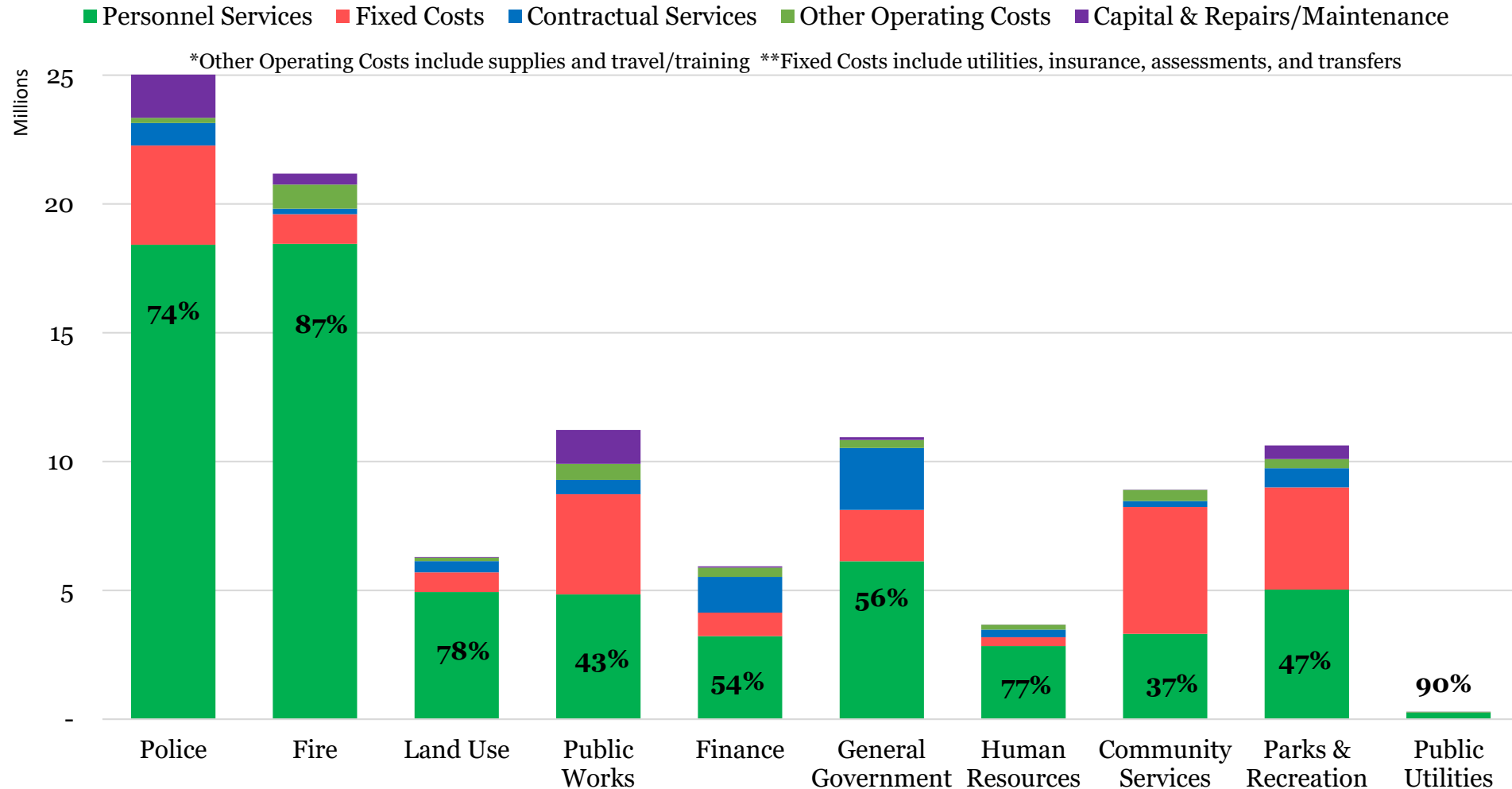




FY20 Budget- General Fund

Salaries and Benefits are 66% of all GF expenditures

General Fund Expenditures by Department & Category



2020 Economic Data



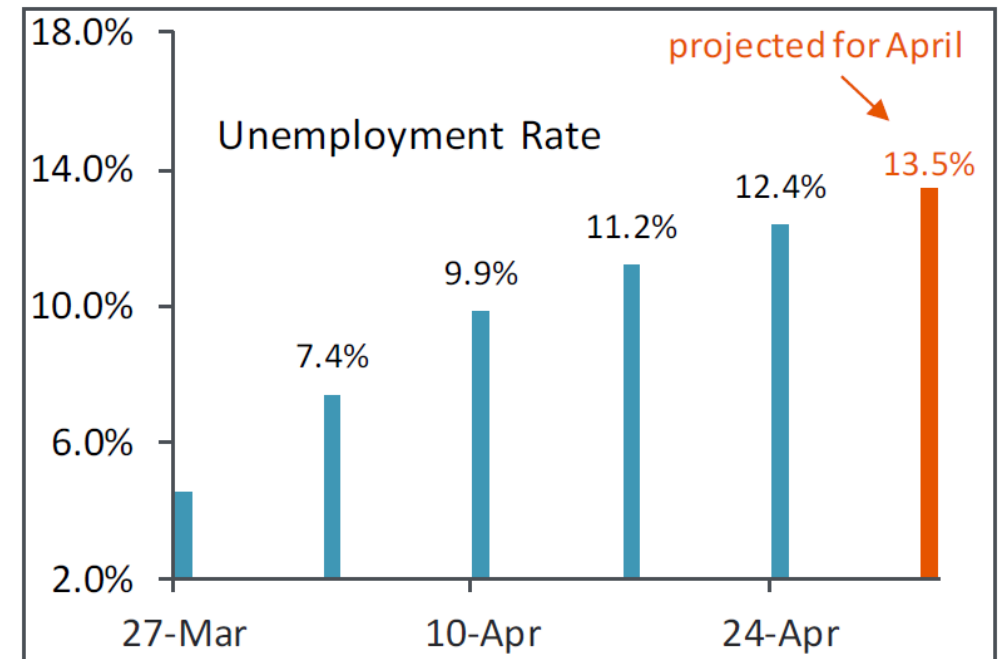
Initial Unemployment Claims by County, Week Ending Date

	3/21/20	3/28/20	4/4/20	4/11/20	4/18/20	4/25/20
Santa Fe	1,864	2,692	2,372	1,407	1,135	1,031
Statewide	18,113	27,854	26,142	19,047	12,964	11,321
New Mexico	10.3%	9.7%	9.1%	7.4%	8.8%	9.1%

Statewide weekly high during Great Recession was just over 3,000

Santa Fe's 6 Week Total – 10,501

Statewide 6 Week Total –Over \$115 thousand



Initial jobless claims in the US totaled 3.8 million in the week ending April 25th. The unemployment rate may increase to near 13.5% by the end of April.



2020 Economic Data

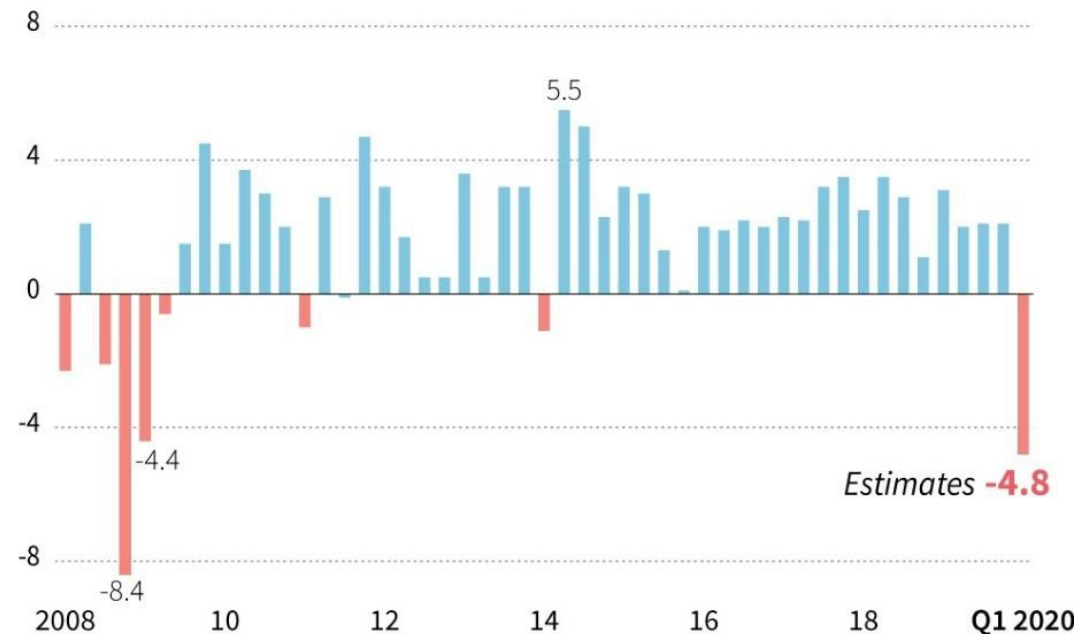
SANTA FE METROPOLITAN AREA EMPLOYERS		
Employer	Business	# of Employees
State of New Mexico	Government	20,000+
Christus St. Vincent	Healthcare	2000-3000
City of Santa Fe	Government	1000-2000
County of Santa Fe	Government	1000-2000
City Of Gold Casino	Tribal	500-999
Buffalo Thunder Resort and Casino	Tribal	500-999
Santa Fe Community College	Education	500-999
Wal-Mart	Retail	500-999
Eldorado Hotel and Spa	Tourism	250-499

2020 Economic Data



US GDP growth since 2008

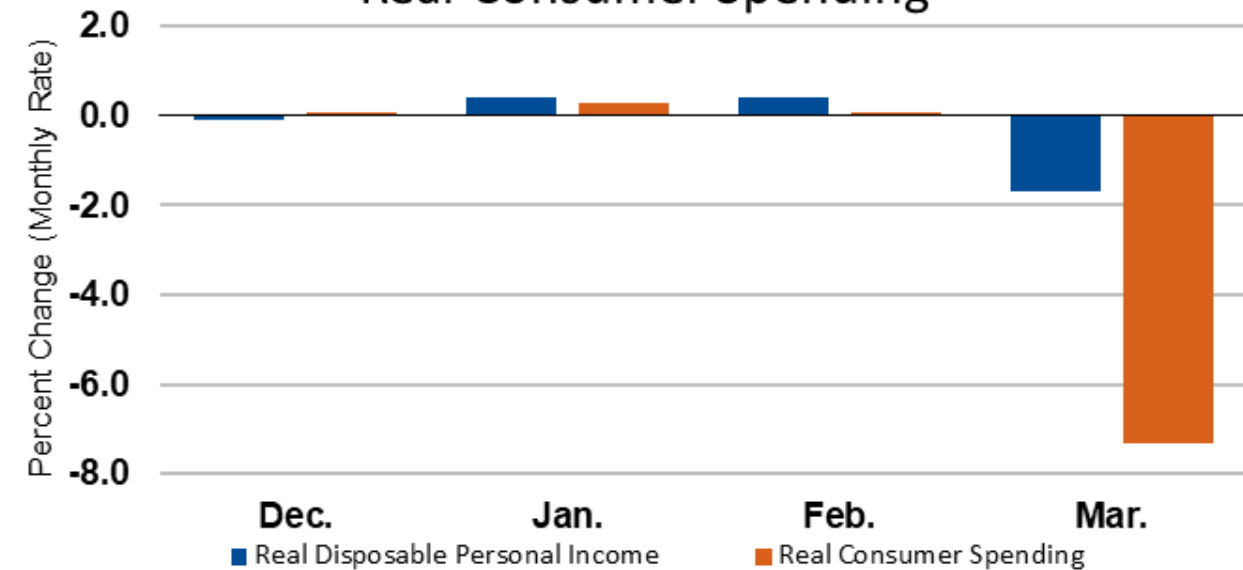
Real GDP, % change from previous quarter, annualized rate



Source: US Bureau of Economic Analysis

© AFP

Real Disposable Personal Income and Real Consumer Spending

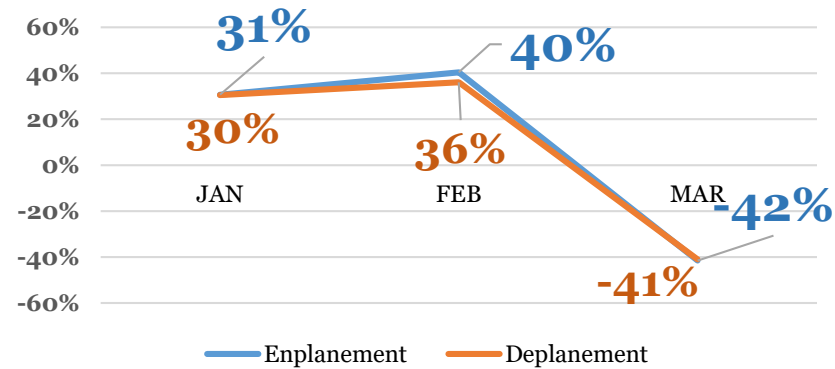


Source: Bureau of Economic Analysis

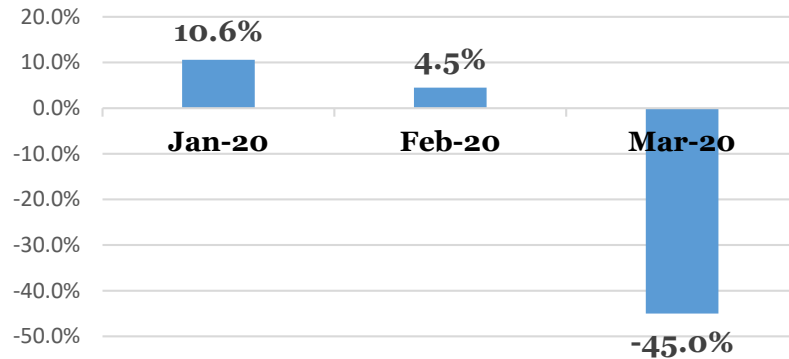


2020 Economic Data

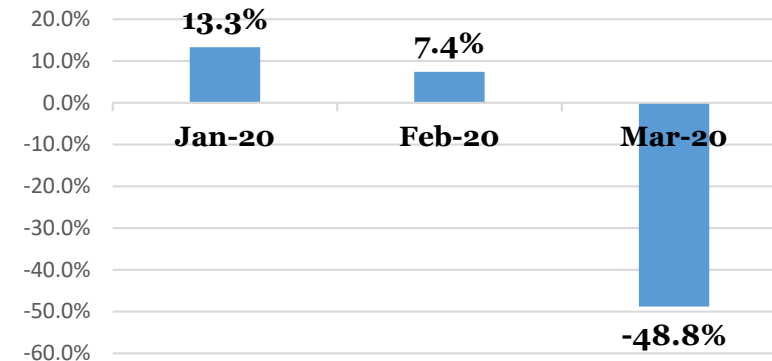
**Santa Fe Airport
Year over Year % Change
Enplanement & Deplanement**



**Hotel Occupancy
Year over Year - Percent Change**



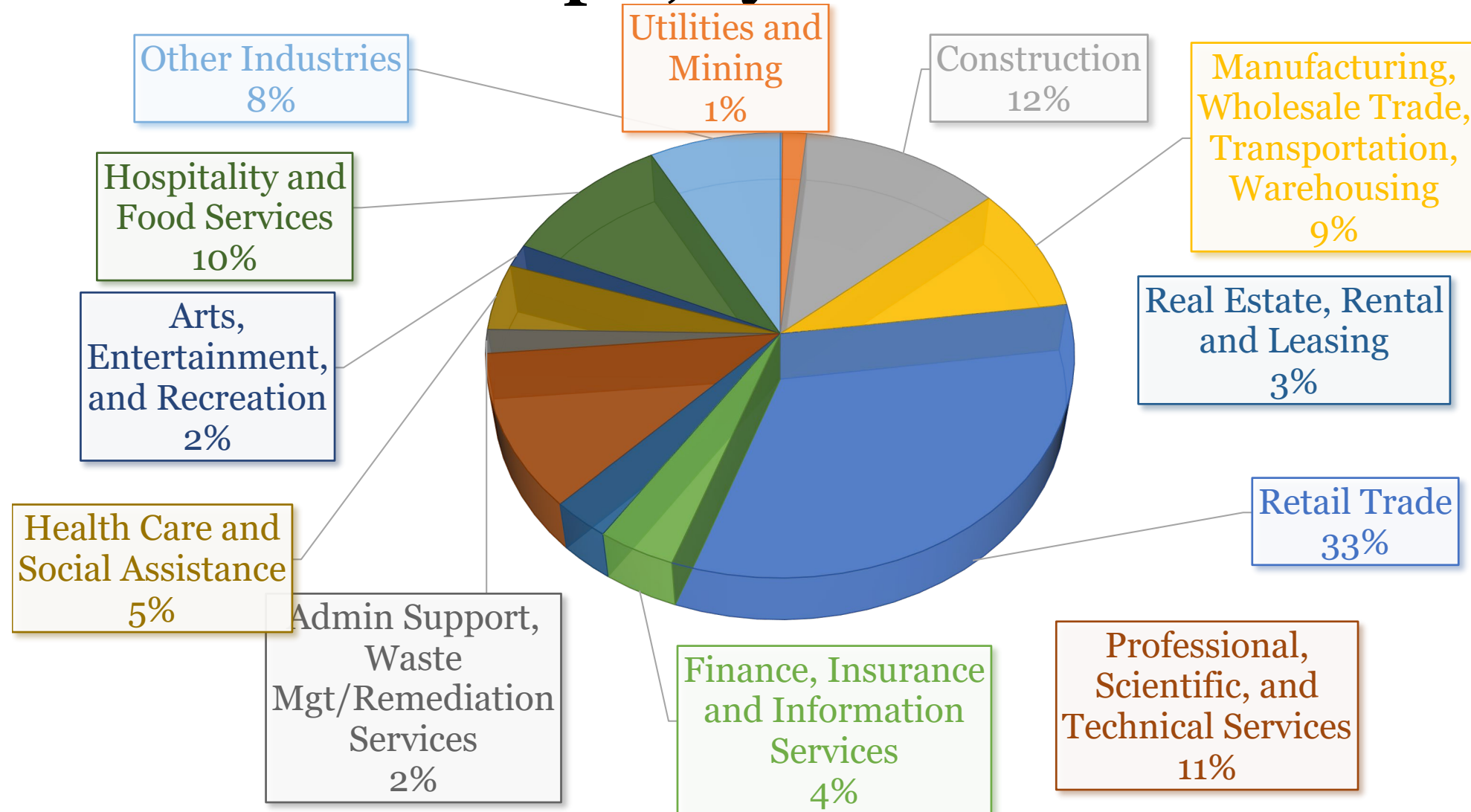
**RevPAR
Year over Year - Percent Change**





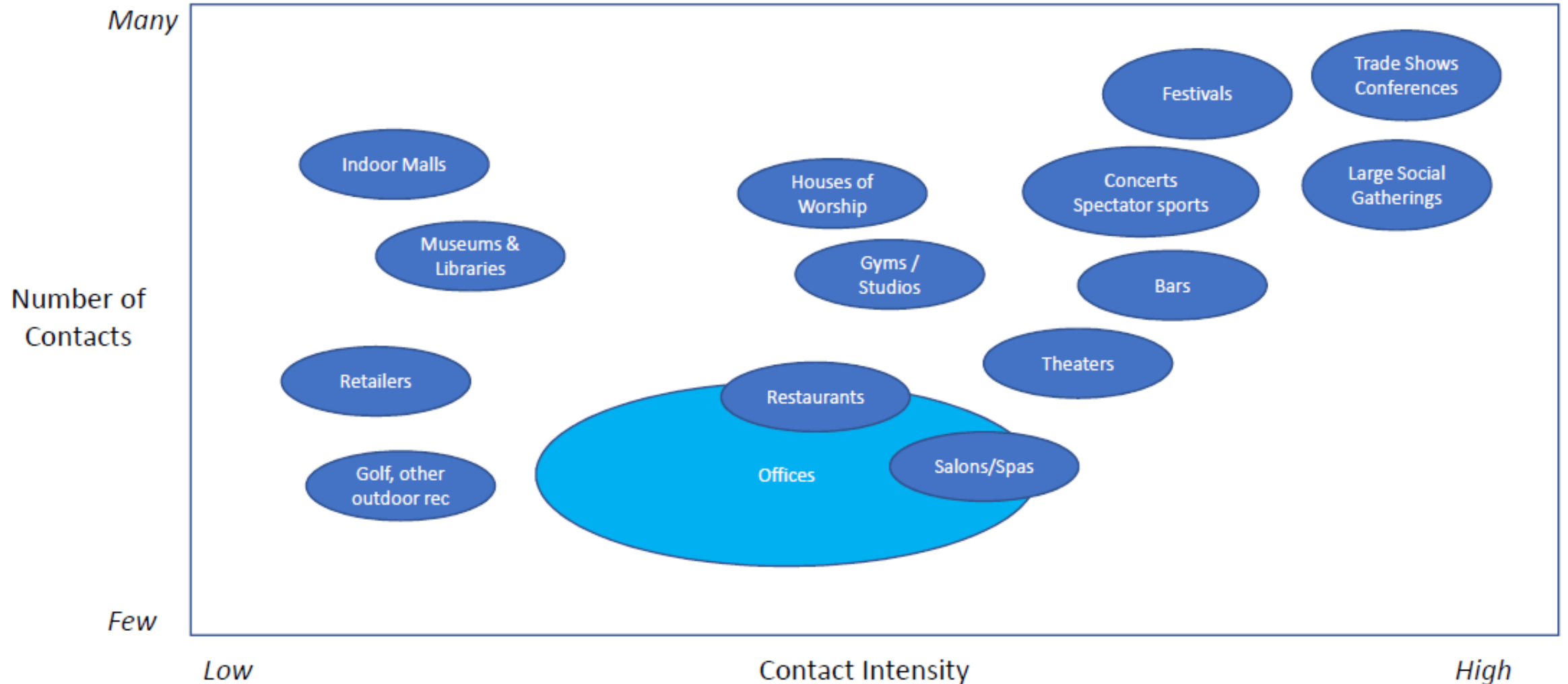
2020 Economic Data

Total Gross Receipts, by Sector





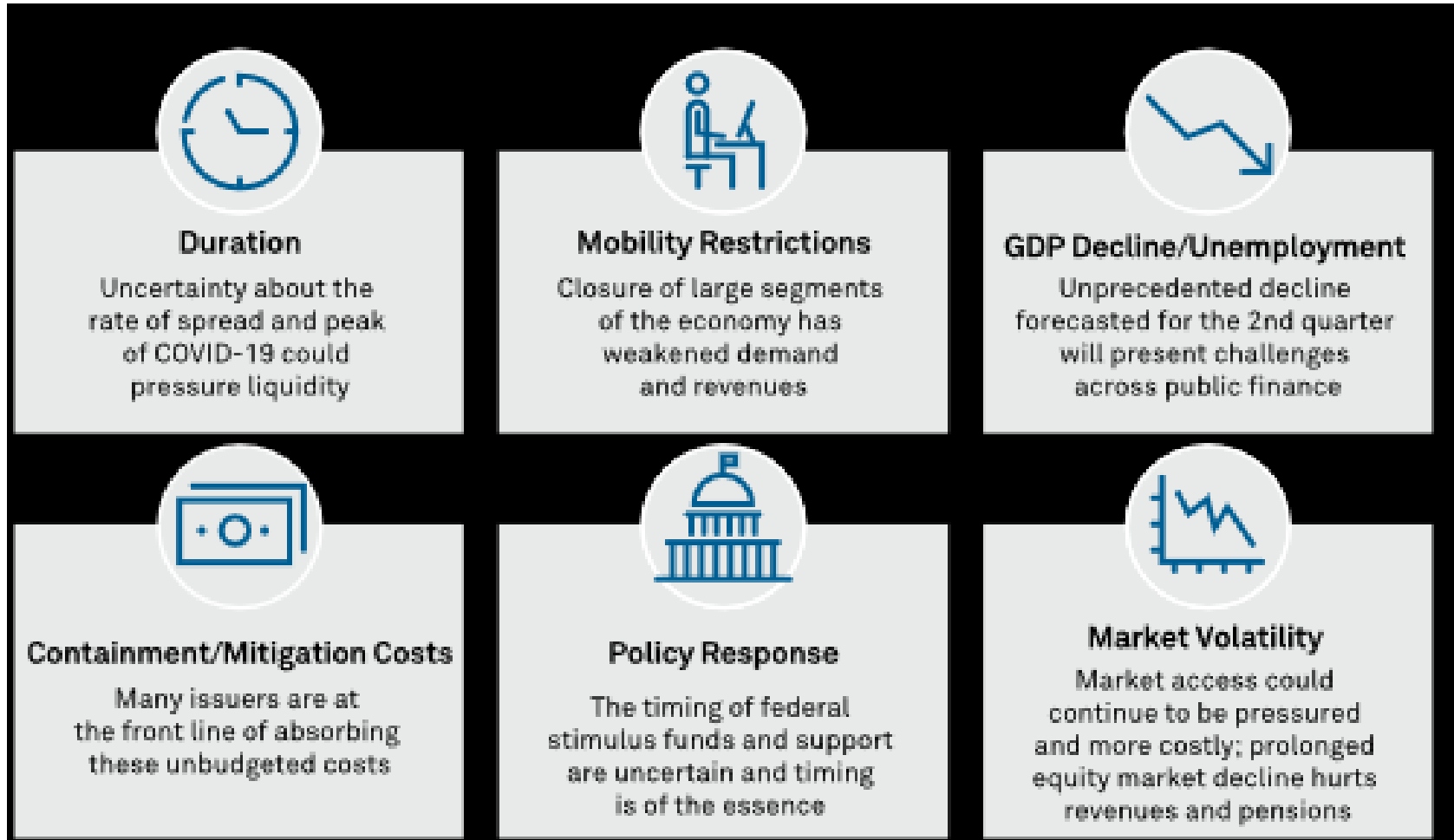
Public Health Emergency risk assessment framework guides economic reopening





FY21 Revenue Scenarios

For Discussion and Planning Purposes Only





What are other Municipalities are doing to close shortfall? NLC and USCM released survey highlight nationwide impacts

MUNICIPALITIES OF ALL SIZES

WILL FEEL THE ECONOMIC IMPACT OF COVID-19.

Nearly 100% of cities with populations above 50,000 will see a revenue decline this year.

96% OF ALL CITIES REPORT THAT
BUDGET SHORTFALLS ARE THE RESULT
OF UNANTICIPATED REVENUE DECLINES.

87%

of municipalities <50,000
anticipate a revenue shortfall this year

100%

of municipalities 200k-499,999
anticipate a revenue shortfall this year

98%

of municipalities 50k-199,999
anticipate a revenue shortfall this year

100%

of municipalities 500,000+
anticipate a revenue shortfall this year

**PRIMARY
FACTOR FOR
SHORTFALL**



53%

UNANTICIPATED REVENUE
DECLINE ONLY



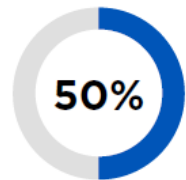
43%

UNANTICIPATED REVENUE
DECLINES AND UNANTICIPATED
EXPENDITURE INCREASES

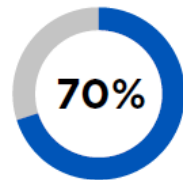


What are other Municipalities are doing to close shortfall? NLC and USCM released survey highlight nationwide impacts

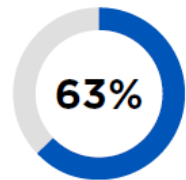
PUBLIC SERVICES WILL BE IMPACTED
BY THE ECONOMIC STRAIN OF COVID-19.



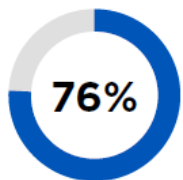
of municipalities <50,000
are anticipating having to cut
public services.



of municipalities 200k-499,999
are anticipating having to cut
public services.



of municipalities 50k-199,999
are anticipating having to cut
public services.



of municipalities 500,000+
are anticipating having to cut
public services.

MORE THAN **HALF** OF ALL CITIES OF ALL ALL SIZES
REPORTED THAT POLICE WILL BE AFFECTED.

CORONAVIRUS WILL HAVE A STAGGERING
IMPACT ON ALL MUNICIPAL EMPLOYMENT.

THERE WILL BE FURLOUGHS



26% OF MUNICIPALITIES <50,000
will have to furlough their employees

55% OF MUNICIPALITIES 50K-199,999
will have to furlough their employees

54% OF MUNICIPALITIES 200K-499,999
will have to furlough their employees

59% OF MUNICIPALITIES 500,000+
will have to furlough their employees

AND THERE WILL BE LAYOFFS

26% OF MUNICIPALITIES <50,000
will have to lay off their employees

36% OF MUNICIPALITIES 50K-199,999
will have to lay off their employees

39% OF MUNICIPALITIES 200K-499,999
will have to lay off their employees

47% OF MUNICIPALITIES 500,000+
will have to lay off their employees





Next Steps

FY20
Budget

- **June 1, 2020 - Submit FY20 Budget as Placeholder for FY21 to DFA**
- **Public, City Council and Employee Engagement**
- **Monitor FY20 Revenues, FY20 Budget Adjustments**

FY21
Budget

- **July 13 – July 29– FY21 Budget Hearings**
- **July 31, 2020 - Submit Revised FY21 Budget to DFA**

FY21
Budget

- **Monitor FY21 Revenues**
- **FY21 Budget Adjustments as necessary**