

**City of Santa Fe, NM**  
**Regular Committee**  
**Monday, May 18, 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 Minutes - May 5, 2020

[05-05-20 Finance Committee.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. PRESENTATION**

a. Budget Update (Mary McCoy, Finance Director, [mtmccoy@santafenm.gov](mailto:mtmccoy@santafenm.gov) 955-6171, Bradley Fluetsch, Financial Planning and Reporting Manager, [bjfluetsch@santafenm.gov](mailto:bjfluetsch@santafenm.gov), 955-6885)

[SUMMARY OF NEW MEXICO PUBLIC FINANCE LAWS APPLICABLE.pdf](#)

[Bond Overview 2020.pdf](#)

**8. CONSENT AGENDA**

a. Request for Approval of Amendment No. 3 to the Original PSA Contract No. 18-0910 to Mountain River Consulting for Providing Database, Development, Training and Support Services to the City of Santa Fe's Utility Billing Division. (Nancy Jimenez, Utility Billing Division Director, [nljimenez@santafenm.gov](mailto:nljimenez@santafenm.gov), 955-4364)

COMMITTEE REVIEW

Finance Committee (Scheduled)

05/18/2020

Governing Body (Scheduled)

05/27/2020

[COMBINED - Mountain River.pdf](#)

b. Request for the Approval of Amendment #8 to Service Contract 18-0552 in the Total Amount of \$974,346.77 plus applicable NMGR for annual Security Services for City Facilities; Universal Protection Services dba Allied Universal Security. (Burnett, Public Works Property Maintenance Manager, [jsburnett@santafenm.gov](mailto:jsburnett@santafenm.gov), 505-955-5933 Office / 505-795-2491 Mobile)

Committee Review:

PUC/PWC (scheduled) 05/26/20

Governing Body (scheduled) 05/27/20

[SB Security Summary of Contracts - signed.pdf](#)

[Allied Security #8 Council Packet- signed.pdf](#)

c. Request for Approval of a Sole Source Contract with Evoqua Water Technologies LLC in the Amount of \$204,630.00 Excluding NMGR, to Procure and Install Parts for the Secondary Clarifier at the WWMD Treatment Plant.

- Request for Approval of a Budget Increase BAR in the Amount of \$204,630 (Efran Morales, Wastewater Treatment Plant Operator, emmorales@santafenm.gov 955-4618)

COMMITTEE REVIEW

Finance Committee (Scheduled)

05/18/2020

Governing Body (Scheduled)

05/27/2020

[Item C BAR.pdf](#)

[COMBINED - Evoqua.pdf](#)

[Evoqua FIA .pdf](#)

d. Request for Approval of a Change Order No. 1 to the Original Construction Contract No. 19-0714 with TLC Company for the CWRTP Raw Water Supply Pipeline CIP # 3038C in the Amount of \$176,385.51 Excluding NMGR. (Robert Jorgenson, Water Division Engineer, rnjorgenson@santafenm.gov, 955-4265)

COMMITTEE REVIEW

Finance Committee (Scheduled)

05/18/2020

Governing Body (Scheduled)

05/27/2020

[COMBINED - TLC RWP.pdf](#)

e. Request for Award of Bid and Approval of the Construction Agreement with RMCI, Inc. for CIP # 957 for the Construction of Aeration System Improvement Project, in the Amount of \$10,735,875.00 plus \$907,538 (NMGR) for a total Amount of \$11,661,230.20 and to Include an Approximate 10% Contingency for a Total Project Cost of \$12,800,000.00 (James Martinez, Wastewater Engineer, jamaratinez@santafenm.gov, 955-4616)

COMMITTEE REVIEW

Finance Committee (Scheduled)

05/18/2020

Governing Body (Scheduled)

05/27/2020

[COMBINED - RMCI encrypted .pdf](#)

f. Request for Approval of Amendment No. 2 to the Original PSA Contract with AECOM Technical Services Inc. for the On-Call Engineering Services for CIP Projects in the Total Amount of \$542,188.00. (Robert Jorgenson, Water Division Engineer, rnjorgenson@santafenm.gov, 955-4265)

COMMITTEE REVIEW

Finance Committee (Scheduled)

05/18/2020

Governing Body (Scheduled)

05/27/2020

[COMBINED - AECOM.pdf](#)

## 9. DISCUSSION

a. Employee Health and Life Insurance Benefits. (AON, Bernadette Salazar, Human Services Director, bjsalazar@santafenm.gov, 955-6591)

[CoSF Finance Committee Presentation\\_05.18.2020.pdf](#)

**10. MATTERS FROM STAFF**

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

**12. ADJOURN**

**RECEIVED AT THE CITY CLERK'S OFFICE**

**DATE: May 15, 2020**

**TIME: 12:00 PM**

**SUMMARY OF ACTION  
FINANCE COMMITTEE MEETING  
VIA VIRTUAL VIEWING ATTENDANCE  
MONDAY, MAY 18, 2020, 5:00 PM**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b>CALL TO ORDER</b>		<b>1</b>
<b>ROLL CALL</b>	<b>QUORUM</b>	<b>1-2</b>
<b>APPROVAL OF AGENDA</b>	<b>APPROVED</b>	<b>2</b>
<b>APPROVAL OF CONSENT AGENDA</b>	<b>AMENDED/APPROVED</b>	<b>2</b>
<b>APPROVAL OF MINUTES</b>	<b>APPROVED</b>	<b>2</b>
<b>EXECUTIVE SESSION (IF NECESSARY)</b>	<b>NONE</b>	<b>2-3</b>
<b><u>PRESENTATION</u></b>		
<b>BUDGET UPDATE</b>	<b>INFORMATION/DISCUSSION</b>	<b>3-5</b>
<b><u>CONSENT AGENDA</u></b>		
<b>REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO THE ORIGINAL PSA CONTRACT NO. 18-0910 TO MOUNTAIN RIVER CONSULTING FOR PROVIDING DATABASE, DEVELOPMENT, TRAINING AND SUPPORT SERVICES TO THE CITY OF SANTA FE'S UTILITY BILLING DIVISION.</b>	<b>AMENDED/APPROVED</b>	<b>5-8</b>
<b>REQUEST FOR THE APPROVAL OF AMENDMENT #8 TO SERVICE CONTRACT 18-0552 IN THE TOTAL AMOUNT OF \$974,346.77 PLUS APPLICABLE NMGR T FOR ANNUAL SECURITY SERVICES FOR CITY FACILITIES; UNIVERSAL PROTECTION SERVICES DBA ALLIED UNIVERSAL</b>	<b>APPROVED</b>	<b>8-9</b>

## **SECURITY.**

**REQUEST FOR APPROVAL OF A  
SOLE SOURCE CONTRACT WITH  
EVOQUA WATER TECHNOLOGIES  
LLC IN THE AMOUNT OF \$204,630.00  
EXCLUDING NMGR, TO PROVIDE AND  
INSTALL PARTS FOR THE SECONDARY  
CLARIFIER AT THE WWMD TREATMENT  
PLANT.**

**APPROVED ON CONSENT 9**

**REQUEST FOR APPROVAL OF A  
CHANGE ORDER NO. 1 TO THE  
ORIGINAL CONSTRUCTION CONTRACT  
NO. 19-0714 WITH TLC COMPANY FOR  
THE CWRTP RAW WATER SUPPLY  
PIPELINE CIP # 3038C IN THE AMOUNT  
OF \$176,385.51, EXCLUDING NMGR.**

**APPROVED ON CONSENT 9**

**REQUEST FOR AWARD OF BID AND  
APPROVAL OF THE CONSTRUCTION  
AGREEMENT WITH RMCI, INC. FOR  
CIP # 957 FOR THE CONSTRUCTION OF  
AERATION SYSTEM IMPROVEMENT  
PROJECT, IN THE AMOUNT OF  
\$10,735,875.00 PLUS 097,538 (NMGR)  
FOR A TOTAL AMOUNT OF  
\$11,661,230.20 AND TO INCLUDE AN  
APPROXIMATE 10% CONTINGENCY  
FOR A TOTAL PROJECT COST OF  
\$12,800,000.00.**

**APPROVED ON CONSENT 9**

**REQUEST FOR APPROVAL OF  
AMENDMENT NO. 2 TO THE ORIGINAL  
PSA CONTRACT WITH AECOM  
TECHNICAL SERVICES INC. FOR THE  
ON-CALL ENGINEERING SERVICES  
FOR CIP PROJECTS IN THE AMOUNT  
OF \$542,188.00.**

**APPROVED ON CONSENT 9**

## **DISCUSSION**

**EMPLOYEE HEALTH AND LIFE  
INSURANCE BENEFITS**

**INFORMATION/DISCUSSION 10-16**

<b>MATTERS FROM STAFF</b>	<b>INFORMATION/DISCUSSION</b>	<b>16-17</b>
<b>MATTERS FROM THE COMMITTEE/CHAIR</b>	<b>NONE</b>	<b>17</b>
<b>2021 BUDGET PLANNING</b>		
<b>ADJOURN</b>	<b>ADJOURNED</b>	<b>17</b>

**FINANCE COMMITTEE MEETING  
VIA VIRTUAL MEETING ATTENDANCE  
MONDAY, MAY 18, 2020, 5:00 PM**

**1. CALL TO ORDER**

The meeting of the Finance Committee, was called to order by Councilor Roman Abeyta, Chair, at 5:01 pm on Monday, May 18, 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 JoAnne Vigil Coppler  
Councilor Michael Garcia  
Mary McCoy, Director, Finance Department  
Shannon Jones, Director, Public Utilities  
John Romero, Interim Director, Public Works  
Joe Abeyta, City of Santa Fe  
Brad Fluetsch, Finance Department  
Alexis Lotero, Finance Department  
Carolynn Roibal, Finance Department  
Clayton Pelletier, Finance Department  
Fran Dunaway, Finance Department  
Andy Hopkins, Finance Department  
Kristine Mihelsic, City of Santa Fe  
Matthew Martinez, City of Santa Fe  
James Martinez, City of Santa Fe  
Sam Burnett, Public Works  
Peter Franklin, City of Santa Fe Bond Council  
George Williford, Hilltop Securities  
Robert Jorgenson, Water Division, Engineer

Joshua Elicio, Director, IT Department  
Bernadette Salazar, Director, Human Services  
Matthew Martinez, IAFF  
Marcos Esquibel, AFSCME Local 3999  
Elizabeth Martin, Stenographer

### **3. APPROVAL OF AGENDA**

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

**VOTE** The motion passed unanimously by roll call vote as follows:

Councilor Lindell, yes; Councilor Romero-Wirth, yes; Councilor Villarreal, yes; Councilor Cassutt-Sanchez, yes; Chair Abeyta, yes.

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

Chair Abeyta asked to pull item 8A for discussion.

Councilor Villarreal pulled item 8B for discussion.

**MOTION** A motion was made by Councilor Villarreal, seconded by Councilor Cassutt-Sanchez, to approve the consent agenda as amended.

**VOTE** The motion passed by roll call vote as follows:

Councilor Romero-Wirth, yes; Councilor Villarreal, yes; Councilor Cassutt-Sanchez, yes; Chair Abeyta, yes. (Councilor Lindell was not present at the time to vote.)

### **5. APPROVAL OF MINUTES**

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

**VOTE** The motion passed by roll call vote as follows:

Councilor Romero-Wirth, yes; Councilor Villarreal, yes; Councilor Cassutt-Sanchez, yes; Chair Abeyta, yes. (Councilor Lindell was not present at the time to vote.)

### **6. EXECUTIVE SESSION (IF NECESSARY)**



None.

## **7. PRESENTATION.**

### **A. BUDGET UPDATE**

Mr. Fluetsch reviewed a presentation on the City of Santa Fe budget update.

Mr. Williford reviewed a presentation on the City's debt service.

Both presentations were included in the packet.

Chair Abeyta said his takeaway from the presentation was that we are predicting that the City will have a \$100 million deficit next fiscal year. One expense we cannot cut is debt service.

Ms. McCoy said that is correct.

Chair Abeyta said the FY 2020 budget we adopted has \$32.2 million budgeted for debt service. This presentation shows \$21.8 million.

Mr. Fluetsch said he would look into that and get back with the Chair.

Mr. Franklin reviewed a presentation on New Mexico Public Finance Laws.

Councilor Villarreal said we did not go through the full document that is in the packet. Are we going to go into Special Funds more as related to revenue.

Ms. McCoy said we are happy to do that. What page are you referring to.

Councilor Villarreal said she was referring to slide 15, Special Fund Doctrine.

Mr. Franklin said he was not trying to give them options or limitations. He was just describing relevant points. If the City takes the revenue stream that it pledged for bonds obligations they need to be aware that the purchasers of the bonds, the bond holders, have a lien on the bonds. If they should fail the bond holders would sue the City and have first claim.

Councilor Villarreal stated that Mr. Franklin said we have special fund obligations and that the City could be compelled to raise taxes for the shortfall. Are you talking about property tax or GRT tax

Mr. Franklin said General Obligation Bonds. If property taxes are not sufficient to pay the bonds the bond holders can compel the City to raise property taxes to pay for

the bonds. For special funds bonds, if secured by GRT, the owners of those bonds have first claim to the one half percent of GRT. They have a priority claim over us.

Councilor Villarreal said that was helpful.

Councilor Romero-Wirth asked if the level of debt we had was appropriate for a City of our size prior to the pandemic.

Mr. Fluetsch said correct.

Councilor Romero-Wirth said this is unforeseen and no ones fault.

Mr. Fluetsch said correct. We borrowed against projected GRT. Now we have taken a massive hit.

Councilor Romero-Wirth asked can you talk about the kind of things these bond funds have allowed the City to do such as job creation.

Mr. Fluetsch said street repairs and repaving, job creation, to employ contractors, investments in facilities, to employ lots of Santa Feans and other things. Bond funds have been an important aspect to the overall Santa Fe economy.

Councilor Romero-Wirth asked isn't this the kind of spending that helps us out of a recession.

Mr. Fluetsch said yes it is.

Councilor Romero-Wirth said she does not think we need to be messing around with bond funds. It effects our bond ratings and the cost of the money.

Mr. Fluetsch said frankly, that is correct.

Councilor Rivera said to clarify, any bonds we did previously were done under the assumption of property taxes. We really don't need to raise property taxes.

Mr. Fluetsch said correct.

Councilor Romero-Wirth asked is there some talk about buying municipal bonds at the State or Federal level.

Ms. McCoy said there is, but it only applies to municipalities with populations over 250,000. It is the Federal government talking about that. Since we fall well below the population requirements we would have to apply for that under the State. We will get you more information on that process.

Councilor Romero-Wirth said there is also a penalty in the rate. So is that not an option for us.

Mr. Williford said not at this time in this form.

Councilor Romero-Wirth said the decisions we have to make are painful and tough due to the downturn in the economy.

Ms. McCoy thanked the three presenters.

Chair Abeyta thanked Ms. McCoy.

## **8. CONSENT AGENDA**

### **A. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO THE ORIGINAL PSA CONTRACT NO. 18-0910 TO MOUNTAIN RIVER CONSULTING FOR PROVIDING DATABASE, DEVELOPMENT, TRAINING AND SUPPORT SERVICES TO THE CITY OF SANTA FE'S UTILITY BILLING DIVISION.**

Chair Abeyta said he and Councilor Lindell heard this item at Public Works and Utilities. The concern we all had was if we should have a contract of this amount given what we are faced with. He asked for more information on the need for this contract to be presented at this meeting.

Councilor Cassutt-Sanchez said this is such a large amount. We are in the third year of a contract. Can it be taken in-house due to our financial crisis.

Councilor Villarreal said the problem with the contract is that it leaves us wide open. The deliverables are not clear. There is no specific end date. There is a potential for future contracts of this size. Is there IT staff who could help us with this. Maybe the contract should be managed by IT rather than Public Utilities. Is there a training plan for City employees to be trained to do the system upgrades and not only rely on contractors indefinitely.

Chair Abeyta said the same concerns were raised at Public Works.

Mr. Jones gave an overview of the current billing system and the path to implementing the new billing system.

Chair Abeyta asked if this item could be postponed so that Mr. Jones can come back with a plan using only half of this amount. This is a lot of money. He would like to see limitations on using the consulting money and a plan to get this done.

Councilor Romero suggested that the Committee could approve half of the amount and revisit this in six months to see what IT can do and how staff can be trained to do the work.

Councilor Lindell said her concern is the number of consulting hours we are using here. It is 5,200 hours. Basically, you could hire two and a half people at a salary of \$280,000 for this amount of money. She cannot support that. We have to deal with this. This is a luxury that we cannot afford. She does not understand why we need that amount of consulting. We have to find another way to get this done.

Councilor Vigil Coppler stated that she was not sure we want to train IT employees in a system that is going away. We don't have a very good billing system, but it has improved. With Councilor Romero-Wirth's idea we would revisit this in six months. We may lose more this way by losing the retired employee who is familiar with the system. It is a lot of money, but it has been said if the consulting hours are not needed the money will not be spent.

Councilor Rivera said this is to bring the current system to a point where it can be integrated into the new system. Is that all included in this amount.

Mr. Jones said yes.

Councilor Rivera stated this is a really old system. If we don't get this done how much do we stand to lose.

Mr. Jones said a tremendous amount of transactions. This is to help with the transition. Every week when the billing cycle is run we have to have all hands on deck to ensure everything goes as it should and that the information is correct. The billing is \$2.5 million. We need the resources to help staff be successful.

Councilor Rivera said he would hate to lose \$1 million to save \$700,000. Does the contract allow us to fund half of it and revisit it in 6 months.

Chair Abeyta said putting the entire \$700,000 in is a slippery slope as to what is expected.

Mr. Jones said that is why we put language in the contract for us to control the task orders. Having a contract in place by the beginning of the fiscal year is critical.

Councilor Rivera asked so the language to opt out is in the contract.

Mr. Jones said yes.

Chair Abeyta said he would like to hear from IT.

Mr. Elicio said he appreciated the conversation. It is in the process of maximizing efficiencies in the wake of the fiscal constraints. We are working now on our fiscal year strategies and looking at how we can augment or mitigate some of the costs we have. He has been working with Mr. Jones on issues as well. We have a tremendous amount on our plate now. Today IT is not dedicated to this operation. We are called in if an emergency occurs. The application is highly complex. It takes time to administer things effectively. We are shifting our priorities at this time. This is an antiquated system. We need to get off of the current system as fast and safely as we can. That system sunsets next year so it will no longer be supported by IBM. We need to ensure that the old system integrates into the new ERP system.

Mr. Elicio continued, from a bottom line perspective, we would have to reprioritize our time and projects and mitigate the costs to do this. This system requires specific knowledge to operate. He is not saying it cannot be done, but it will take time. We are shifting to E Government. We need to be mindful of that.

Councilor Cassutt-Sanchez asked have we reached the maximum of the contract in previous years.

Mr. Jones said the annual expense has been around \$300,000. The biggest chunk of the money has been spent to interface with Munis.

Councilor Cassutt-Sanchez asked do we expect to use all of these funds.

Mr. Jones said he did not believe that they would use the entire \$700,000 this fiscal year.

Councilor Lindell said in Public Works we were told that you were on track this year to use the entire amount of \$700,000.

Mr. Jones said he would get the actual numbers for the Committee.

Councilor Cassutt-Sanchez said she would rather pay City employees than contractors. She would like to look at an exit strategy as well as look at the proposal Councilor Romero-Wirth suggested.

Councilor Villarreal said she is still unclear about the integrity of the system as part of the ERP plan.

Mr. Elicio said that is a priority for the next fiscal year. We have worked with Mr. Jones' folks for the last six months. He views this as a mini ERP. A lot of upgrades have had to be made to this antiquated system. Then there is the interfacing with Munis. Mountain River is integral to this project.

Councilor Villarreal said she sees the needed expertise you are referring to, but

she also sees IT expertise that could be brought in. She does not like the term “mini ERP”. That does not sound appealing to her. She does not feel like this contract defines the parameters of the deliverables. It needs to be clear on the deliverables and how our staff will be part of this. It needs to be sent back for clarity and to rescope it.

Councilor Vigil Coppler said this is just to complete the utility billing system. We are still on a dinosaur system. She was a victim several years ago of large issues with the utility bills. Customers are not complaining anymore. If we interrupt this transition we may go back to more issues like we had before. There is too much risk in throwing the baby out with the bath water.

**MOTION** A motion was made by Councilor Lindell, seconded by Councilor Cassutt-Sanchez, to approve one half of the amount of the contract and to review this again in six months.

**VOTE** The motion passed on a roll call vote of 4 yes and 1 no as follows:

Councilor Romero-Wirth, yes; Councilor Villarreal, **no**; Councilor Cassutt-Sanchez, yes; Councilor Lindell, yes; Chair Abeyta, yes.

**B. REQUEST FOR THE APPROVAL OF AMENDMENT #8 TO SERVICE CONTRACT 18-0552 IN THE TOTAL AMOUNT OF \$974,346.77 PLUS APPLICABLE NMGRS FOR ANNUAL SECURITY SERVICES FOR CITY FACILITIES; UNIVERSAL PROTECTION SERVICES DBA ALLIED UNIVERSAL SECURITY.**

Councilor Villarreal stated that she wanted to understand this better since our security needs have changed due to the closure of facilities. What does that look like and is there a possibility of reduced costs.

Mr. Burnett said Allied had been willing to work with us to adjust the levels of security due to the virus. They bill us by the hours spent, not by a monthly flat fee. We have reduced the amount of hours in the last several months.

Councilor Villarreal asked if this is the maximum amount and if the amount could be lowered in the next budget cycle.

Mr. Burnett said yes, this is the maximum amount. There is a cap on the services. An attachment is included in your packet that is a spread sheet on the contract.

Councilor Villarreal said she wanted to make sure we have been looking at that.

**MOTION** A motion was made by Councilor Villarreal, seconded by Councilor Lindell, to approve the request.

**VOTE** The motion passed unanimously by roll call vote as follows:

Councilor Lindell, yes; Councilor Romero-Wirth, yes; Councilor Villarreal, yes; Councilor Cassutt-Sanchez, yes; Chair Abeyta, yes.

**C. REQUEST FOR APPROVAL OF A SOLE SOURCE CONTRACT WITH EVOQUA WATER TECHNOLOGIES LLC IN THE AMOUNT OF \$204,630.00 EXCLUDING NMGR, TO PROCURE AND INSTALL PARTS FOR THE SECONDARY CLARIFIER AT THE WWMD TREATMENT PLANT.**

**\* REQUEST FOR APPROVAL OF A BUDGET INCREASE BAR IN THE AMOUNT OF \$204,630.00.**

Approved on consent.

**D. REQUEST FOR APPROVAL OF A CHANGE ORDER NO. 1 TO THE ORIGINAL CONSTRUCTION CONTRACT NO. 19-0714 WITH TLC COMPANY FOR THE CWRTP RAW WATER SUPPLY PIPELINE CIP # 3038C IN THE AMOUNT OF \$176,385.51, EXCLUDING NMGR.**

Approved on consent.

**E. REQUEST FOR AWARD OF BID AND APPROVAL OF THE CONSTRUCTION AGREEMENT WITH RMCI, INC. FOR CIP # 957 FOR THE CONSTRUCTION OF AERATION SYSTEM IMPROVEMENT PROJECT, IN THE AMOUNT OF \$10,735,875.00 PLUS \$907,538 (NMGR) FOR A TOTAL AMOUNT OF \$11,661,230.20 AND TO INCLUDE AN APPROXIMATE 10% CONTINGENCY FOR A TOTAL PROJECT COST OF \$12,800,000.00.**

Approved on consent.

**F. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO THE ORIGINAL PSA CONTRACT WITH AECOM TECHNICAL SERVICES INC. FOR THE ON-CALL ENGINEERING SERVICES FOR CIP PROJECTS IN THE AMOUNT OF \$542,188.00.**

Approved on consent.

## **9. DISCUSSION**

### **A. EMPLOYEE HEALTH AND LIFE INSURANCE BENEFITS**

Ms. Salazar reviewed the memorandum that was included in the packet.

Ms. Salazar introduced Dawn Montano and Todd Burley from AON Consulting who were present to offer any specifics necessary.

Chair Abeyta said we have had this presentation more than once. He would like to focus on options.

Ms. Montano reviewed the City of Santa Fe Renewal Options report that was in the packet.

Councilor Villarreal asked if the limit for PT or massage is reached what happens if it is still needed.

Ms. Montano said the benefit would no longer be covered by the plan. The cost would be 100% the responsibility of the employee.

Councilor Romero-Wirth said you mentioned three options. Do they all get us to the same point as to savings.

Ms. Montano said they each get to a different budget number. The renewal amount if we keep the same plan you have now will be an additional cost to the budget of \$1.4 million.

Chair Abeyta said on Option 1 it saves us a bit over \$300,000.

Ms. Montano said yes.

Councilor Cassutt-Sanchez asked about the maximum amount of treatments for naturopathy, chiropractic, massage and acupuncture treatment.

Councilor Vigil Coppler said there are pages missing that you are talking about. Are the numbers the same.

Ms. Salazar said this was a discussion item for our Advisory Committee meeting and we worked with the Union leadership on this as well. With the deadline for the packet we were unable to get the revised information into the packet. The numbers are the same.

Ms. Salazar said the Fire Union had concerns about being with the others and



wanted to stay separated. The totals are the same.

Councilor Vigil Coppler asked will you be speaking to that.

Ms. Salazar said yes.

Chair Abeyta said he would like to hear the other options.

Councilor Lindell asked would you clarify what the contributions of the City and the employees are.

Ms. Montano explained the slide that was shown regarding these amounts.

Councilor Lindell said so the tax payers (the City) pay 80% and the employees pay 20%.

Chair Abeyta said with Option 2 we save \$450,000 approximately.

Councilor Villarreal said it would be helpful to see the comparisons.

Chair Abeyta said so we are reducing the increase to benefits for renewal. It would be helpful to see the numbers side by side for each option for comparison.

Ms. Montano said she will put that information together for the Committee and the Council.

Chair Abeyta said Option 3 would keep the renewal budget basically flat with a \$64,000 increase. It incorporates higher deductibles and co-pays. So it is a savings of over \$1 million.

Ms. Montano said that is correct.

Chair Abeyta said it would be helpful if we had a comparison to the State of New Mexico employee benefits package and the City of Albuquerque.

Ms. Montano said in the appendix there is a side by side comparison to State and National benchmarks. We have obtained the Santa Fe County benefits as well and they will be added.

Chair Abeyta asked can you tell us from what that says if we are richer in our plan than either of those entities.

Mr. Burley said he would get that information for him.

Chair Abeyta asked is Option 3 still richer than the State and County.

Mr. Burley said it is in the ballpark of both.

Chair Abeyta asked is it better or worse.

Mr. Burley said it is less richer than both due to the deductible amounts. It is slightly less rich.

Ms. Salazar said we have forecasted a deficit to the fund balance of \$2 million by June 30<sup>th</sup>. The Reserve is in place at \$1.6 million. The net balance will be \$2.5 million by June 30<sup>th</sup>. That does not include the changes in the renewal.

Chair Abeyta said previous administrations knew we would always have increases. That was the rationale for the Reserve.

Mr. Burley said City Council passed a requirement to always keep \$5 million in Reserves.

Councilor Romero-Wirth asked have we added to our Reserve over time to replenish it.

Mr. Burley said yes, when revenues exceed costs. This year costs exceed revenues.

Councilor Romero-Wirth asked the forecasted deficits and IBNR, are they in line with what we have seen before.

Mr. Burley said it has gone up over the years. This year was a deficit.

Councilor Villarreal said she is wondering, are these scenarios based on trends. Are we trying to provide the best coverage for what our employees use the most.

Mr. Burley said with Option 1 there is no extra hardship on the employee. With Option 2 it is still richer than the State or County. With Option 3 there are much larger deductibles and co-pays. The only benefit that does not align with employee use is the category of naturopathy, acupuncture, chiropractic and massage.

Councilor Villarreal asked what are the major medical procedures that are used most by our employees.

Mr. Burley said it is spread out.

Councilor Vigil Coppler said Option 1 saves the City the most money. Are most of the increased costs to the employees.

Mr. Burley said yes, that is correct.

Councilor Vigil Coppler asked what is the possibility of using the Fund balance for some of the option expenses.

Mr. Burley said the City would have to cover that.

Councilor Vigil Coppler asked that the revised presentation be sent to the Committee.

Councilor Cassutt-Sanchez said we need to protect the Fund Balance.

Mr. Burley said yes.

Councilor Cassutt-Sanchez said she echos Councilor Villarreal's statement to see trends in the needs of the employees. She is also interested in seeing more about the massage treatments. Were they in line with medical issues.

Mr. Burley said that is tough to gage. We are trying to see that it is not misused. The City of Santa Fe claims for massages exceed the national benchmarks. We will see what we can do to get more information.

Councilor Cassutt-Sanchez said these three options are not the only options we can look at as we discuss this. We don't want our plan less rich than the State and County.

Chair Abeyta said he recalled that we had an increase in the plan last year as well.

Ms. Salazar said yes, 9%.

Chair Abeyta said and we are still running at a deficit.

Ms. Salazar said correct. We have had some really high claims.

Mr. Burley said the claims increased by 15%.

Chair Abeyta said all the options combine the Fire Union members with the rest of the employees. Is that typical in other entities.

Ms. Montano said we do not see clients with separate plans for certain employees. That is not typical.

Chair Abeyta said he appreciates that members of the Union leadership have joined us for this meeting. He would like to allow them to speak.

Mr. Martinez said thank you for allowing us to address you tonight. All the

Unions agreed to work together with the City on this issue. We would like to wait until fall to see where we are before we make changes.

Mr. Martinez made the following comments and asked the following questions:

- On page 3, regarding the negative Fund Balance for June. The City has the \$2 million to cover that so the City does not have to put anymore in.
- Option 1 is the closest to what we have now.

Ms. Montano said it is an increase to both the City and the employees, but the percentage stays the same with the City paying the same as is indicated in the Union contract.

- The City and the employees will see increases. If there is any excess it will go to the Fund, right.

Ms. Montano said we projected the costs to Signa and the stop loss. If claims come in higher than we expect that will change. There would be less surplus to go into the Fund. These options are priced to break even.

- The changes are to revenue in and claims out without using the Fund for the loss.

Mr. Burley said correct.

- Right now there is money in that Fund to pay off the deficit.

Mr. Burley said the City Council declared that they wanted to keep a minimum in the Fund Balance.

- He wanted to be sure that the deficit is not coming from the City or the employees.
- We have not seen the information presented regarding examples of how the plan would work. Is the example of a single individual. Most of the plans are family plans. How many are family and how would this effect those.

Mr. Burley said most members are not going to hit the out of pocket maximum.

- How can we get a copy of the examples and the proposal. The percentages paid by the City and by the employees are set during negotiations. We hope we can look at all this information openly.

- To the muscular/skeletal claims, we will be happy to get more information from Signa on that. More information can clear up how the benefit is used. If there is abuse of those services you should talk to Signa about ways to decrease the abuse.
- He looks forward to working with HR to make the plan solvent.

Mr. Esquibel said thank you for this opportunity to address you. Remember the 1,400 City employees are tax payers too.

Mr. Esquibel made the following comments and asked the following questions:

- He would like to know if the Council action to require a minimum balance in the Fund was done by resolution or a formal action.
- In Option 1 in column K, row 23, there is an increase to the City and the employees for premiums. It does not show an increase for employees for services, but it was talked about today. We also don't see any changes to prescriptions.
- In Option 2 he would like to request to see examples of all three options of how the plan would work.

Mr. Burley said with Option 1 there is no extreme hardship for employees.

Chair Abeyta thanked both Mr. Martinez and Mr. Esquibel for their participation and asked staff to prepare the documents they requested and the information that the Committee requested so we can see it prior to Council next week.

Ms. Salazar said the Benefits Advisory Committee will meet, this goes to Public Works and Utilities next Tuesday and to Council on Wednesday.

Chair Abeyta said we need to address the concerns and get the comparisons with the State plan. Thank you to the other Councilors who joined us. If we choose to offer our employees a less rich plan than the State or County he will not vote for it.

Councilor Villarreal asked we are looking at voting on this next week. There are data pieces missing. Do we have more time. It is not realistic to have this figured out by next week.

Ms. Salazar said we have a compressed time limit to allow for having to have open enrollment with the new information to distribute to employees. She can check.

Ms. Salazar said the Signa report on claims was presented to Council in

February. She will get an update on that.

Councilor Villarreal said comparison data on options 1-3 is needed as well.

Councilor Cassutt-Sanchez asked have we looked at how the State does their health plan by salary. Is that something that has been explored.

Chair Abeyta asked is it that the less you make, the less you pay.

Councilor Cassutt-Sanchez said she thinks so.

Chair Abeyta asked that it be included in the materials they are getting together for the Committee as well.

Mr. Burley said it is a bracketed plan. We have to have certain percentages in the Union contract.

## **10. MATTERS FROM STAFF**

Ms. McCoy said the memo you received from her today shows a projected deficit of \$100 million for fiscal year 21. We plan to bring options to you in July. This is an unprecedented time. She looks forward to continuing these sessions with you. Please let us know if there are specific subjects you want more information on.

Chair Abeyta said depending on the Departments and the services provided one of the three major committees will get a first look at the budgets prior to the budget hearings.

Ms. McCoy said that is correct. Ahead of the budget hearings in July.

Chair Abeyta asked so a lot of debate will be done before the Finance Committee budget hearings.

Ms. McCoy said correct.

Councilor Villarreal asked does the memo explain how we get to the \$100 million deficit.

Ms. McCoy said what sectors of the economy are reopening at what time and at what capacity is being used to project going forward. Historical data does not give us insight on this.

Councilor Romero-Wirth said thank you for the memo and the analysis. She appreciates that you are looking at what is opening and when. Another point is that we

do not know what the public will do. These are all best guesstimates.

Ms. McCoy said correct. Our hotels are at 25% capacity now. Some are at that number and some are not.

Councilor Romero-Wirth said she wanted to point that out. She appreciates the Finance Director trying to give us some kind of framework. There is a lot of unknown.

Ms. McCoy said as we get the data we will make adjustments.

Chair Abeyta thanked Ms. McCoy. Starting today he would like to look at funds such as Utilities.

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

None.

**12. ADJOURN**

There being no further business before the Committee the meeting adjourned at 8:30 pm.

---

Councilor Roman Abeyta, Chair



---

Elizabeth Martin, Stenographer