



Agenda

Finance Committee Meeting
January 20, 2009
City Council Chambers

CITY CLERK'S OFFICE

DATE 1/16/09 TIME 1:50pm
SERVED BY Yolanda Green
RECEIVED BY [Signature]

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

JANUARY 5, 2009

MATTERS FROM THE COMMITTEE:

6. REQUEST FOR APPROVAL OF UPDATED 2008 PARKS BOND IMPLEMENTATION PLAN (ROBERT ROMERO)
7. UPDATE ON POSTING OF DIRECT DEBIT UTILITY ACCOUNTS (PETER ORTEGA)

CONSENT AGENDA:

8. BID OPENINGS:
 - A. BID NO. 09/20/B – ARROYO CHAMISO TRAIL EXTENSION AND CONSTRUCTION AGREEMENT; STAR PAVING COMPANY (LEROY PACHECO)
 - B. BID NO. 09/21/B – EAST DE VARGAS PARK RENOVATION AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; WESTWIND LANDSCAPE CONSTRUCTION, INC. (BEN GURULE)
9. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 4 – POLICE DEPARTMENT RENOVATIONS; SAMCON, INC. (CHIP LILIENTHAL)
10. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – ZONA DEL SOL – PHASE II; LOCKWOOD CONSTRUCTION COMPANY (CHIP LILIENTHAL)
11. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – SANTA FE PLAZA RENOVATIONS – PHASE II; AIC GENERAL CONTRACTOR (CHIP LILIENTHAL)



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12. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – VARIOUS PARK AND PLAY STRUCTURES FOR PARKS, TRAILS AND WATERSHED DIVISION; THE PLAYWELL GROUP (BEN GURULE)
13. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – PUEBLOS DEL SOL TRAILS AND PARK IMPROVEMENTS; ADVANTAGE ASPHALT AND SEAL COATING, LLC (BEN GURULE)
14. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO GRANT AGREEMENT – INCREASES AGREEMENT FROM THREE (3) PROJECTS TO SIX (6) PROJECTS IN THE 2008 STATE OF NEW MEXICO SEVERANCE TAX PROJECTS APPROPRIATION (DAVID CHAPMAN)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – MRC CIP AND CONVENTION CENTER FUNDS
15. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO COOPERATIVE PROJECT AGREEMENT – SANTA FE RAILYARD BIKEWAYS AND WALKWAYS PROJECT; NEW MEXICO DEPARTMENT OF TRANSPORTATION (BOB SIQUEIROS)
16. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 18 – SANTA FE COMMUNITY CONVENTION CENTER; CAMERON SWINERTON, LLC (MARTIN VALDEZ)
17. REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO LEGAL SERVICES AGREEMENT – LEGAL SERVICES FOR BUCKMAN DIRECT DIVERSION PROJECT; MODRALL SPERLING, P.A. (RICK CARPENTER)
18. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR GENERAL FUND FROM WILDLAND FIRES IN AND OUT OF STATE (CHIEF CHRIS RIVERA)
19. REQUEST FOR APPROVAL OF BUDGET INCREASE FOR TIERRA CONTENTA EFFLUENT LINE PROJECT GRANTS (SOUTHWEST SECTOR EFFLUENT LINE) (BRYAN ROMERO)
20. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – PROVIDES PSYCHOLOGICAL SCREENINGS TO POLICE AND FIRE CANDIDATES FOR EMPLOYMENT; ELISABETH SCHERF PERRY, PHD (KRISTINE KUEBLI)
21. REQUEST FOR APPROVAL OF BUDGET INCREASE FROM DEPARTMENT OF TOURISM FOR CREATIVE CITIES CONFERENCE (SABRINA PRATT)



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22. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – ELEMENTARY SCHOOLS ARTWORKS PROGRAM; SANTA FE PUBLIC SCHOOLS (SABRINA PRATT)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND
23. REQUEST FOR APPROVAL OF CARRY FORWARD AMOUNTS FROM FY 2007/2008 TO FY 2008/2009 FOR WAYFINDING AND SISTER CITIES (SABRINA PRATT)
24. REQUEST FOR APPROVAL OF GRANT AWARD – SANTA FE ARTS COMMISSION ARTWORKS PROGRAM; BRINDLE FOUNDATION (SABRINA PRATT)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND
25. REQUEST FOR APPROVAL OF SOLE SOURCE PROCUREMENT UNDER FEDERAL PRICE AGREEMENT – FIREFIGHTING SELF CONTAINED BREATHING APPARATUS FOR FIRE DEPARTMENT; FIRE SERVICE EQUIPMENT, INC. (CHARLIE VELARDE)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – FIRE PROPERTY TAX FUND
26. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – TWO (2) VEHICLES FOR WATER DIVISION; BOB TURNER'S FORD COUNTRY (ROBERT RODARTE)
27. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – ATHLETIC RECREATIONAL EQUIPMENT FOR GENOVEVA CHAVEZ COMMUNITY CENTER; GARDENSWARTZ TEAM SALES (PETER GREENE)
28. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT – DEVELOPMENT, IMPLEMENTATION AND PROGRAMS FOR THE CITY OF SANTA FE'S 400TH ANNIVERSARY; SANTA FE 400TH ANNIVERSARY (DARLENE GRIEGO)
29. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – SANTA FE TRAILS FY 2008/2009 RIDEFINDERS PROGRAM; NEW MEXICO DEPARTMENT OF TRANSPORTATION (JON BULTHUIS)



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30. REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO A REQUEST FOR APPROVAL OF FIRST QUARTER BUDGET ADJUSTMENTS ENDING SEPTEMBER 30, 2008 (CAL PROBASCO)
31. REQUEST FOR APPROVAL OF RESOLUTION CALLING UPON THE NEW MEXICO DEPARTMENT OF TRANSPORTATION TO CEASE USING A CERTAIN METHOD OF PAVING STATE HIGHWAYS THAT HAS PROVED TO BE DETRIMENTAL TO THE SAFETY OF BICYCLISTS (COUNCILOR BUSHEE) (BOB SIQUEIROS)

Committee Review:

Public Works Committee (Approved)
City Council (Scheduled)

January 12, 2009
January 28, 2009

Fiscal Impact – No

32. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING THE FEDERAL “SAFE ROUTES TO SCHOOLS” PROGRAM BY WORKING WITH THE SANTA FE PUBLIC SCHOOL DISTRICT TO IDENTIFY AND PROVIDE NECESSARY SAFETY IMPROVEMENTS TO ACCESS PUBLIC SCHOOLS (COUNCILORS DOMINGUEZ, CALVERT, BUSHEE AND TRUJILLO) (JOHN ROMERO)

Committee Review:

Public Works Committee (Approved)
Mayors Youth Advisory Board (Scheduled)
City Council (Scheduled)

January 12, 2009
January 20, 2009
January 28, 2009

Fiscal Impact – No

33. REQUEST FOR APPROVAL OF A RESOLUTION REQUESTING THAT UPRIGHT HEADSTONES BE INSTALLED IN THE SANTA FE NATIONAL CEMETARY (COUNCILOR BUSHEE, MAYOR COSS, COUNCILORS TRUJILLO AND ROMERO) (JEANNE PRICE)

Committee Review:

Public Works Committee (Approved)
City Council (Scheduled)

January 12, 2009
January 28, 2009

Fiscal Impact – No



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34. REQUEST FOR APPROVAL OF A RESOLUTION SPONSORING THE 2009 SANTA FE CHILDREN'S WATER FIESTA AND WAIVING THE FEE FOR THE USE OF THE SANTA FE COMMUNITY CONVENTION CENTER (COUNCILORS CALVERT, TRUJILLO, ORTIZ AND BUSHEE) (RANDY SUGRUE)

Committee Review:

Water Conservation Committee (Scheduled)
City Council (Scheduled)

January 13, 2009
January 28, 2009

Fiscal Impact – Yes

END OF CONSENT AGENDA

DISCUSSION:

35. CONSIDERATION OF RESOLUTION
A Resolution Endorsing and Adopting the Water Division 10 Year Financial Plan. (Gary Martinez) (Councilor Wurzbarger, Councilor Romero, Councilor Calvert and Mayor Coss)
- a) CONSIDERATION OF BILL NO. 2008-61:
An Ordinance Amending Chapter 25 SFCC 1987 Exhibit B, Water Rate Schedule 1; Increasing the Monthly Volume Rates and Monthly Service Charge by 9.50 Percent Per Year for Five Years for Residential, Multi-Family and Commercial Customers of the City's Water System. (Gary Martinez) (Councilor Wurzbarger, Councilor Romero and Mayor Coss)
 - b) CONSIDERATION OF BILL NO. 2008-66:
An Ordinance Amending Chapter 25 SFCC 1987 Exhibit B, Water Rate Schedule 1; Increasing the Monthly Volume Rates and Monthly Service Charge by 10.3% Per Year for Five Years for Residential, Multi-Family and Commercial Customers of the City's Water System.
 - c) CONSIDERATION OF BILL NO. 2008-67:
An Ordinance Amending Chapter 25 SFCC 1987 Exhibit B, Water Rate Schedule 1; Increasing the Monthly Volume Rates and Monthly Service Charge by 9.15% Per Year for Five Years for Residential, Multi-Family and Commercial Customers of the City's Water System.



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- d) **CONSIDERATION OF BILL NO. 2008-68:**
An Ordinance Amending Chapter 25 SFCC 1987 Exhibit B, Water Rate Schedule 1; Increasing the Monthly Volume Rates and Monthly Service Charge by 8.20% Per Year for Five Years for Residential, Multi-Family and Commercial Customers of the City's Water System.
- e) **CONSIDERATION OF BILL NO. 2008-69:**
An Ordinance Amending Chapter 25 SFCC 1987 Exhibit B, Water Rate Schedule 1; Increasing the Monthly Volume Rates and Monthly Service Charge by 7.20% Per Year for Five Years for Residential, Multi-Family and Commercial Customers of the City's Water System.
- f) Other Options for Implementing the Water Division 10 Year Financial Plan.

OTHER FINANCIAL INFORMATION:

- 36. UPDATE ON GROSS RECEIPTS TAX REPORT FOR JANUARY 2009 AND LODGERS' TAX REPORT FOR DECEMBER 2008 (HELENE HAUSMAN)
- 37. ADJOURN

Interpreter for hearing impaired is available through City Clerk's Office upon 5 days notice.

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Tuesday, January 20, 2009**

<i>ITEM</i>	<i>ACTION</i>	<i>PAGE</i>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-4
APPROVAL OF MINUTES: JANUARY 5, 2009	Approved	4
<u>MATTERS FROM THE COMMITTEE</u>		
REQUEST FOR APPROVAL OF UPDATED 2008 PARKS BOND IMPLEMENTATION PLAN	Discussion/direction to staff	2-6
UPDATE ON POSTING OF DIRECT DEBIT UTILITY ACCOUNTS	Information/discussion	5-7
<u>CONSENT CALENDAR DISCUSSION</u>		
BID NO. 09/20/B – ARROYO CHAMISO TRAIL EXTENSION AND CONSTRUCTION AGREEMENT; STAR PAVING COMPANY	Approved/direction to staff	7-8
REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – PUEBLOS DEL SOL TRAILS AND PARK IMPROVEMENTS; ADVANTAGE ASPHALT AND SEAL COATING, LLC.	Approved	8
REQUEST FOR APPROVAL OF CHANGE ORDER NO. 18 – SANTA FE COMMUNITY CONVENTION CENTER; CAMERON SWINERTON, LLC	Approved/condition	8-9
REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT – DEVELOPMENT, IMPLEMENTATION AND PROGRAMS FOR THE CITY OF SANTA FE'S 400TH ANNIVERSARY; SANTA FE 400TH ANNIVERSARY	Approved [amended]	9-10
REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING THE FEDERAL "SAFE ROUTES TO SCHOOLS" PROGRAM BY WORKING WITH THE SANTA FE PUBLIC SCHOOL DISTRICT TO		

ITEM	ACTION	PAGE
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IDENTIFY AND PROVIDE NECESSARY SAFETY IMPROVEMENTS TO ACCESS PUBLIC SCHOOLS	Approved/direction to staff	10-11
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REQUEST FOR APPROVAL OF A RESOLUTION REQUESTING THAT UPRIGHT HEADSTONES BE INSTALLED IN THE SANTA FE NATIONAL CEMETERY *****	Approved	11-12
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END OF CONSENT CALENDAR DISCUSSION

DISCUSSION AGENDA

CONSIDERATION OF RESOLUTION NO. 2009- ____. A RESOLUTION ENDORSING AND ADOPTING THE WATER DIVISION 10 YEAR FINANCIAL PLAN	Approved [amended]	12-22
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a)CONSIDERATION OF BILL NO. 2008-61:
AN ORDINANCE AMENDING CHAPTER 25
SFCC 1987 EXHIBIT B, WATER RATE
SCHEDULE 1; INCREASING THE MONTHLY
VOLUME RATES AND MONTHLY SERVICE
CHARGE BY 9.50 PERCENT PER YEAR FOR
FIVE YEARS FOR RESIDENTIAL, MULTI-
FAMILY AND COMMERCIAL CUSTOMERS
OF THE CITY'S WATER SYSTEM

b)CONSIDERATION OF BILL NO. 2008-61:
AN ORDINANCE AMENDING CHAPTER 25
SFCC 1987 EXHIBIT B, WATER RATE
SCHEDULE 1; INCREASING THE MONTHLY
VOLUME RATES AND MONTHLY SERVICE
CHARGE BY 10.3% PER YEAR FOR FIVE
YEARS FOR RESIDENTIAL, MULTI-FAMILY
AND COMMERCIAL CUSTOMERS OF THE
CITY'S WATER SYSTEM

c)CONSIDERATION OF BILL NO. 2008-61:
AN ORDINANCE AMENDING CHAPTER 25
SFCC 1987 EXHIBIT B, WATER RATE
SCHEDULE 1; INCREASING THE MONTHLY
VOLUME RATES AND MONTHLY SERVICE
CHARGE BY 9.15% PER YEAR FOR FIVE
YEARS FOR RESIDENTIAL, MULTI-FAMILY
AND COMMERCIAL CUSTOMERS OF THE
CITY'S WATER SYSTEM

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
<p>d)CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 8.20% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM</p>	Approved [amended]	12-22
<p>e)CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 7.20% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM</p>		
<p>f) OTHER OPTIONS FOR IMPLEMENTING THE WATER DIVISION 10 YEAR FINANCIAL PLAN</p>		
<u>OTHER FINANCIAL INFORMATION:</u>		
<p>UPDATE ON GROSS RECEIPTS TAX REPORT FOR JANUARY 2009 AND LODGERS' TAX REPORT FOR DECEMBER 2008</p>	Information/discussion	22-23
ADJOURNMENT		23

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Tuesday, January 20, 2009

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 5:15 p.m., on Tuesday, January 20, 2009, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Matthew E. Ortiz, Chair
Councilor Christopher Calvert
Councilor Miguel Chavez
Councilor Carmichael A. Domínguez
Councilor Rebecca Wurzbarger

OTHER COUNCILORS ATTENDING:

Councilor Patti J. Bushee
Councilor Rosemary Romero

OTHERS ATTENDING:

David Millican, Finance Director
Yolanda Green, Finance Division
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

NOTE: All items in the Committee packets for all agenda items are incorporated herewith by reference. The original Committee packet is on file in the Finance Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Calvert moved, seconded by Councilor Chavez, to approve the agenda, as presented.

VOTE: The motion was approved on a voice vote [absent: Councilor Domínguez].

4. APPROVAL OF CONSENT AGENDA

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

VOTE: The motion was approved on a roll call vote as follows:

For: Councilor Calvert, Councilor Chavez and Councilor Wurzbarger.
Against: None
Absent: Councilor Dominguez

CONSENT AGENDA

8. BID OPENINGS:

A. *[Removed for discussion by Councilor Calvert]*

B. BID NO. 09/21/B – EAST DE VARGAS PARK RENOVATION AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; WESTWIND LANDSCAPE CONSTRUCTION, INC. (BEN GURULE)

9. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 4 – POLICE DEPARTMENT RENOVATIONS; SAMCON, INC. (CHIP LILIENTHAL)

10. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – ZONA DEL SOL – PHASE II; LOCKWOOD CONSTRUCTION COMPANY. (CHIP LILIENTHAL)

11. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – SANTA FE PLAZA RENOVATIONS – PHASE II; AIC GENERAL CONTRACTOR. (CHIP LILIENTHAL)

12. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – VARIOUS PARK AND PLAY STRUCTURES FOR PARKS, TRAILS AND WATERSHED DIVISION; THE PLAYWELL GROUP. (BEN GURULE)

13. *[Removed for discussion by Councilor Calvert]*

14. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO GRANT AGREEMENT – INCREASES AMENDMENT FROM THREE (3) PROJECTS TO SIX (6) PROJECTS IN THE 2008 STATE OF NEW MEXICO SEVERANCE TAX PROJECTS APPROPRIATION. (DAVID CHAPMAN)

A. REQUEST FOR APPROVAL OF BUDGET INCREASE – MRC CIP AND CONVENTION CENTER FUNDS.

15. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO COOPERATIVE PROJECT AGREEMENT – SANTA FE RAILYARD BIKEWAYS AND WALKWAYS PROJECT; NEW MEXICO DEPARTMENT OF TRANSPORTATION. (BOB SIQUEIROS)
16. *[Removed for discussion by Councilor Wurzburger]*
17. REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO LEGAL SERVICES AGREEMENT – LEGAL SERVICES FOR BUCKMAN DIRECT DIVERSION PROJECT; MODRALL SPERLING, P.A. (RICK CARPENTER)
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24. REQUEST FOR APPROVAL OF GRANT AWARD – SANTA FE ARTS COMMISSION, ARTWORKS PROGRAM; BRINDLE FOUNDATION. SABRINA PRATT.
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND
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28. *[Removed for discussion by Councilor Calvert]*
29. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – SANTA FE TRAILS FY 2008/2009 RIDEFINDERS PROGRAM; NEW MEXICO DEPARTMENT OF TRANSPORTATION. (JON BULTHUIS)
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31. REQUEST FOR APPROVAL OF A RESOLUTION CALLING UPON THE NEW MEXICO DEPARTMENT OF TRANSPORTATION TO CEASE USING A CERTAIN METHOD OF PAVING STATE HIGHWAYS THAT HAS PROVED TO BE DETRIMENTAL TO THE SAFETY OF BICYCLISTS (COUNCILOR BUSHEE). (BOB SIQUEIROS) Committee Review: Public Works Committee (Approved) January 12, 2009; and City Council (Scheduled), January 28, 2009. Fiscal Impact – No.
32. *[Removed for discussion by Councilor Chavez]*
33. *[Removed for discussion by Councilor Calvert]*
34. REQUEST FOR APPROVAL OF A RESOLUTION SPONSORING THE 2009 SANTA FE CHILDREN'S WATER FIESTA AND WAIVING THE FEE FOR THE USE OF THE SANTA FE COMMUNITY CONVENTION CENTER (COUNCILORS CALVERT, TRUJILLO, ORTIZ AND BUSHEE). (RANDY SUGRUE). Committee Review: Water Conservation Committee (Scheduled) January 13, 2009; and City Council (Scheduled) January 28, 2009. Fiscal Impact – Yes.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: JANUARY 5, 2009

MOTION: Councilor Calvert moved, seconded by Councilor Chavez, to approve the minutes of the meeting of January 5, 2009, as presented.

VOTE: The motion was approved on a voice vote [Absent: Councilor Dominguez].

MATTERS FROM THE COMMITTEE

6. REQUEST FOR APPROVAL OF UPDATED 2008 PARKS BOND IMPLEMENTATION PLAN. (ROBERT ROMERO)

Mr. Romero said there is a new spread sheet in the packet. He said to date, \$3.2 million has been spent, and he believes by July 2009, \$15 million will have been spent, and all funds will have been expended by December 2010. He said this spread sheet is similar to the one which was approved last July. He said on pages 6-7-8: **green** means that part of the project has been completed and the money has been spent, **yellow** means the schedule has changed from what was previously approved, and if there is **no color**, it is consistent with the original schedule. He said next to each project there are comments about the status of the project. He said the amounts have been adjusted on the trails projects to be consistent with the most current estimates, noting there were no significant changes. He said no amounts have been changed on the Parks Projects, and everything is consistent with what was originally approved.

Councilor Calvert asked, under regional parks on page 5, he understood all of the monies for the Northwest Quadrant had been shifted later in the schedule and moved the River Parkway monies earlier.

Mr. Romero said this is exactly what was done, and the River Parkway monies will be spent more quickly. He said this schedule was approved for the River Parkway when the original plan was approved.

Responding to Councilor Calvert, Mr. Gurule said:

- a) the area between Camino Alire and the Substation is ready to go out to RFP.
- b) the area between there and St. Francis Drive has pretty much been done.
- c) all the area between St. Francis Drive and DeFouri, and across the River to the Boys Club Park which is part of the River Parkway, will take new irrigation, ADA improvements, ADA furniture, and they know what will be sent out to RFP.
- d) the area between DeFouri, Guadalupe and Galisteo is part of the Wilson River Corridor which take some more in depth thought.
- e) all of the area from Don Gaspar east to Paseo de Peralta is in the Historic District.
- f) the area between Paseo de Peralta to Patrick Smith is pretty much unimproved, is natural, and staff is trying to get surveys and boundaries to determine what the City owns so this area can be developed.

Mr. Gurule said we are ahead of the schedule as far as the implementation plan.

Mr. Romero said this can be adjusted by Public Works and he will add more comments specifically to the project referenced by Councilor Calvert.

Councilor Dominguez arrived at the meeting

Councilor Calvert said it shows a lot of money has been spent up front on the River Trail, and asked if this includes the river restoration and trail work altogether.

Mr. Romero said the River Trail is the project from Alire to Frenchy's, and a portion has been built. He said it will be done in three phases. He said the portion which has been built is property the City already owns and is outside the limits of the river restoration. The second phase to be built is property the City is buying, but does not need river restoration, and a significant portion of trail will be built. He said

Phase 3 will be put out to bid this summer, to start in the fall after the river stops flowing, noting this is the restoration portion and the remainder of trail portion that has to go in that restoration area. Responding to Councilor Calvert, Mr. Romero said the Parkway is from Alire east, and the River Trail is from Alire west. He said he will readjust the schedule to demonstrate the expenditure of funds.

Councilor Wurzbarger asked what portion of the \$30 million has been bid and bids have been accepted. She asked what percentage is going to local firms.

Mr. Romero said he will prepare a list for her. He said one local crew is building the small parks, noting these people work for the City and are being paid from the Parks Bond. He said they are buying as much materials as possible locally. He said Advantage Asphalt, a local company, is doing a lot of the work. He said he will be expanding to two crews, because he thinks they can do a lot of the work locally with these crews at less expense.

Councilor Wurzbarger said at this point in time, due to the economy, she wants the City to be very creative in getting locals to do work for the City. She would like a full report at the next meeting.

Councilor Bushee said she understands the State appropriation of \$1.8 million for bikeways and trails might be on the "chopping block."

Mr. Romero said he has had lots of discussions with DFA, the LFC, and it is understanding that the State will not touch any money that is under contract. He said he hasn't seen the Governor's list, but he understands they aren't going after any of our Trails money because it will be spent.

Councilor Bushee said it is on one of the State's lists, and she wants Mr. Romero to follow up to ensure it doesn't stay on the list.

Mr. Romero said this will be going to the City Council next.

[STENOGRAPHER'S NOTE: Although this is a "Request for Approval," Chair Ortiz said no action will be taken because it was published as an information item.]

7. UPDATE ON POSTING OF DIRECT DEBIT UTILITY ACCOUNTS. (PETER ORTEGA)

Mr. Ortega said the problem has been addressed. They have contacted the customers who experienced the problem, and asked them if they would change the direct debit date to the 5th of the month. He said the customers were cooperative and understanding and he was able to change the dates. He said there still are a few customers they haven't contacted, and staff is still trying to contact them. If he is unable to contact them, then he will send a letter to them requesting to change the debit date. He said there are only 5-10 customers who haven't been contacted.

Councilor Calvert said we need to insist on the debit date to avoid the problem reoccurring.

Mr. Ortega said 99% of the customers were cooperative once they understood the situation.

CONSENT CALENDAR DISCUSSION

8(A) BID NO. 09/20/B – ARROYO CHAMISO TRAIL EXTENSION AND CONSTRUCTION AGREEMENT; STAR PAVING COMPANY. (LEROY PACHECO)

Councilor Calvert asked about the local preference and how that works. He said A.S. Horner is listed in Albuquerque, but it got local preference along with those listed in Santa Fe. He asked if the local preference is always the same amount and if it is based on some formula.

Robert Rodarte said to qualify for the local preference, a business must have 5 or more employees in the Santa Fe County area.

Councilor Calvert asked if this is a project that Horner can handle with 5 or fewer people, and Mr. Rodarte said yes.

Councilor Calvert asked if they will hire the 5 people, or will they use the Albuquerque staff because the project is too big for the local staff to handle.

Mr. Rodarte said they use the local preference to obtain the business. However, he said the City is following its rules in allowing the local preference.

Councilor Calvert asked if this provision really provides the desired result.

Mr. Rodarte said this is a paving project. One of the biggest issues is the ability of the smaller contractor to be bonded, noting all five companies were able to meet the criteria. He said he has to ensure that the large companies are using as many of the local subcontractors as they can. He said we will continue to get competitive bids, and we need to be stronger and force them to hire as many locals as possible.

Councilor Calvert asked if we need to revise our policy, or how we apply it.

Mr. Millican said he and Mr. Rodarte have discussed doing something like the local content rules which apply to automobile manufacturers. He said 5 employees for a big contract is not a big enough threshold, and creates a hole for someone to bring in an out of state contract. He said he we need to start to look at the subcontractors, and give local preference based only on the percentage of local companies in Santa Fe which would be hired to do the work in Santa Fe. He believes this would have a much more successful impact than changing the percentage. He said it is harder to make that call on the smaller contractors.

MOTION: Councilor Calvert moved, seconded by Councilor Chavez for purposes of discussion, to approve this request, with direction to staff to bring forward the change suggested by Mr. Millican at the earliest possible date.

DISCUSSION: Councilor Chavez said a Resolution has been introduced which touches on the local preference. He would like to see this proposed change to be captured in the Resolution which is already in place.

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

13. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – PUEBLOS DEL SOL TRAILS AND PARK IMPROVEMENTS; ADVANTAGE ASPHALT AND SEAL COATING, LLC. (BEN GURULE)

A copy of a Memorandum dated January 20, 2009, from Joseph L. Lujan to Robert Romero, regarding the Pueblos del Sol Trail Resurfacing/ADA Improvements, is incorporated herewith to these minutes as Exhibit "1."

Chair Ortiz said he was just made aware that the Mayor's Committee hasn't heard this, and he asked if it should be postponed and so it can go through the Committee process.

Mr. Romero apologized to Mr. McQuarie for not getting the plans to him on time. He said it would be fine to postpone to the next meeting to try to work an agreement with Mr. McQuarie.

Mr. McQuarie said the Mayor's Committee doesn't meet until February 18, 2008.

Mr. Romero said it will be fine to postpone to the first meeting in March.

MOTION: Councilor Calvert moved, seconded by Councilor Chavez, to postpone this item to the first meeting of the Finance Committee in March, with direction to staff that this request run through the Committees for input, and incorporate that input into the change order.

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

16. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 18 – SANTA FE COMMUNITY CONVENTION CENTER; CAMERON SWINERTON, LLC. (MARTIN VALDEZ)

Councilor Wurzbarger asked , with regard to the installation of the plywood and the electrical changes, in particular the subpanel, why we didn't anticipate needing an additional subpanel.

Mr. Valdez said that was an omission in the plans for a majority of the cost of that change order, and he will pursue that.

Councilor Wurzbarger asked if we suddenly discovered that we should have had 3/4 inch plywood instead of 1/2 inch plywood.

Mr. Valdez said during the CID inspection process, CID did not accept portions of the portal roof because of the flashing detail. When the roofing material was exposed to install the flashing correctly, CID strongly recommended that we install 3/4 inch plywood for better fastening.

Councilor Wurzbarger asked if 1/2 plywood was specified by the architect.

Mr. Valdez said yes.

Councilor Wurzbarger asked if this is another area we will be discussing with the architect for errors and omissions.

Mr. Valdez said, "We believe that the 1/2 inch plywood was code compliant. This was just a real strong recommendation by CID. It wasn't a condition of their approval."

Councilor Wurzbarger said there is a secondary level of responsibility if there is an issue of flashing.

Mr. Valdez said he will definitely pursue the issue of flashing.

Councilor Wurzbarger asked if this project is on time and under budget.

Mr. Valdez said, "We have accepted the building as substantially complete. This should be the last of the change orders we will see. The contractor is currently working on punch list items, and hopes to have those, weather permitting, completed by the middle of next month." Responding to Councilor Wurzbarger, Mr. Valdez said, "We currently have a savings in the contingency of approximately \$1.5 million.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this request, with the understanding that the two items she mentioned will be pursued with respect to reimbursement to the City.

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

28. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT – DEVELOPMENT, IMPLEMENTATION AND PROGRAMS FOR THE CITY OF SANTA FE'S 400TH ANNIVERSARY; SANTA FE 400TH ANNIVERSARY. (DARLENE GRIEGO)

A copy of "Santa Fe 400th Anniversary, Commemorating 400 Years of Culture," is incorporated herewith to these minutes as Exhibit "2."

Councilor Calvert asked what will be the sum total as the result of this Amendment.

Ms. Griego said the grand total of this contract will be \$794,170. She said the City budgeted \$150,000 prior to the 400th incorporating as a non-profit, in addition to the \$794,000, which brings it to approximately \$850,000. She said the original contract after the 400th incorporated, was \$394,000, plus what was left over from the original appropriation. She said this is the second amount which was approved in carry-over funds from 06-07, and this carry-over is Amendment #2.

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve this request.

DISCUSSION: Chair Ortiz asked when we will get the detail on the scope of services being provided, noting the City is giving almost \$1 million to this organization.

Libby Dover, Executive Director of the non-profit, said they provided an overview. However, they do have a master budget and a commitment from the Board to spend 80% of all budgets locally. She said "locally" means statewide and regional.

Chair Ortiz said then 80% is considered to be spent locally, but locally is defined as state and regional.

Ms. Dover said yes. She said, for example, the Legacy Opening Weekend, there are items such as lighting equipment, sound equipment and technical direction which might not be found in Santa Fe, but certainly could be found in Albuquerque.

FRIENDLY AMENDMENT: Chair Ortiz would like to amend the motion to direct staff to work with the contractor to get the information, provide the master budget, and track it at the Council meeting. **The amendment was friendly to the maker and second, and there were no objections from the other Councilors.**

FRIENDLY AMENDMENT: Councilor Wurzbarger wants to make sure that the master budget provided will include the details of the marketing plan, and how those marketing funds were spent, and that it tracks by the time of the Council meeting. **The amendment was friendly to the maker, and there were no objections from the other Councilors**

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

- 32. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING THE FEDERAL "SAFE ROUTES TO SCHOOLS" PROGRAM BY WORKING WITH THE SANTA FE PUBLIC SCHOOL DISTRICT TO IDENTIFY AND PROVIDE NECESSARY SAFETY IMPROVEMENTS TO ACCESS PUBLIC SCHOOLS (COUNCILORS DOMINGUEZ, CALVERT, BUSHEE AND TRUJILLO). (JOHN ROMERO). Committee Review: Public Works Committee (Approved) January 12, 2009; Mayors Youth Advisory Board (Scheduled) January 20, 2009; and City Council (Scheduled) January 28, 2009. Fiscal Impact – No.**

Councilor Chavez said the focus seems to be on "improvements to non-motorized transportation amenities to provide for more safety around schools.... and supplement the cost of providing additional

safety improvement near schools." He said safety, road and site improvements that might add safety are a need as well. He was hoping to discuss expansion of the funds for these purposes

Councilor Dominguez said he has no objections for using these funds for these kinds of improvements, and it would be beneficial for us to use whatever funds we get for them. However, he doesn't know the details of how the money can be spent. He believes the original intent was to ensure that there were infrastructure improvements, for example, for kids that walk to school on safe routes such as raised crosswalks.

Councilor Chavez reiterated that he would like to open this discussion.

Councilor Dominguez said this was originated at the request of constituents who were concerned about the drop off/pick up situation at Cesar Chavez. He believes it would be beneficial to use it City-wide and/or district wide.

Councilor Chavez said the situation at Cesar Councilor isn't much different that at other schools throughout the district.

MOTION: Councilor Chavez moved, seconded by Councilor Calvert, to approve this request, with direction to staff to work with Councilor Dominguez and Councilor Chavez to be sure we have these components in this plan.

DISCUSSION: Chair Ortiz said those components will come with the Resolution to the Council, and it doesn't need to come back to this Committee.

Councilor Chavez said this is correct.

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

- 33. REQUEST FOR APPROVAL OF A RESOLUTION REQUESTING THAT UPRIGHT HEADSTONES BE INSTALLED IN THE SANTA FE NATIONAL CEMETERY (COUNCILOR BUSHEE, MAYOR COSS, COUNCILORS TRUJILLO AND ROMERO). (JEANNE PRICE)**
Committee Review: Public Works Committee (Approved) January 12, 2009; and City Council (Scheduled) January 28, 2009. Fiscal Impact – No.

Councilor Calvert said he pulled this from consent, because the amendment which was made at Public Works is not included. He said the amendment is: page 2, line 10, after "installed" add "and ones that are currently installed flat be uprighted."

MOTION: Councilor Calvert moved, seconded by Councilor Dominguez, to approve this request with the amendment.

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

Councilors Calvert and Dominguez asked to be added as cosponsors.

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION AGENDA

35. CONSIDERATION OF RESOLUTION NO. 2009- ____ A RESOLUTION ENDORSING AND ADOPTING THE WATER DIVISION 10 YEAR FINANCIAL PLAN (COUNCILOR WURZBURGER, COUNCILOR ROMERO, COUNCILOR CALVERT AND MAYOR COSS). (GARY MARTINEZ)

A copy of a proposed amendment to the Resolution proposed by Councilor Calvert, is incorporated herewith to these minutes as Exhibit "3."

A copy of "Packet Page No's Reference Guide" is incorporated herewith to these minutes as Exhibit "4."

A copy of "Poverty Income Levels Base on Federal Guidelines," is incorporated herewith to these minutes as Exhibit "5."

Chair Ortiz noted this item was postponed by the City Council because of information received from our new delegation, and we put it on the fast track.

MOTION: Councilor Calvert moved, seconded by Councilor Chavez for purposes of discussion, to approve the proposed Resolution adopting Bill No. 2008-68 [item 35(d), which is the 8.2% rate adjustment, with these amendments.

DISCUSSION: Chair Ortiz noted that the page numbers in the amendment need to change.

Councilor Chavez said the amendment speaks to two components. He said it is a recommendation to produce a third tier for excessive use under Rate Schedule 1. The second would expand the exemption for those on fixed or low incomes.

Councilor Chavez said the first amendment provided that when or if we receive assistance via the Stimulus Package, we would roll back or reduce the rates for the four year period, and none of these funds will be used for expansion.

FRIENDLY AMENDMENT: Councilor Chavez would like to amend the motion to give direction to staff to bring a position paper to the Public Utilities, Public Works and Finance Committees, similar to the one on the Jicarilla Lease termination, which would explain the rationale and components: the water company purchase, the Buckman and Santa Fe Wells and the San Juan Diversion project. He said each of the components has a different timeline, history and funding formula. He would like the position paper to be reader friendly, in clear language easily understood by the public, so the public understands the City's

situation regarding the financing and the rate increase. **The amendment was friendly to the maker, and there were no objections by the other Councilors.**

DISCUSSION: Councilor Dominguez said, "I have two or three questions, actually. Two with regard to the amendments that Councilor Calvert has proposed. One of them has to do, Gary, with this, this... there's an amendment on page 7 of our packet that I was preparing, or that I had thought about introducing, and that relates to reviewing the rate structure in three years, versus what Councilor Calvert is proposing, and that being that we undergo an immediate review of the rate structure." He asked Mr. Martinez to speak to the differences between the two amendments.

Mr. Martinez said parts of the ordinance, as recommended by Councilor Calvert, can be done. He said raising the poverty levels for low income people needs to be analyzed, noting he doesn't know the impact on the Water Division as well as Solid Waste and Wastewater which are implicated in the ordinance. He said, with regard to the rate structure and a 3rd tier, that has been a discussion over the past 12 months. He said that will take time, and he doesn't believe it can be done by the May 2009 billing date. He said that would require a cost of service analysis, and many other things to be done by the staff and consultant. It would require public input and Governing Body input. He said a lot of work would be involved. He said it took approximately three years to implement the current rate structure. He said increasing a third tier can be done, but we also need to know the impact on other rate payers.

Councilor Dominguez said there are parts of "number two" that you believe cannot be done immediately.

Mr. Martinez said this is correct. He said a quick analysis can be done to raise the low income level and that can be done quickly, but a third tier would take more time.

Councilor Calvert understands a rate structure analysis will take some time. However, there are things which can be done fairly quickly, one of which is the low income category, however, that could take away from the revenue.

Mr. Martinez said this is correct.

Councilor Calvert asked if the third tier would add to the revenue.

Mr. Martinez said it may, but the impacts won't be known until there is a full analysis, reiterating that when you change the structure you have to look at the entire customer base to maintain revenue neutral model and rate structure.

Councilor Calvert said a third tier will produce some revenue, and in the short term it could be set at a high enough level, but you would want to counteract the effect of the change in low income. He believes it is good PR to do this. He said the top water users generally don't care what they pay for water. He said the public doesn't like that they are paying the same rate for using a lot less water.

Mr. Martinez said if the rates are raised high enough, it might force the high users to conserve, and therefore it wouldn't generate the anticipated revenues.

Councilor Dominguez said there are three partners involved in this – the City, Santa Fe County and Las Campanas. He asked if Las Campanas has opened its books to the City to ensure it is prepared for that obligation.

Rick Carpenter said Las Campanas has posted some bonds to guarantee a portion of its obligation to this project, and staff currently is reviewing that with independent counsel for the BDD board to determine that the currently posted bonds are adequate, or whether they need to be added to. They recently met with representatives of Las Campanas and the management company in charge of administering the finances for this project and posed that question to them. He said, as a private entity, Las Campanas is reluctant to open its books to us. However, we have posed the question, raised the issue, and let Las Campanas know that it is a concern for the City, and if it is determined the currently posted bonds are insufficient that we would like to reengage Las Campanas on options to guarantee its payment of its total project obligations. Responding to Councilor Dominguez, Mr. Carpenter said he is not 100% sure if the posted bonds would cover 100% of Las Campanas' obligation to the project, but staff is actively engaged in discussions.

Councilor Dominguez said the Governing Body has an obligation to do its best to assure the ratepayers that we have done the best we can to see there isn't such a big hit to the ratepayers, and we have to look at things from a different perspective. He said the BDD is anticipated to generate revenue. He said he asked Mr. Millican if some of that revenue can be "turned back into" the project, and Mr. Millican said it is possible but it is tricky and asked him to speak to that.

Mr. Millican said it is possible to do an economic impact analysis which would indicate the impact of the project on taxes in the City, but that's not an exact science and it would be an estimate. He said as long that revenue wasn't needed elsewhere, it could be done. He said there is a 1/4% tax rate which goes directly to the project, saying it would take less risk to focus on that. He said you also could look at revenues collected in other City funds for opportunities to provide credits to the enterprise fund for indirect cost allocations, for example. He said it is better to know that "you've got the revenue rather than to count on that kind of revenue."

Councilor Dominguez asked Mr. Millican if that scenario has been contemplated.

Mr. Millican said no.

Councilor Dominguez thanked staff for their work and his fellow Councilors as well for being willing to address this issue.

Councilor Wurzbarger said it seems it would be good to give the public a better understanding of the potential significance and effect of the various grants which we have been pursuing over the past six years. She would like staff to summarize the impact of the various proposals if we were to get the funds from the federal government, which wouldn't be until after March. She asked staff to comment on the impact to the rate, and comment and remind the Council as well as the public on the amount of time it takes to go through the bonding process, which will take 4-5 months if approved.

Mr. Millican said there was a discussion this afternoon with the consultants to discuss the impact of outside funds, with no obligation for repayment, which might be received. They also asked what kind of rate increase would be necessary to pay the increases in operational expenses and to cover the legal requirements.

Chair Ortiz said Councilor Wurzbarger asked for a summary of the impact to the ratepayer of the federal funds currently being sought, and the impact of those funds as well as the funds from the economic stimulus.

Mr. Millican said Councilor Wurzbarger asked for a sensitivity analysis. He said the sensitivity analysis they did was to look at the impact of \$20 million in federal funds on the rate. He said they didn't look at this for all scenarios, and looked primarily for Scenario 3. He said if the City receives \$20 million from the federal government with no obligation to repay, the impact would reduce the 9.15% to 8.88% or a 1/4%.

Chair Ortiz asked the impact of the \$20 million on the 8.2% increase.

Mr. Millican said for every \$20 million grant there will be a .25 to a .30% rate change, so that could drop to 7.95% or 8%.

Councilor Wurzbarger understands it is possible, if the money situation changes, for the City to go back to the bonding company and lower the rates.

Mr. Millican said yes. He said generally, in selling bonds, we need to be sure that the net revenues cover debt service by 1.5%. We are legally required by the bond covenants to assure that the revenue gives us 1.25% coverage. He said there is no requirement for the City to stick to its five-year plan as long as it shows good faith efforts to meet the requirements of the bond covenants.

Chair Ortiz asked Mr. Millican the reason for having this approved at the end of January, as opposed to the first meeting in March – the significance of 1½ months on the entire project.

Mr. Millican said for every month of delay \$225,000 per month needs to be removed in the model and needs to be considered in the rate calculation. He said this is revenue that could otherwise start to get us there. The second issue is that the longer you wait, the steeper you have to ramp up to a level that makes you able to issue the debt required to complete Buckman. He said the rate increase could grow by two tenths of a percent instead of being 8.2%.

Chair Ortiz said, now that the consensus has revolved around Option 4, he is looking at pages 71 and 73 for comparison, and it seems the assumption was to have the majority or bulk of the rate increase to start in FY 2009-2010. He understands the loss of \$225,000 per month of lost rate increase and that drives the process. He asked Mr. Millican, given those assumptions on pages 71 and 73, why a delay from January to March to see if we will be part of the Economic Stimulus package has a detrimental or catastrophic impact on the BDD plan.

Mr. Millican said a delay to March would require the City to adjust its rates upward in order to hit the coverage limits needed to issue debt.

Chair Ortiz asked where that is found in the columns on pages 71 and 73.

Mr. Millican pages 71 and 73 just shows total water revenue, and it's not the model which shows how cash availability affects bond sizes.

Chair Ortiz said he is seeing, for FY 2008-2009, a zero when it talks about a pro rated increase. He asked Mr. Millican again, how the additional time is detrimental to the financial plan, noting there is a motion and second to adopt this particular plan.

Mr. Millican said it shows \$1.065 million for the current year increase, so the 2008-2009 increase anticipates a March 1, 2009 implementation.

Chair Ortiz asked if there are two different kinds of rate increases, noting there are two lines which say increase.

Mr. Millican said there is a rate increase from the prior years, and the rate increase from the increase in that year.

Chair Ortiz said on the second line, Revenue from Current Year Increase, is an increase we've already adopted and an increase that hits this year, and that goes on for five years. On the third line, Pro Rated Revenues from a Previous Increase, are the new rates we're putting into place.

Mr. Millican said the model is more complicated than that. He said, "What you're seeing in the first line is how much the rate increase that you adopt in that year is going to produce in that year. So, in 2009-2010, the rate increase that goes into effect at January, will, in the last six months of the year, produce \$1.126 million. The rate increase that you approved the year before is going to put in \$1.081 million. All of that rolls up into the total, year to year. So, the \$1.065 million becomes part of the increase that creates the \$27.465 million, plus rate increase differences. So that is used by the consultants in order to manage the fact that the rate increases taking place in the middle of the year, because they can't apply their formulas to the retail sales total. They can't say it's going to increase this year by 8.2%, because it's only going to get that second increase mid-year. That construction.... well they also have underlying growth rates that are built into the top line. So the top line is sort of saying, okay, last year we had this much increase in the last six months, that gets added to the total sales total and it is also growing because the number of accounts are growing, or whatever. And, so this was designed just to allow you to track the revenue that happens in rate increases that occur mid-year. It's really a construct of the model, rather than.... and is used to connect to the formulas written by the consultant, rather than the total. So, if you wanted to look at this, we probably... the best way to have presented this, would be to have shown all three of these numbers added together so that you could see the total revenue change year to year. Because the revenue at the top is changing. The revenue from the current rate increase is changing and the hang-over

revenue from the last year's mid-year increase is coming in and that's compounding. So, those are part of the construction of the model, and not related to issue that you're concerned about, which is... I certainly understand."

Chair Ortiz said he is concerned about two issues. The first the timing. He said then Mr. Millican is saying that delaying consideration of this item from mid-January to early March costs us \$225,000 per month, which would be \$300,000 for six weeks.

Mr. Millican said for every month it is \$225,000 off the \$1.065 million, so it is less cash to open and the main effect of the delay. He said the other problem is that if you need to get the revenues raised to the point where you can make debt coverage, the longer you delay, the steeper the curve becomes, and the required rate increase to get there gets higher.

Chair Ortiz said then the six weeks will cause a steepness in the rate increase. He asked if it will undermine or in any way affect the City's ability to go out to bond on the issue, noting the bond will be done in the next fiscal year.

Mr. Millican said the bond will take 4-5 months from the time we start until we issue the bonds, and staff will be projecting when we will run out of cash and try to issue the bonds before that happens, and hopefully issue the bonds into a receptive market. He said this model is based on a set of assumptions which may or not happen. This is the reason regular rate reviews will be valuable. He said you have to demonstrate to investors that we are actually collecting revenue for 1.5% coverage when you go out to issue debt. He said bond rating agencies don't care what we say we are going to do, they only look at what we've actually done.

Chair Ortiz asked, from the bond company's perspective, what is the most consistent or reliable source of revenues to which municipal bond companies look on municipal issue.

Mr. Millican said, in this case, they are most interested in the rates and the GRTs.

Chair Ortiz noted that the BDD is already contracted and being built, and asked when we will be running out of cash.

Mr. Carpenter said they have averaged between \$5 and \$6 million monthly in invoicing on the contract.

Chair Ortiz noted \$35 million has been allocated just for the BDD, and asked if we have that cash on hand.

Mr. Millican said yes. He said at this point, the relative shares of costs and contributions are about \$45 million from the City and \$40 from the County. He said his expectation is that we will want to issue this debt in the first quarter of calendar year 2009. He said we would want to have the rate increase in place and producing revenue to show to the rating agencies. We would have to start debt issuance in Fall 2009.

Chair Ortiz asked, if the goal is Summer 2009, it that would give a sufficient history of collections to issue that debt in third quarter of FY 2009.

Mr. Millican said he is unsure he knows the answer. He said the models for "just in time or late rate increases," show very high increases – 22-30%. He said the back side is that you don't know how that will impact conservation. He said a late or just in time rate increase would cause more concern to the investors and rating agencies, than one which kicks in early which would demonstrate resistance in the community to additional rate increases.

Chair Ortiz asked about Albuquerque's diversion project.

Mr. Carpenter said it cost \$350 million, and he understands that project it was funded almost entirely with water rate increases which were enacted years in advance of implementing the project.

Responding to the Chair, Mr. Martinez said Albuquerque's residential rate is lower and the commercial rate is higher than Santa Fe's.

Chair Ortiz said there was some mention in the Mayor's proposal for some kind of consideration given for commercial and high users, and asked if that will be in this mix.

Councilor Calvert said that is covered in Amendment #2, but staff needs more time to accomplish that, noting it is part of the rate structure review.

Chair Ortiz said, then we're committing in these amendments to do a rate review as soon as we pass the higher increase in the rates.

Councilor Calvert said yes, we are starting that process.

Chair Ortiz said he likes Councilor Chavez's Friendly Amendment because we need justification for this particular increase. He always likes to have that information up front. He urged that this body consider the proposal that was on the table, which is to give it more time. He said if we get federal funds, we'll be able to roll that back and put it into our function, although our Finance Director that it really won't result in a net change to the rate increases.

Chair Ortiz said it isn't unreasonable to wait, given the picture which has been given to us. He believes by passing this rate increase we essentially are giving a pass to new development, and not accounting for new development, particularly the newly-annexed areas and having them pay their portion of the BDD. He said the established rate base is taking on the cost for developing and expanding our water company into the newly annexed areas, and not having the newly annexed areas to pay their proportion share of the cost is a mistake. He believes we can do that by establishing property taxes on those newly-annexed areas and requiring them to pay more of their share of the BDD. However, he said this is a policy decision to be made by the Governing Body.

Chair Ortiz said he asked for other options in November 2008, but the only options were derivations of the same recommendation, which is a rate increase. He believes we lost that opportunity. He said if we are doing the BDD project just to rest the aquifer, we are giving a pass to all the private well owners who are not, and will not be, on the City system, to benefit for the ratepayers paying for their wells to be protected.

He said the community is going to have to face the equity argument on the policy of allowing the wealthy, private well owners on the north side which are directly piped into the aquifer. He believes the most fair and democratic way to do this, which our predecessors decided to do, is to allow the people to decide by vote if the BDD project the right approach for us to take as a community.

Chair Ortiz said our predecessors put the issue of the purchase of the water company to a vote of the people, educated the public and got the public buy in before purchasing the water company. He said we can say this money is going for three different things, each of which is important. However, without the information before us and the public, we are rushing to make a decision because it fits a time schedule which we have ceded to staff. He doesn't think this is the right public policy decision at this juncture. He said he believes it would be time and money well spent to take an additional six weeks to figure this out. He believes we are making a mistake in not allowing for more public comment. He said, if the majority of the Councilors believe we need to do this right away because we don't want this hanging on our plates, he can understand the practicality of that as well.

Chair Ortiz said at the public meeting, there were more staff than members of the public commenting. He said there was no discussion about property tax and how it could fund this endeavor, nor how to treat the people in the areas to be annexed and whether or not new development should pay the cost for the BDD. He said the only option was a rate increase and what level was palatable and could be passed. There was no discussion of the severe impacts on a majority of fixed income, long established families. He said this concern shouldn't be minimized. He said there are other ways to do this which we never pursued, and this was the lost opportunity. He said he appreciates the explanation of, and the open discussion about the numbers this evening.

CLARIFICATION OF DIRECTION TO STAFF IN THE MOTION: Councilor Chavez said the direction to staff to develop the position paper should highlight the three parties – the City, the County and Las Campanas – the revenue sharing *pro forma* and the history and background of Las Campanas. He noted this project has been in progress for at least six years, and it isn't completely correct to say that we're rushing this at this point.

Councilor Dominguez asked the hourly rate of the poverty income, saying he believes this will impact the middle class, many of which are deep rooted, indigenous people in our community.

Mr. Millican said Exhibit "5," shows the poverty income level for different household sizes.

Councilor Dominguez said then 150% of poverty for a family of four would be \$31,800 annually. People making more than that would be subject to the increase.

Mr. Millican reviewed the information in Exhibit "5."

Responding to Councilor Dominguez, Mr. Millican said there were two issues, one was the beginning balances which were identified in the earlier bills by the consultants as being too high which had to be adjusted downward. This was the first impetus to the increase. Since then, the coverage levels have been adjusted for the debt because the debt market became more conservative. The GRT revenue estimates

have dropped, which has been partially offset in the current bills by eliminating the \$2 million annual repayment of the water system purchase loan from the CIP GRT. That may put some pressure on the Council as it considers its non-enterprise budget. He said the Jicarilla Lease choice recently made has an impact on the overall plan. He said the model has been changed from the beginning point in several places.

Councilor Dominguez asked if there is a cost associated with decreasing the rate.

Mr. Millican said decreasing the rate would be reflected in the various scenarios, in terms of how much total revenue is produced.

Councilor Dominguez asked if there is a cost to the City if we decide to reduce the rates.

Mr. Millican said, "To the extent that you receive proceeds of the Stimulus Package or other loans, then that would allow you to lower the rate and still meet the thresholds."

Councilor Dominguez asked if there are any other costs associated with rating down.

Mr. Millican said there is the possibility that enterprises would contribute more for the cost of services that they receive from the General Fund. There is a new billing system we need to discuss, but that is a small number compared to this cost – \$225,000 to \$500,000.

Councilor Bushee asked, if we receive stimulus funds, and we decide to reduce the rates, what would be the cost for doing that.

Mr. Millican said the cost identified is not the cost of actually changing the rates. He said changing the rates does have a cost, estimated to be \$15,000 to \$20,000 to implement all of the changes, depending on how much overtime is required. He said the rate changes don't require the purchase of a new computer system.

Councilor Bushee said she heard there was \$20 million in reserves that dissipated. At the time, she was told the rate increase would be 6.99% and it then ballooned to 9.5%. She asked if that was because of the \$20 million misplaced reserves.

Mr. Millican said the difference was caused by a miscommunication of terminology between the consultant and the Finance staff, noting it was a \$30 million difference. He said the other part of the difference was that we had to be more conservative about debt coverage requirements.

Councilor Bushee said we were just told if we got \$20 million from the Stimulus Package, it would only decrease our rates by 1/4, and the \$30 million difference was 1/2 to 2/3.

Mr. Millican responded, "If we get \$10 million, as opposed to \$30 million in difference, we get about 1/4% because it, unfortunately, is interacting with the debt service requirement. Even though you save a dollar from your bonds, you don't get a... I guess you get \$1.50 per credit. But it also has to do with the timing. In other words, how much cash you have to begin, affects how late you have to issue bonds and how much time you have to get the rates up high enough. So, starting cash is totally critical. Cash received close to the time of bond issuance is not as critical, because you haven't received the benefit of rate increase. The rate increases are producing cash from the time they're approved. The longer you wait to do that, the less cash the rates produce and the more cash comes from the new source of revenue, bail out money or the stimulus money. So, it's sort of both a case of timing and a case of when rates kick into effect. All of those early 6.99% increases expected implementation last fall or in January. So the delays are affected by that. Unfortunately, as we change the assumptions, many assumptions are changing, including the fact that the GRT is now lower than we expected it to be. The \$10 million close to bond issuance is less valuable than \$30 million that lets you delay bond issuance."

CLARIFICATION OF AMENDMENTS: Chair Ortiz said believes Councilor Dominguez's amendment is replaced by Councilor Calvert's. Councilor Calvert said he believes so as well.

VOTE: The motion, as amended, was approved on a voice vote, with Councilor Chavez, Councilor Calvert and Councilor Wurzburger voting in favor of the motion and Councilor Dominguez and Chair Ortiz voting against.

- a) **CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 9.50 PERCENT PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM (COUNCILOR WURZBURGER, COUNCILOR ROMERO AND MAYOR COSS). (GARY MARTINEZ)**
- b) **CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 10.3% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM.**
- c) **CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 9.15% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM.**

- d) **CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 8.20% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM.**

THIS OPTION WAS APPROVED, AS AMENDED, SEE DISCUSSION ABOVE.

- e) **CONSIDERATION OF BILL NO. 2008-61: AN ORDINANCE AMENDING CHAPTER 25 SFCC 1987 EXHIBIT B, WATER RATE SCHEDULE 1; INCREASING THE MONTHLY VOLUME RATES AND MONTHLY SERVICE CHARGE BY 7.20% PER YEAR FOR FIVE YEARS FOR RESIDENTIAL, MULTI-FAMILY AND COMMERCIAL CUSTOMERS OF THE CITY'S WATER SYSTEM.**
- f) **OTHER OPTIONS FOR IMPLEMENTING THE WATER DIVISION 10 YEAR FINANCIAL PLAN.**

OTHER FINANCIAL INFORMATION:

36. UPDATE ON GROSS RECEIPTS TAX REPORT FOR JANUARY 2009 AND LODGERS' TAX REPORT FOR DECEMBER 2008. (HELENE HAUSMAN)

Chair Ortiz noted the GRTs are negative, and asked what that does for the City's collective bargaining position.

Mr. Millican said the GRTs year-to-date compared to last year are .11%. He said we are very close to flat for the year and the trend is not good.

Chair Ortiz asked how we are reflecting that the City is now negative for the year.

Mr. Millican said we are down 1/10 this year compared to last year. He said year to date Lodgers Tax receipts are down 2% compared to last year.

Mr. Millican said we are seeing dropping revenues. He said staff will be recommending to the City Council and Finance Committee that next year's expenses must be equal to or less than next year's ongoing revenues, and the bargaining units will be advised of this as well.

Chair Ortiz asked, in terms of the package which we approved on the cuts, if we are still in the margin of safety regarding the cuts to this year's budget as opposed to where we're tracking now that we're seen January's hit..

Mr. Millican said the forecast that you sought would have shown us down 2% through seven months, but we're basically flat. He said we will be receiving the December GRTs as we do the mid-year

budget review, and at that time staff will be presenting a number of policy choices as well as a report from our contingency planning group, talking about what happens if this becomes a very serious recession.

Mr. Millican said, with the Council approved solution, the City can retain the 4%. He said if the Council wants to start to deal with the labor contracts, it will need to establish points which basically says that it does not have the resources to pay the increases. He said there will be a series of policies on the next agenda which start to establish the Council control over the case, approved uses and why it has priority. He said another priority next year would be the commitment staff made in asking approval of the adjustment, which is that ongoing revenues will cover or exceed ongoing expenses.

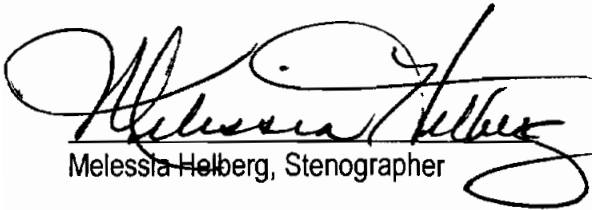
37. ADJOURNMENT

There being no further business to come before the Committee, and the Committee having completed its Agenda, the meeting was adjourned at 7:20 pm.

Matthew E. Ortiz, Chair

Reviewed by:

David N. Millican, Director
Department of Finance



Melessia Helberg, Stenographer