



Agenda

Finance Committee Meeting
February 2, 2009
City Council Chambers

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

CITY CLERK'S OFFICE

DATE 1/30/09 TIME 11:45am

SERVED BY Yolanda Green

RECEIVED BY [Signature]

JANUARY 20, 2009

MATTERS FROM THE COMMITTEE:

6. PROGRESS REPORT ON REVIEW OF PROFESSIONAL AND PERSONAL SERVICES CONTRACTS (ROBERT RODARTE)

CONSENT AGENDA:

7. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – FIRE STATION NO. 3; SAMCON, INC. (CHIP LILIENTHAL)
8. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 3 – SANTA FE PLAZA RENOVATIONS – PHASE II; AIC GENERAL CONTRACTOR (CHIP LILIENTHAL)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND
9. REQUEST FOR APPROVAL OF AMENDMENT NO. 6 TO PROFESSIONAL SERVICES AGREEMENT – OLD PECOS TRAIL PROJECT; GANNET FLEMING WEST, INC. (JOHN ROMERO)
10. REQUEST FOR APPROVAL OF AGREEMENT – RUGBY FIELDS PHASE II – POWER SUPPLY; PUBLIC SERVICE COMPANY OF NEW MEXICO (MARY MACDONALD)
11. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – SIX (6) VEHICLES FOR TRANSIT DIVISION; ZIA BUS SALES AND BOB TURNER'S FORD COUNTRY (JON BULTHUIS)
 - A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND



Agenda

Finance Committee Meeting
February 2, 2009 – 5:15 pm
City Council Chambers
Page 2

12. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – FOUR (4) STREET MAINTENANCE AND DRAINAGE VEHICLES AND EQUIPMENT FOR STREETS AND DRAINAGE DIVISION (DAVID CATANACH)
 - A. TWO (2) ONE-TON TRUCKS; BOB TURNER'S FORD COUNTRY
 - B. TWO (2) DUMP BODIES; MCT INDUSTRIES, INC.
13. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – TWO (2) VEHICLES FOR FIRE DEPARTMENT; BOB TURNER'S FORD COUNTRY (CHARLIE VELARDE)
14. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO CONTRACT – REPLACE VARIABLE FREQUENCY DRIVE SYSTEM AT WASTEWATER TREATMENT PLANT FACILITY; ALPHA SOUTHWEST, INC. (COSTY KASSISIEH)
15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – ONE (1) VACTOR SEWER VACUUM TRUCK FOR WASTEWATER DIVISION; PETE'S EQUIPMENT REPAIR, INC. (ROBERT RODARTE)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – WASTEWATER ENTERPRISE FUND
16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – TWO (2) VEHICLES FOR WATER DIVISION; BOB TURNER'S FORD COUNTRY (ROBERT RODARTE)
17. REQUEST FOR APPROVAL OF EXCLUSIVE AGREEMENT – PHOTO RED LIGHT AND SPEED ENFORCEMENT PROGRAM; REDFLEX TRAFFIC SYSTEMS, INC. (POLICE CAPTAIN ANTHONY ROBBIN)
18. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT – SANTA FE CIVIC CONVENTION CENTER; HANDS ENGINEERING, LLC (MARTIN VALDEZ)
 - A. REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO PROFESSIONAL SERVICES AGREEMENT – SANTA FE CIVIC CONVENTION CENTER; FENTRESS BRADBURN ARCHITECTS, LTD
19. REQUEST FOR APPROVAL OF FUND REALLOCATION AND BUDGET ADJUSTMENT FOR CERRILLOS ROAD RECONSTRUCTION PROJECT PHASE II – CIELO CT. TO CAMINO CARLOS REY (ERIC MARTINEZ)



Agenda

Finance Committee Meeting
February 2, 2009 – 5:15 pm
City Council Chambers
Page 3

20. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUESTS (BAR) TO IMPLEMENT THE GENERAL FUND BUDGET BALANCING STRATEGY FOR FISCAL YEAR 2008/2009 APPROVED AT THE SPECIAL CITY COUNCIL MEETING OF JANUARY 5, 2009 (CAL PROBASCO)
21. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT FORMALIZING THE ESTABLISHMENT OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION (LEE DEPIETRO)
 - A. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY ECONOMIC DEVELOPMENT DIVISION TO CARRY OUT THE ACTIVITIES OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION ON BEHALF OF THE CITY OF SANTA FE AND AUTHORIZING THE DIVISION TO ACTIVELY PARTICIPATE IN THE PLANNING DELIBERATIONS OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION (COUNCILORS DOMINGUEZ AND ROMERO) (LEE DEPIETRO)

Committee Review:

City Business & Quality of Life Committee (Approved)	January 21, 2009
Public Works Committee (Approved)	January 26, 2009
City Council (Scheduled)	February 11, 2009

Fiscal Impact – No

22. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2006-146 REGARDING THE SISTER CITY COMMITTEE (COUNCILOR WURZBURGER) (TOM MAGUIRE)

Committee Review:

City Council (Scheduled)	February 11, 2009
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Fiscal Impact – No

23. REQUEST FOR APPROVAL OF AN ORDINANCE ESTABLISHING A RURAL RESIDENTIAL ZONING DISTRICT FOR THAT AREA REFERRED TO AS AREA 1 IN THE SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS ENTERED INTO BY THE CITY OF SANTA FE, SANTA FE COUNTY AND OTHER PARTIES DATED MAY 19, 2008 AND GENERALLY LOCATED WEST OF THE CURRENT CITY LIMITS AND NORTH OF AGUA FRIA STREET; AND MAKING SUCH OTHER RELATED CHANGES (COUNCILOR WURZBURGER) (JEANNE PRICE)



Agenda

Finance Committee Meeting
February 2, 2009 – 5:15 pm
City Council Chambers
Page 4

Committee Review:

Santa Fe Regional Planning Authority (Reviewed)	January 20, 2009
Planning Commission (Approved)	January 15, 2009
Public Works Committee (Approved)	January 26, 2009
City Council (Request to Publish)	February 11, 2009
City Council (Public Hearing)	March 11, 2009

Fiscal Impact – No

24. REQUEST FOR APPROVAL OF A RESOLUTION PROCLAIMING THE MONTH OF MAY THIS YEAR AND EACH YEAR FORWARD AS “UNDERAGE DRINKING PREVENTION MONTH” AND TAKING EFFORTS TO EDUCATE THE CITY EMPLOYEES AND THE PUBLIC REGARDING THE DANGERS OF UNDERAGE DRINKING AND ENCOURAGING PARENTS TO EDUCATE THEIR CHILDREN REGARDING THESE DANGERS (COUNCILOR DOMINGUEZ AND ROMERO) (TERRIE RODRIGUEZ)

Committee Review:

Public Safety Committee (Approved)	January 22, 2009
Public Works Committee (Approved)	January 26, 2009
City Council (Scheduled)	February 11, 2009

Fiscal Impact – Yes

25. GREEN BUILDING CODE BILL AND RESOLUTIONS:
- A. REQUEST FOR APPROVAL OF AN ORDINANCE CREATING A NEW ARTICLE 7-4 SFCC 1987, GREEN BUILDING CODES; CREATING A NEW SECTION 7-4.1 SFCC 1987, RESIDENTIAL GREEN BUILDING CODE (SINGLE FAMILY ATTACHED AND DETACHED); AND REPLACING SECTION 7-15 SFCC 1987 ENERGY AUDITS (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ) (KATHERINE MORTIMER)
 - B. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE ADMINISTRATIVE PROCEDURES FOR THE SANTA FE RESIDENTIAL GREEN BUILDING CODE (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ) (KATHERINE MORTIMER)



Agenda

Finance Committee Meeting
February 2, 2009 – 5:15 pm
City Council Chambers
Page 5

- C. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING AND EDUCATION AND OUTREACH PROGRAM FOR THE IMPLEMENTATION OF THE CITY OF SANTA FE'S RESIDENTIAL GREEN BUILDING CODE (COUNCILOR DOMINGUEZ, MAYOR COSS, COUNCILORS CALVERT, WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ) (KATHERINE MORTIMER)
- D. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING INCENTIVES FOR GREEN BUILDING THAT EXCEEDS THE REQUIREMENTS OF THE SANTA FE RESIDENTIAL CODE (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER BUSHEE, ROMERO AND DOMINGUEZ) (KATHERINE MORTIMER)
- E. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING TARGET GOALS FOR THE CITY OF SANTA FE'S RESIDENTIAL GREEN BUILDING CODE TO MEET THE GOALS SET FORTH IN THE U.S. MAYORS CLIMATE AGREEMENT (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ) (KATHERINE MORTIMER)

Committee Review:

City Business & Quality of Life Committee (Postponed)
Public Works Committee (Approved)
City Council (Request to Publish)
City Council (Public Hearing)

January 21, 2009
January 26, 2009
February 11, 2009
March 11, 2009

Fiscal Impact – Yes

END OF CONSENT AGENDA

DISCUSSION:

- 26. DISCUSSION OF PROPOSED CHANGES TO SFCC CHAPTER XI FINANCE AND BUDGETING REGARDING BUDGET ADOPTION AND ADMINISTRATION (DAVID MILLICAN)



Agenda

Finance Committee Meeting
February 2, 2009 – 5:15 pm
City Council Chambers
Page 6

27. REQUEST FOR APPROVAL OF PROPOSED POLICIES FOR ESTABLISHMENT AND ADMINISTRATION OF RESERVE FUNDS (DAVID MILLICAN)

OTHER FINANCIAL INFORMATION:

28. ADJOURN

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

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, February 2, 2009**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved [amended]	1-3
APPROVAL OF CONSENT AGENDA	Approved [amended]	3
CONSENT AGENDA LISTING		3-6
APPROVAL OF MINUTES: JANUARY 20, 2009	Approved	6
<u>MATTERS FROM THE COMMITTEE</u>		
PROGRESS REPORT ON REVIEW OF PROFESSIONAL AND PERSONAL SERVICES CONTRACTS	Information/discussion	6-8
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF CHANGE ORDER NO. 3 – SANTA FE PLAZA RENOVATIONS – PHASE II; AID GENERAL CONTRACTOR REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND	Approved	8
REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT - TWO (2) VEHICLES FOR WATER DIVISION; BOB TURNER'S FORD COUNTRY	Approved [amended]	8-9
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUESTS (BAR) TO IMPLEMENT THE GENERAL FUND BUDGET BALANCING STRATEGY FOR FISCAL YEAR 2008/2009 APPROVED AT THE SPECIAL CITY COUNCIL MEETING OF JANUARY 5, 2009	Approved	9-10

END OF CONSENT CALENDAR DISCUSSION		

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
<u>DISCUSSION</u>		
REQUEST OF PROPOSED CHANGES TO SFCC CHAPTER XI FINANCE AND BUDGETING REGARDING BUDGET ADOPTION AND ADMINISTRATION	Direction to staff/No action	10-18
REQUEST FOR APPROVAL OF PROPOSED POLICIES FOR ESTABLISHMENT AND ADMINISTRATION OF RESERVE FUNDS	Direction to staff/No action	18-21
OTHER FINANCIAL INFORMATION	Information	21
ADJOURNMENT		21

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, February 2, 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 Monday, February 2, 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 Carmichael A. Dominguez
Councilor Rebecca Wurzbarger

MEMBERS EXCUSED:

Councilor Miguel Chavez

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

Mr. Millican said on Item #8, in the report there is a request for a \$10,000 delegation of authority for the City Manager to approve wrap-up change orders to finish the project. However, when he spoke to Mr. Lilienthal, he said it is possible the wrap-ups might exceed \$10,000. He said if more authority is needed, he will come back to the Committee.

Councilor Dominguez said, regard to Item #17, this will be heard at Public Safety on Monday.

Councilor Trujillo said there will be a special Public Safety Committee on Monday at 4:00 p.m., to discuss this issue.

Councilor Dominguez would like to postpone this bill to the Finance Committee meeting of March 2, 2009, in time for the Council meeting on March 11, 2009.

Responding to Councilor Trujillo, Chair Ortiz said the meeting on February 26, 2009, is a Public Works Committee meeting. He said the next Finance Committee meeting is on February 16, 2009, which will be a special City Council meeting dealing with budget, mid-year and some of the things we'll be doing later this evening. He said the next available time to hear this bill is March 2, 2009, and asked Councilor Trujillo if that would be okay.

Councilor Trujillo said this will be fine. He asked Councilors with any changes to please give those to Frank Katz.

Councilor Dominguez said he has some amendments to the contract and he would rather do that at the Finance Committee and then have them ready for the City Council meeting, commenting he hopes those can be worked out before that time.

Councilor Calvert asked Councilor Dominguez if he is prepared to present the amendments tonight.

Councilor Dominguez said he is not.

Councilor Trujillo asked Councilor Dominguez if he would have those amendments for presentation at Public Safety.

Councilor Dominguez said he would have some, but not all. He said he would rather that the amendments go through Committee than to be heard at the Council.

Responding to Councilor Calvert, Councilor Trujillo said the agreement is scheduled for the next Council meeting, and this is the reason he scheduled a special meeting on Monday. He said if it is postponed to March 2nd, he hopes it can be heard by the Council at the last meeting in March.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Dominguez, to approve the Agenda as amended, including postponement of Item 17 to the meeting of March 2, 2009

FRIENDLY AMENDMENT: Councilor Calvert would like to amend the motion to pull Item 17 and have discussion before we move to postpone it. **The amendment was not friendly to the maker, who explained that Councilor Dominguez wants to make major amendments.**

Councilor Calvert said if Councilor Dominguez could have the amendments ready for the Public Safety Committee meeting this item doesn't have to be delayed.

Chair Ortiz said. by the "shaking of heads," he presumes the answer to Councilor Calvert's question is no.

VOTE: The motion was approved on a voice vote, with Councilors Wurzbarger and Dominguez and the Chair voting in favor of the motion and Councilor Calvert voting against.

4. APPROVAL OF CONSENT AGENDA

Councilor Wurzbarger asked to be added as a cosponsor to Item No. 21, but she doesn't need to pull this item.

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

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

CONSENT AGENDA

7. **REQUEST FOR APPROVAL OF CHANGE ORDER NO. 2 – FIRE STATION NO. 3; SAMCON, INC. (CHIP LILIENTHAL)**
8. ***[Removed for discussion by Councilor Calvert]***
9. **REQUEST FOR APPROVAL OF AMENDMENT NO. 6 TO PROFESSIONAL SERVICES AGREEMENT – OLD PECOS TRAIL PROJECT; GANNET FLEMING WEST, INC. (JOHN ROMERO)**
10. **REQUEST FOR APPROVAL OF AGREEMENT – RUGBY FIELDS PHASE II – POWER SUPPLY; PUBLIC SERVICE COMPANY OF NEW MEXICO. (MARY MacDONALD)**
11. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – SIX (6) VEHICLES FOR TRANSIT DIVISION; ZIA BUS SALES AND BOB TURNER'S FORD COUNTRY. (JON BULTHUIS)**
 - A. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT – GRANT FUND.**
12. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – FOUR (4) STREET MAINTENANCE AND DRAINAGE VEHICLES AND EQUIPMENT FOR STREETS AND DRAINAGE DIVISION. (DAVID CATANACH)**
 - A. **TWO (2) ONE-TON TRUCKS; BOB TURNER'S FORD COUNTRY**
 - B. **TWO (2) DUMP BODIES; MCT INDUSTRIES, INC.**

13. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – TWO (2) VEHICLES FOR FIRE DEPARTMENT; BOB TURNER'S FORD COUNTRY. (CHARLIE VELARDE)
14. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO CONTRACT – REPLACE VARIABLE FREQUENCY DRIVE SYSTEM AT WASTEWATER TREATMENT PLANT FACILITY; ALPHA SOUTHWEST, INC. (COSTY KASSISIEH)
15. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE AGREEMENT – ONE (1) VACTOR SEWER VACUUM TRUCK FOR WASTEWATER DIVISION; PETE'S EQUIPMENT REPAIR, INC. (ROBERT RODARTE)
 - A. REQUEST FOR APPROVAL OF BUDGET INCREASE – WASTEWATER ENTERPRISE FUND.
16. *[Removed for discussion by Councilor Calvert]*
17. REQUEST FOR APPROVAL OF EXCLUSIVE AGREEMENT – PHOTO RED LIGHT AND SPEED ENFORCEMENT PROGRAM; REDFLEX TRAFFIC SYSTEMS, INC. (POLICE CAPTAIN ANTHONY ROBBIN)
This item was removed from the agenda and postponed to March 2, 2009
18. REQUEST FOR APPROVAL OF AMENDMENT NO. 5 TO PROFESSIONAL SERVICES AGREEMENT – SANTA FE CIVIC CONVENTION CENTER; HANDS ENGINEERING, LLC. (MARTIN VALDEZ)
 - A. REQUEST FOR APPROVAL OF AMENDMENT NO. 8 TO PROFESSIONAL SERVICES AGREEMENT – SANTA FE CIVIC CONVENTION CENTER; FENTRESS BRADBURN ARCHITECTS, LTD.
19. REQUEST FOR APPROVAL OF FUND REALLOCATION AND BUDGET ADJUSTMENT FOR CERRILLOS ROAD RECONSTRUCTION PROJECT PHASE II – CIELO CT. TO CAMINO CARLOS REY. (ERIC MARTINEZ)
20. *[Removed for discussion by Chair Ortiz]*
21. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT FORMALIZING THE ESTABLISHMENT OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION. (LEE DePIETRO)
 - A. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY ECONOMIC DEVELOPMENT DIVISION TO CARRY OUT THE ACTIVITIES OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION ON BEHALF OF THE CITY OF SANTA FE AND AUTHORIZING THE DIVISION TO ACTIVELY PARTICIPATE IN THE PLANNING DELIBERATIONS OF THE SANTA FE REGIONAL TELECOMMUNICATIONS COALITION. (COUNCILORS DOMINGUEZ, WURZBURGER AND ROMERO). (LEE DePIETRO)

Committee Review:

City Business & Quality of Life Committee (Approved) January 21, 2009; Public Works Committee (Approved) January 26, 2009; and City Council (Scheduled) February 11, 2009. Fiscal Impact – No.

22. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2006-146 REGARDING THE SISTER CITY COMMITTEE (COUNCILOR WURZBURGER). (TOM MAGUIRE) Committee Review: City Council (Scheduled) February 11, 2009. Fiscal Impact – No.
23. REQUEST FOR APPROVAL OF AN ORDINANCE ESTABLISHING A RURAL RESIDENTIAL ZONING DISTRICT FOR THAT AREA REFERRED TO AS AREA 1 IN THE SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF CLAIMS ENTERED INTO BY THE CITY OF SANTA FE, SANTA FE COUNTY AND OTHER PARTIES, DATED MAY 19, 2008, AND GENERALLY LOCATED WEST OF THE CURRENT CITY LIMITS AND NORTH OF AGUA FRIA STREET; AND MAKING SUCH OTHER RELATED CHANGES (COUNCILOR WURZBURGER). JEANNE PRICE) Committee Review: Santa Fe Regional Planning Authority (Reviewed) January 20, 2009; Planning Commission (Approved) January 15, 2009, Public Works Committee (Approved) January 26, 2009; City Council (Request to Publish) February 11, 2009; and City Council (Public Hearing) March 11, 2009. Fiscal Impact – No.
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25. GREEN BUILDING CODE BILL AND RESOLUTIONS:
 - A. REQUEST FOR APPROVAL OF AN ORDINANCE CREATING A NEW ARTICLE 7-4 SFCC 1987, GREEN BUILDING CODES; CREATING A NEW SECTION 7-4.1 SFCC 1987, RESIDENTIAL GREEN BUILDING CODE (SINGLE FAMILY ATTACHED AND DETACHED); AND REPLACING SECTION 7-15 SFCC 1987 ENERGY AUDITS (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ). (KATHERINE MORTIMER)
 - B. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING THE ADMINISTRATIVE PROCEDURES FOR THE SANTA FE RESIDENTIAL GREEN BUILDING CODE (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ). (KATHERINE MORTIMER)

- C. REQUEST FOR APPROVAL OF A RESOLUTION ADOPTING AN EDUCATION AND OUTREACH PROGRAM FOR THE IMPLEMENTATION OF THE CITY OF SANTA FE'S RESIDENTIAL GREEN BUILDING CODE (COUNCILOR DOMINGUEZ, , MAYOR COSS, COUNCILORS CALVERT, WURZBURGER, BUSHEE AND ROMERO). (KATHERINE MORTIMER)
- D. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING INCENTIVES FOR GREEN BUILDING THAT EXCEEDS THE REQUIREMENTS OF THE SANTA FE RESIDENTIAL CODE (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ). (KATHERINE MORTIMER)
- E. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING TARGET GOALS FOR THE CITY OF SANTA FE'S RESIDENTIAL GREEN BUILDING CODE TO MEET THE GOALS SET FORTH IN THE U.S. MAYORS CLIMATE AGREEMENT (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO AND DOMINGUEZ). (KATHERINE MORTIMER)

Committee Review: City Business & Quality of Life Committee (Postponed) January 21, 2009; Public Works Committee (Approved) January 26, 2009; City Council (Request to Publish) February 11, 2009; City Council (Public Hearing) March 11, 2009. Fiscal Impact – Yes.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: JANUARY 20, 2009

MOTION: Councilor Dominguez moved, seconded by Councilor Wurzbarger, to approve the minutes of the meeting of January 20, 2009, as presented.

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

MATTERS FROM THE COMMITTEE

6. PROGRESS REPORT ON REVIEW OF PROFESSIONAL AND PERSONAL SERVICES CONTRACTS. (ROBERT RODARTE)

Chair Ortiz noted that there is no information in the packet or on the desk for this matter.

Mr. Millican said Robert Rodarte will give an oral report on the work done to date.

Chair Ortiz said this Committee asked to have documentation or a summary of all of the professional services contracts in written form. He said this Committee reads the information in the packet, and prefers to read something rather than to listening to a presentation.

Mr. Millican said the reason there is nothing in writing is that this weekend was the cut-over to the new finance system.

Robert Rodarte said what he is finding in researching the contracts, is that there are a lot of contracts which are binding for several years. He said if they can identify these when they come due, many of which are due on June 30th, the contracts can be negotiated prior to March/April. He said it is tough to pinpoint many of the contracts with regard to the totals and such.

Chair Ortiz said most contracts have a 30-day cancellation provision, which is dependent on funding, even the multi-year contracts. He said, given the economic conditions, we need to get a handle on all the contracts grouped by fund, and then determine whether or not the contract is useful.

Chair Ortiz said he wants some kind of spreadsheet or compilation of all of the contracts, grouped by fund, the term of the contract, and when payment is due. He said perhaps the departments should be responsible for providing this information to Mr. Rodarte. He said this information could be helpful in looking at lean budget times.

Mr. Rodarte said he developed an outline of service agreements, contracts, professional services agreements and such. There are approximately 423 contracts and the only way to identify these would be from the department level. He said once he completes the outline, he can present it to senior staff. He said the departments have to get this information to him, because it would be extremely tough to research and every one of these.

Councilor Calvert asked if the City Clerk could pull the contracts from her files.

Mr. Millican said there are contract logs in the City Clerk's Office and in Finance, but these are chronological logs. He said Mr. Rodarte has one of the best files and could provide a list of contracts to the various departments. He said the point is that the people managing the contracts have the best understanding of how this works, and whether there are alternatives.

Councilor Wurzbarger said this is a two step process. She wants to see the number of contracts, the amount of the contract, and the scope/title. At this time, she isn't interested in the staff priority. She just wants to see the City's current commitment to contracts which would give us a context for making decisions. She just wants a copy of Mr. Rodarte's list.

Chair Ortiz said he will keep this item on the Committee agenda, and directed Mr. Rodarte to be prepared to provide the contract detail, at the minimum the list, in writing in the packet for the meeting of February 16, 2009. Councilor Dominguez said he also would like to have the contract expiration dates included in the analysis.

Mr. Rodarte said he will work with the City Clerk in this regard.

Chair Ortiz said he believes the City has the authority to give a 30-day notice to a contractor that it will not be funded in the coming fiscal year.

Chair Ortiz reiterated that the Committee is looking for the "big picture, master list type approach."

Councilor Calvert said perhaps we should have a discussion of how to track and monitor contracts in the future.

CONSENT CALENDAR DISCUSSION

- 8. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 3 – SANTA FE PLAZA RENOVATIONS – PHASE II; AID GENERAL CONTRACTOR. (CHIP LILIENTHAL)**
A. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND.

Responding to the Chair, Mr. Lilienthal said the project has reached the \$30,000 threshold, so any and all change orders have to come before the Committee. He said it doesn't appear that \$10,000 will be enough, noting he received two change orders today totaling \$13,000. He accepted one for approximately \$6,600, but rejected the second one and need to negotiate it. He said there might be another small change order still out there, but he has no idea how much it is, because it is part of the electrical.

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve this request, "with changing the 'not to exceed \$10,000' to \$20,000.

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

- 16. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT - TWO (2) VEHICLES FOR WATER DIVISION; BOB TURNER'S FORD COUNTRY. (ROBERT RODARTE)**

Councilor Calvert said he doesn't question the replacement vehicle for the 1997 Ford Taurus, but the second request is for an expansion unit which approved during the 2008-2009 budget process. He questioned whether we should be doing an expansion at this time. He would like a better idea of the Water Division fleet and the condition/mileage of those vehicles, and a justification for the expansion vehicle.

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the request for the vehicle replacing the Ford Taurus, with direction to staff to provide the requested information for the other vehicle before it is approved.

DISCUSSION: Mr. Rodarte said then you want a listing of all vehicles in the Water Division, including the mileage, and come back for approval on the second vehicle.

Councilor Wurzbarger said she read yesterday in the *Sustainability News*, "that there is a new federal program that is giving \$4,000 rebates to cars that are gas guzzlers, or trucks, and I don't know if the City is on top of that, but I'll bet you that some of the things that we are replacing would be defined and/or qualified as gas guzzlers. And, I'd like to suggest that you might take a look at that. It was in *Sustainability News* this week. I'm sorry I didn't copy it for you, but I think it was \$4,000 a vehicle."

Mr. Rodarte explained that during the take-over of the Water Division, we transferred quite a few of these vehicles and started reading meters. He will provide the requested information at the next meeting.

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

20. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUESTS (BAR) TO IMPLEMENT THE GENERAL FUND BUDGET BALANCING STRATEGY FOR FISCAL YEAR 2008/2009 APPROVED AT THE SPECIAL CITY COUNCIL MEETING OF JANUARY 5, 2009. (CAL PROBASCO)

Chair Ortiz asked if all of the bolded numbers add up to the projected \$3,012,794 in savings.

Mr. Probasco said yes.

Chair Ortiz asked, regarding the Land Use Department, if we will have to return funds to and/or make personnel decisions in Land Use because of the issue with respect to the Court decision on Short Term Rentals, and if this has been factored-in.

Mr. Mr. Probasco said this is the \$102,000 in reductions which Land Use "offered up" out of the various areas in their programs. He said Land Use is undergoing a complete review of its revenues and expenditures, but these actions are independent of the personnel actions.

Chair Ortiz said he understands the City has over-collected fees in its Short Term Rental program, and as a result, the City will need to do some accounting for that over-collection of fees. He asked if the \$102,000 comports with the recent Court decision.

Mr. Millican said this is not connected with any of the revenue issues. He said staff is in the process of doing a comprehensive review of revenue and expenditures in Land Use, and that issue as well as issues of reprioritization, will come back in a different set of budget adjustment requests at the meeting on February 16, 2009. He said that will include slowing the police expansion, transferring funds from Affordable Housing in the Parks back to the General Fund, and the corrections related to Land Use.

Responding to Councilor Wurzbarger, Mr. Millican said this accounts for \$3 million of the \$6 million shortfall.

Councilor Wurzbarger said then this is a work in progress with these budget adjustments agreed-to by staff, and the others will be provided at the next meeting, and Mr. Millican said this is correct.

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

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

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

26. REQUEST OF PROPOSED CHANGES TO SFCC CHAPTER XI FINANCE AND BUDGETING REGARDING BUDGET ADOPTION AND ADMINISTRATION. (DAVID MILLICAN)

Chair Ortiz said he wants to be clear, as a Committee in terms of the status of the proposed steps he will be presenting to get through the current fiscal year as well as the next fiscal year, and the relative dates when we will be making and acting on those decisions. He asked Mr. Millican to give a brief primer on the dates before beginning his presentation.

Mr. Millican said this weekend they are cutting over to the new E1 Enterprise Finance System, noting that has gone quite smoothly. He said, because of this, he has delayed training, so over the next 2-3 weeks he will be training staff on how to use the new budget system. He said once he receives Council policy direction on February 16, 2009, those will be given to the departments so their budgets will be consistent with that. He said in mid-March, the City Manager review will begin and in April, staff will begin review of the budget with the Council. The plan, if approved, is to bring budgets in related clusters, noting the first will be those with less uncertainty, and the others later in the process, so the final budget decisions would be made mid-May to the third week in May. He will be making a series of other recommendations which could include the personnel issues being discussed.

Chair Ortiz said it is understanding that the discussion at the Special Council meeting on February 16, 2009, is the consideration of Items #26 and #27. There also will be an update on vacancies, and we will be discussing the collective bargaining strategy which the administration is bringing forward in preparation for the next fiscal year. He asked what else will be discussed at that meeting.

Mr. Millican said the Council will get its first look at the 5-year forecast for the General Fund. There will be a report from the Restructuring Team which is looking at what would happen if we have to restructure if are as much as 10% below this year's GRTs. The main Budget Team is working on policy options to keep revenues and expenditures in balance next year if the economy is flat. He said staff will be presenting options on where to preserve resources, where to reduce, and such, noting they want to provide as many options as possible. There will be different flavors of budgets – some which might focus on Public Safety or social welfare programs, or basic community services – parks and maintenance of facilities.

Chair Ortiz asked if we will be able see those in terms of an overview on February 16th, and then in April-May, we will see the fleshed out options for budget process, and Mr. Millican said yes.

Councilor Wurzbarger asked, "Am I to infer that on the 16th we will be exploring options for service. We will actually be, as a Council saying, 'well do we really need to keep law enforcement at the exact same level, or do we need to recycle every week.' Is that happening on the sixteenth as a context for looking so that we're not going budget by budget by budget, or department by department, but we look across."

Mr. Millican said the 16th is going to be more program oriented, policy oriented. He said the budget forecasting will allow you to see what happens, for example, if Public Safety has no reductions, what do you have to reduce elsewhere to fund that. He said we are going to look at the array of functions the City provides, why it provides those and talk about what represents core services, noting the Council is the one that determines core. He said they are using a technique in the restructuring group called scenario planning to assess the problem and look for the opportunities for change.

Councilor Wurzbarger said if we start a debate on what is or is not core, there is an immediate conflict over what only the City can do in, for example, law enforcement. She said perhaps the question is if the service could be done at a lower level, rather than saying that's core and can't change and has to stay at this level. She said we can start at the basis of saying all departments are important and decide how to make changes which could accommodate everything.

Mr. Millican said rather than core, perhaps service mix and level is a good way to talk about it. He said some believe the only core function of cities is land use control and it can contract for all other services, for example, contract with the County for Police and Fire. He said it won't be debated that way.

Councilor Wurzbarger said she wants to know the tradeoffs. She is inferring that the information which will be presented, based on the work staff has been doing, will show scenarios, so there will be combinations of alternatives. She looks forward to that.

Councilor Dominguez said his question was how we were going to have the discussion on priorities and there will be tradeoffs. For example, whether to recycle monthly or weekly.

Councilor Dominguez said it seems to him that staff needs to prepare some language for the Governing Body to give authority to various people to make some of these decisions, and if so is he looking for action on this item tonight.

Mr. Millican said the items tonight were intended for discussion before staff starts to propose changes to City Codes or specific delegations. He wanted the Committee to look at these and be sure they are comfortable with the concepts. He said these are in the category of important but not urgent, and aimed at significantly reducing the amount of paperwork at the end of the fiscal year.

Councilor Dominguez asked how that relates to the budget discussion, other than being more efficient.

Mr. Millican said the most important recommendations for the budget, as opposed to efficiency, have to do with the reserve levels. He said the meeting is aimed at looking at the year end process. He said he is hoping this will become routine so we don't have to wait for Council action to proceed with appropriations. In the past, staff has approved the appropriations and then presented them to the Council for quarterly approval. He would like to have the approval in advance.

Chair Ortiz said the specific language should come forward by the 16th so we could see what the language would do and the practical results.

Mr. Millican said he wants to make sure the Council talks about encumbrance accounting, an option in government accounting, which means you tie up the budget when the purchase order is issued. He said a capital appropriation lasts from the time it is approved until the project is done as opposed to expiring every year. The renewal process is time consuming and doesn't add much to the management of the project.

Mr. Millican said he would propose to make a change in carry-forward appropriations, commenting he believes funding for uncompleted projects shouldn't automatically roll over.

Mr. Millican said, regarding delegation, currently the City Manager has the authority to create appropriations, and he wants to put a limit on that authority.

Chair Ortiz said he read "delegation" as an expansion of delegation authority to the City Manager, and by delegation of the City Manager to department heads. He said Mr. Millican is asking us to change the way we do things and to approve blanket appropriations for a particular department and then giving that authority to the department director. He sees this as an expansion of bureaucratic authority, and not as a limiting factor.

Mr. Millican said under "delegation," he does ask for somewhat limited delegation, noting in the second paragraph, he talks about not being appropriate unless you are appropriating from another account.

Councilor Calvert noted the last sentence in that paragraph says, "It is important to strictly limit the ability of staff to expend the overall spending authority granted by the City Council."

Chair Ortiz pointed out that the sentence before that provides, "A contingency appropriation should be established to provide funds for unanticipated or appropriation of estimated revenue up to a specified level." He said we've never done this before.

Mr. Millican said this is correct, noting current Code authorizes the Manager to create appropriations of up to \$30,000. He believes it is better for the Council to establish a pre-set spending limit, and the City Manager can appropriate up to that limit, and return to the Council to justify additional funds. He noted that last year approximately \$700,000 was appropriated under that authority which was considered to be necessary. However, for financial control, he prefers to have a more clearly established authority.

Councilor Calvert said he understands, but he wants to ensure that nothing we do leads us further down the path of "use it or lose it" where people spend money at the end of the fiscal year just because funds can't be carried over.

Councilor Calvert says he also wants to see staff provide scenarios which are sensitive to different levels of reduction that we are anticipating, and are realistic, which will give us an idea of what we have to do, depending on the seriousness of the situation.

Mr. Millican said this will be a dynamic budget, noting currently he has been focusing on a flat and reduced budget, but we will wind up somewhere between those if things get bad.

Councilor Wurzbarger said she agrees with most of this at a conceptual level, but it seems there is a conflict under "capital projects and grants," and the notion of an unexpended spending authority in the subsequent year's budget with a routine transfer and then the carry-forward appropriation. She said on one hand it is permitted, and the other you are not.

Mr. Millican said, "I think that kind of industry practice is often that for capital projects, usually you only let something get a capital project appropriation or a capital appropriation if it is above a certain size and is expected to last more than a certain period of time to get it done. Otherwise, everything is an operating appropriation which run during the fiscal year and end. So, this was setting up two categories which could bridge fiscal years without special Council action."

Responding to Councilor Wurzbarger, Mr. Millican said it would have to be requested again, rather than it be done automatically. This gives people an incentive to get the project done.

Councilor Calvert asked if that applies to capital projects which are estimated to be done by a certain time, and if those would automatically carry over if they didn't meet their timeline. He said many times it depends on the funding source and when it's paid, especially grants from the state and federal government. .

Mr. Millican said, "That's absolutely the logical next question when you have this kind of appropriation and that is that the City staff needs to commit to you that they're going to a routine review of projects and close them out when it's time, or that we're going to do a performance review of projects for projects that have been sort of sitting out there and not being pursued, so that you can at least get a handle on why things are not being pursued and whether or not you think it should either be, you know, redirected to another project or whether you want to see a performance change.

Responding to Councilor Wurzbarger, Mr. Millican said, "Usually the bi-yearly cycle that you're on for debt and for capital planning is a good cycle to at least do it every two years. I actually in the past have done it annually, because then you can sweep the unused appropriations into the fund balance and make it available for unanticipated needs that the Council encounters in between in the planning process."

Chair Ortiz said he believes this has been done in the past, but never reached the Council level.

Councilor Wurzburger said this Committee, under the leadership of the Chair, has been working for transparency and for us to get the information needed to make better decisions.

Councilor Wurzburger said, as she understands "delegation," we're trying to make it simpler so we're not micromanaging and making decisions. However, we don't have in place the notion that we're going to have a limit on that. She said, for example, if the City Manager wants to put \$400,000 in one item, he could do that. So, the issue is that we're putting a cap on it, rather than micromanaging the contracts he is approving.

Mr. Millican said this is correct, and in Item 27, he's suggesting a cap of a half percent of the annual budget.

Councilor Wurzburger said, "The last thing I would say is, and this is more process, and I don't see this anywhere in here, has to do with grants that we get. I would really like to see our process facilitated by our not revisiting, as a Finance Committee or a Council... if we get a grant, then suddenly the grant comes forward and it's a matter of accepting the grant, or we forgot the number, like we had the other day on something, and now we have a public policy debate over the grant. Now, the grant's been given, the money's been spent. I don't think that's a good use of our time, and I don't know how that ties into this process, if that's more... you know we had that happen at Council, and we've had some of that here. And then Councilors, either new or for other reasons, come in a debate a decision that's already happened. And, I'd love to get rid of that, for the benefit of the future."

Chair Ortiz said when we delegate that authority there is a countervailing pressure to know that what's being done is being done according to the Council's policy wishes. He said then you find out about a contract when we have to approve an extension because they ran out of money and are the only ones that can finish the work and we would be in a bind if it wasn't finished. He said we could take a little more time at the front end, but we would know that there was a process which was open and available to different people. He said this is the struggle on giving the authority. He asked how to balance that, and not just give it away. He knows there is a policy in place which required the City Manager to report all of those contracts on a quarterly basis and we could ask questions, but it was always after the fact.

Responding to Mr. Millican, Chair Ortiz said he is speaking of grants, or the expenditure of grant funds.

Mr. Millican said once it's done, it's difficult to come back. He said he infers from City Code, that the Council should approve the filing of a grant for more than \$30,000. If the grant is approved, then the City Manager can put the budget into place when it is received and it can go forward. He infers there is the possibility that an application could be filed without Council approval, but the Council has to approve the budget. He said some grant timelines don't work with the Committee/Council timelines, commenting that the people running those government grants sometimes don't care about our City timeline.

Councilor Wurzburger said the issue, to her, is not so much the grant as the contract. She said a lot of contracts began at \$30,000 as the way to get in the door and were expanded, with or without intent

or mal-intent, didn't go through the total process, and sometimes ended up being with the person not being the most qualified to do the work.

Chair Ortiz spoke about consultants brought in to do small pieces of work, and then are given a larger contract, based on additional work which arises in the course of the first work. He said we then have the larger contracts which have change orders after they have submitted a bid. He asked how to get a handle on those. He said because we're giving that authority, we're giving an incentive to department heads, because it's a "use it or lose it" situation, to build all the way to the full budget line item and not to exact any kinds of savings, nor to negotiate a lower price. He said once we give that authority it is gone, and we don't get a chance to see it again.

Councilor Calvert said there are differences in change orders. Some are unanticipated and others are intentional where a portion is pulled to give part of the contract to someone else who is more qualified. He said we need to differentiate between those.

Mr. Millican said you are saying you want greater integrity in the process, and less opportunity for "game playing."

Councilor Wurzbarger said if we are going to raise the bar, we want to be sure we have a better handle on that very issue.

Mr. Millican said there is a consistent concern that people "lowball" the contract because they know there will be change orders later, or choosing another contractor without being subject to the competitive environment. He said he and Mr. Rodarte need to look at this very closely.

Councilor Wurzbarger would like to look at contracts which began at \$30,000 and then escalated.

Chair Ortiz said if there is a master list, we the Committee would like to see those numbers, sorted by size in a matrix. However, he said we first need to deal with the current situation to determine how we get to that place.

Mr. Millican said there is not an automated system to track that progression.

Councilor Calvert said, with regard to Item #26, he is sort of okay, but he wants the key words to be defined, such as "below a specified level," or "strictly limit," or "establish limits for delegation." These are key points and those numbers might influence our decision. He quoted from the memorandum, "It is important to strictly limit the ability of staff to expand the overall spending authority granted by the City Council." He asked if this means they can move funds around, but don't have the authority to seek a \$30,000 "bump" for something from the City Manager. He stressed that the spending authority granted by the City Council is the budget. He said the City Manager's authority to go beyond the \$30,000, "is not what was granted by the Council, unless you would say, in general, we granted the City Manager the ability to do that."

Mr. Millican said, with regard to "strictly limit," the Council sets appropriations in place when it adopts the budget. He said the very clear strict limits are that within funds, you can move appropriations from one expenditure line item to another, or it can be limited within departments, but there is no authority to appropriate the fund balance and increase the revenues. He reiterated his proposal for a Management Contingency Reserve and how that works.

Councilor Calvert said it is important to "hold the line," and there may be flexibility to move things within a budget or within the Contingency Reserve.

Mr. Millican said, as a concept, there is the possibility that the Council could adopt delegation of budget authority to this Committee to handle levels above \$30,000 and below \$70,000.

Chair Ortiz said he can't see that happening.

Mr. Millican said there are a lot of time delays which could be addressed in this way.

Councilor Calvert said he has a concern that the five people on the Committee could have a majority vote and doesn't know if that would be fair, commenting that appointment to this Committee is somewhat random at times.

Chair Ortiz said in summarizing the direction to staff, the Committee would like to see the concepts discussed in the memorandum to be fleshed out, perhaps even with specific language, so we can see exactly how this will work.

Councilor Calvert said he also wants to see the numbers.

Mr. Millican said this would come back with draft proposed language.

Chair Ortiz said he wants, at least, to see the draft language by the meeting of February 16, 2009. If we are going to talk about this, and using this as a new way of doing finances, then we need to see that "first crack" on the 16th.

Mr. Millican said he doesn't know how he can do that and also get the other "stuff" done by the 16th.

Chair Ortiz said it seems to him that the other stuff are things that should be in motion, that you should be and have been working on, and that can be summarized. He said he is clearing the agenda for a full participation by the Governing Body on this.

Councilor Wurzbarger suggested that the same level of information we have right now needs to go to the Council so they can read it before it comes back.

Chair Ortiz said we won't be approving policies on the 16th, but we want to see how these policies actually take shape, rather than being asked to give a blanket approval of a concept based on a summary

without actually seeing language. He wants to see the proposed language and for staff to be prepared to answer questions on how it would affect the day-to-day operations.

Mr. Millican said he understands, but he can't produce the specific Code language by the 16th. He intended to present it so the Council would have a full understanding.

Chair Ortiz said he understands this and he approves of the concept, but he doesn't have a clear understanding of what this actually means as it relates to developing a budget, adopting the budget and giving authority to staff. He needs this level of detail if Mr. Millican is proposing to move this into the budget process.

Mr. Millican said he can focus on those which would affect the budget, noting the City already is doing encumbrance accounting and project accounting, but it takes a lot of staff time.

Chair Ortiz said then put that language together and come up with a policy, or an ordinance change to the Code if that is needed.

Councilor Calvert said he doesn't need to see Code language by the next meeting.

Chair Ortiz said we need to start seeing how these concepts play out, commenting that he isn't willing to give approval based on a concept which hasn't been fleshed out.

Councilor Wurzbarger said there is something in between the Code change where you say, 'and this is what we mean, and we propose the following policy which would state a specific limit.' This can be done before you do a Code change. Councilor Calvert added that he wants to see what those limits are.

Mr. Millican said he can do that, but it would be difficult to do more, in view of what is happening right now including the switch to the new system.

Chair Ortiz said, "But, you do agree, that if you want to have it adopted for the next fiscal year, it's going to have to be done sometime before then, right."

Mr. Millican said absolutely, and Item #27 is the most essential.

Chair Ortiz said the concepts of Item #26 have to be fleshed in order to accomplish Item #27 – you can't implement #27 unless the policies are clearly spelled out and understood in #26. He asked the point of setting up reserves if we don't have a policy which has been set up and laid out in Item #26. He said we can't come up with the proposed City Manager Contingency Appropriation in #27, unless we understand how that authority will be delegated by #26.

Mr. Millican said, "I hear your main concern is about delegation as opposed to the idea of multi-year grants or multi-year capital project appropriations."

Councilor Calvert said on the capital projects, you're saying we're not going to automatically carry things over.

Mr. Millican said, "We're saying, for capital projects and grants we would automatically carry them forward for so-called carry-forwards."

Councilor Calvert said that is if they're still within the term of the project, but if they are not, they won't be carried forward automatically.

Mr. Millican said, "Right. Because you don't want to have them essentially create slush funds."

Chair Ortiz said, "So, David, again, I reiterate, before you put a memo together and send it to staff, I do want to talk to you, so that I can get a clear understanding of exactly how the meeting is going to proceed so that we don't waste time... I do want to meet with you, and I do want to get clear what you're proposing in terms of the agenda [February 16th] and the content within each of the items that you're proposing."

No action was taken on this request. See discussion above for direction to staff.

27. REQUEST FOR APPROVAL OF PROPOSED POLICIES FOR ESTABLISHMENT AND ADMINISTRATION OF RESERVE FUNDS. (DAVID MILLICAN)

Councilor Wurzbarger said it would be helpful to know the exact dollar amounts so she can get a sense of what this means in terms of reserves.

Chair Ortiz said we want to know when we approve these reserve funds, what would that mean in terms of actual dollars.

Mr. Millican said, "And I realize that's missing. Each percent in the General Fund is about \$800,000, but it would be more helpful to see the numbers actually described. The other number you want to see is what isn't reserved, which is not provided here."

Councilor Wurzbarger said she is somewhat confused regarding the language on page 2, "Reserves can be established as Primary Business Reserves.... or Extended Reserves... or Limited Reserves." She said but you don't talk about Limited Reserves again, and asked where that is, or if Limited Reserves is a big picture description of Catastrophic Reserve or Economic Contingency Reserve. She couldn't make a correlation.

Mr. Millican said he didn't flesh that out clearly, because he only gave reserves for the General Fund as an example. He said an example of a Limited Reserve, could be to realize, for example, the fund balancing in the Lodger's Tax wouldn't be open, and you would establish an amount to stay in reserve.

Councilor Wurzbarger said, with regard to reserve funds, she would like to explore to what degree there is the potential for exchange of money across funds – noting this is a policy issue

Mr. Millican said this will be a key issue in the upcoming budget process. He understands that fees collected in utilities must be spent on utility purposes. He said there are a wide variety of purposes for utilities to provide support to other areas of government, such as where the Police and Fire Department provide security to the facilities of the utility. He said we could looking at the City as if it is a business. He said there are a number of things we do for the utility which extend beyond administrative services. The are possibilities where the Council's allocations have created fund balances, such as in the Human Services, Economic Development and Children and Youth Programs which are completely under Council discretionary control.

Councilor Calvert said most of Transit's money comes from the feds and has to be used just for transportation.

Mr. Millican said, "Although you can go through an exercise of saying that in the Transit Fund we always spend federal money first and then we spend fare money, and the last thing we spend is GRT money, and therefore when there is a fund balance, it's always GRT money. How do you set your policies to maximize Council discretion..."

Councilor Wurzbarger said she is excited about the concept of operationally defining the reserves and expanding the reserve to every single division and department.

Mr. Millican said he would like to begin at the fund level, but it could expand to departmental reserves. He spoke about his use of expenditure control budgeting in previous places and how that worked.

Councilor Dominguez asked, with regard to primary business reserves, if the City has policies which allow the divisions and departments to create their own reserves.

Mr. Millican said no.

Councilor Dominguez would like that policy language for discussion.

Councilor Dominguez asked Mr. Millican, if you separate operating capital funds, are you suggesting a reserve for each one of those per division or department.

Mr. Millican said it usually is at the fund level rather than separated by division and department, because that gives you greater discretion, and he would discourage excessive slicing of the reserves.

Councilor Dominguez said it sounds like the utility funds won't have an operating reserve and a capital reserve.

Mr. Millican said no, it probably would have an operating reserve, a rate stabilization reserve and you would rely on contingencies built into project budgets to establish reserves within the capital program.

Councilor Calvert said, as we go through the budget, he would like to look at competing or overlapping funds or endeavors. He said he believes the City needs to periodically review whether it needs to continue to do everything the way we've always done it, because the circumstances which created the original program aren't necessarily the same. He gave examples of these kinds of situations where funds might be better spent elsewhere because the need for that expenditure is no longer clear in this economy and/or situation.

Mr. Millican said, in his memorandum, he describes an Innovation and Program Development Reserve. He said in a downturn many times there are changes which need to be made which require funds to implement successfully. Responding to the Chair, Mr. Millican said it is like the economic development fund, but it tends to be more internal. It is working capital for new ideas to encourage more fundamental changes.

Councilor Calvert said he would be in favor if these are things which are being proposed which will more than pay for themselves in the long term. He said we need a proviso that we have to justify the proposals and they have to pay for themselves, and said the question is what period of time it will take for the payback to be realized.

Mr. Millican said a business plan would be needed, and there would be only limited funds until it could justify its savings on an ongoing basis. This can't be a funding source for new, ongoing expenditures.

Chair Ortiz said he understands. However, if we create these funds, resources would be pulled from other City resources to dedicate to these funds.

Mr. Millican said in this case, you would start with a fund carved from the existing General Fund balance, and then come up with a plan to replenish the fund – funds are drawn down in hard times, and rebuilt in good times.

Chair Ortiz said we are in bad times now, and this is creating a new paradigm in a very difficult situation. He said we could create the fund and not fund it, or fund it for less than what is proposed.

Mr. Millican said yes, these could be concepts and targets, depending on the financial situation..

Chair Ortiz said he is interested, with regard to the transit budget, in knowing our obligation to the feds and a breakout of capital expenditures and operation and maintenance. He wants that information as we move forward. He would also like to see more detail on the Risk Management Fund.

Councilor Wurzbarger would like to see specifically how the funds related to the Rail Runner Tax will be reflected in the budget – the 86% we're going to get.. She said this is a new source of funding for Transit which isn't tied to [inaudible].

Councilor Wurzbarger said the Innovation Fund is tied to non-recurring. She said when a position is created in the City which pays its own salary and brings money to the City, she has no problem if it is recurring. It doesn't necessarily have to be "nonrecurring," if it is paying for itself.

Mr. Millican said, rather than funding it continuously from the innovation fund balance, you would increase estimated revenues in response to the increased revenue.

No action was taken on this request. See discussion above for direction to staff.

27(A) OTHER FINANCIAL INFORMATION:

Chair Ortiz asked if there will be a report on the Gross Receipts Tax revenue at the meeting on the 16th.

Mr. Millican said yes, noting it probably will be received on that day and he will send that out by email to the Councilors. He noted he emailed a vacancy report to the City Council today, and has hard copies with him this evening.

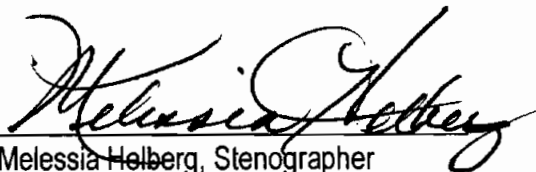
28. ADJOURNMENT

There being no further business to come before the Committee, and the Committee having completed its Agenda, the meeting was adjourned at approximately 7:00 pm.

Matthew E. Ortiz, Chair

Reviewed by:

David N. Millican, Director
Department of Finance



Melessia Holberg, Stenographer