



# Agenda

Finance Committee Meeting  
March 30, 2009 – 5:15 pm  
City Council Chambers

**ALL MEMBERS OF THE GOVERNING BODY HAVE BEEN INVITED TO ATTEND THIS MEETING**

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

MARCH 16, 2009

CITY CLERK'S OFFICE

DATE 3-22-09 TIME 3:45pm

SERVED BY Flora Breen

RECEIVED BY tydominguez

**CONSENT AGENDA:**

6. BID OPENINGS:
  - A. BID NO. 09/23/B – FRANKLIN E. MILES PARK RENOVATION (NEGOTIATED) AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; LEE LANDSCAPES, INC. (BEN GURULE)
  - B. BID NO. 09/24/B – SILER ROAD EXTENSION PROJECT AND CONSTRUCTION AGREEMENT; A.S. HORNER, INC. (DESIRAE LUJAN)
    1. REQUEST FOR AMENDMENT NO. 2 TO MEMORANDUM OF AGREEMENT – ADDITIONAL FUNDS FOR CONSTRUCTION FROM COUNTY GROSS RECEIPTS TAX CAPITAL OUTLAY FOR JOINT REGIONAL PROJECTS (JOINT CITY/COUNTY ¼% GRT)
    2. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND
7. REQUEST FOR APPROVAL OF MEMORANDUM OF AGREEMENT – SCHOOL CROSSING GUARD PROGRAM; SANTA FE PUBLIC SCHOOLS (MIKE LANDAVAZO)
8. REQUEST FOR APPROVAL OF AMENDMENT NO. 2 TO GRANT AGREEMENT – 2006 NEW MEXICO LEGISLATIVE GENERAL FUND PROJECT; STATE OF NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION, LOCAL GOVERNMENT DIVISION (DAVID CHAPMAN)
  - A. REQUEST FOR APPROVAL OF BUDGET DECREASE – TRAILS PROJECT FUND



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9. REQUEST FOR APPROVAL OF AMENDMENT NO. 7 TO RAILYARD LEASE AND MANAGEMENT AGREEMENT; SANTA FE RAILYARD COMMUNITY CORPORATION (ROBERT SIQUEIROS)
  - A. REVISE COMPLETION DATE FOR RAILYARD UNDERGROUND PARKING GARAGE
  - B. REMOVE RAIL LINE CORRIDOR FROM LEASEHOLD
  - C. DEFINE SFRCC RESPONSIBILITIES FOR THE PARK, PLAZA AND ALAMEDA ON THE CONSERVATION EASEMENT; AND
  - D. ADJUST BOUNDARY OF LEASEHOLD PREMISES OF PARCEL E
10. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – SERVICES AND ACCESS TO GOVERNMENT PEG CHANNEL TO THE COUNTY AS CONSIDERATION FOR EASEMENT; SANTA FE COUNTY (JOE ABEYTA)
11. REQUEST FOR APPROVAL OF MEMORANDUM OF UNDERSTANDING – NON-RECURRING GRANT AWARD FOR IMPLEMENTATION OF NEW SANTA FE TRAILS TRANSIT SERVICE; NORTH CENTRAL REGIONAL TRANSIT DISTRICT (JON BULTHUIS)
12. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO AGREEMENT – FY 2008/2009 NUTRITION SERVICES INCENTIVE PROGRAM FOR SENIOR SERVICES DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT NON-METRO AREA AGENCY ON AGING (RON VIALPANDO)
  - A. REQUEST FOR APPROVAL OF BUDGET INCREASE FROM GRANT REVENUES – GRANT FUND
13. REQUEST FOR APPROVAL OF REVISION TO CITY OF SANTA FE INVESTMENT POLICY SECTION 6.11 COLLATERALIZATION AND REQUIRED ANNUAL REVIEW (HELENE HAUSMAN)
14. REQUEST FOR APPROVAL OF A RESOLUTION ACCEPTING THE DONATION OF A SMALL STATUE OF DON DIEGO DE VARGAS FROM CABALLEROS DE VARGAS TO BE PLACED IN FRONT OF THE DE VARGAS ROOM IN THE SANTA FE COMMUNITY CONVENTION CENTER (COUNCILORS DOMINGUEZ AND TRUJILLO) (DEBRA GARCIA Y GRIEGO)



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**Committee Review:**

Art in Public Places Committee (Approved)	February 24, 2009
Arts Commission (Approved)	March 7, 2009
Public Works Committee (Approved)	March 23, 2009
City Council (Scheduled)	April 8, 2009

***Fiscal Impact – Yes***

15. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-8.10 SFCC 1987 PERMITTING OFF SITE TEMPORARY SIGNS FOR HOLIDAY TREE VENDORS (COUNCILOR ORTIZ) (JEANNE PRICE)

**Committee Review:**

Planning Commission (Denied)	March 19, 2009
Public Works Committee (Denied)	March 23, 2009
Historic Design Review Board (Denied)	March 24, 2009
City Council (Request to Publish)	March 25, 2009
City Council (Public Hearing)	May 13, 2009

***Fiscal Impact – No***

***END OF CONSENT AGENDA***

**DISCUSSION:**

16. PROGRESS REPORT ON FISCAL YEAR 2009/2010 BUDGET PREPARATION (DAVID MILLICAN)
- A. UPDATE ON FINANCIAL ISSUES SINCE SPECIAL CITY COUNCIL MEETING OF FEBRUARY 16, 2009
  - B. STATUS OF APPROVED BUDGET BALANCING MEASURES
  - C. BUDGET REDUCTION MATRIX SUMMARY
  - D. POSITION LIST BY DEPARTMENT FUND



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- E. CITY OF SANTA FE COMPARISON OF LAYOFF AND FURLOUGH LANGUAGE
  - F. HUMAN RESOURCES RECRUITMENT ACTIVITY REPORT
  - G. CITY OF SANTA FE EARLY RETIREMENT PROGRAM PROVISIONS
  - 17. OTHER FINANCIAL INFORMATION
  - 18. MATTERS FROM THE COMMITTEE
  - 19. ADJOURN

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

**SUMMARY OF ACTION  
FINANCE COMMITTEE MEETING  
Monday, March 30, 2009**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
APPROVAL OF MINUTES: MARCH 16, 2009	Approved	3
<b><u>CONSENT CALENDAR DISCUSSION</u></b>		
REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-8.10 SFCC 1987, PERMITTING OFF SITE TEMPORARY SIGNS FOR HOLIDAY TREE VENDORS	Approved [amended]	4-6
*****		
<b>END OF CONSENT CALENDAR DISCUSSION</b>		
*****		
<b><u>DISCUSSION</u></b>		
PROGRESS REPORT ON FISCAL YEAR 2009/2010 BUDGET PREPARATION	Information/discussion	6
UPDATE ON FINANCIAL ISSUES SINCE SPECIAL CITY COUNCIL MEETING OF FEBRUARY 16, 2009	Information/discussion	6-8
STATUS OF APPROVED BUDGET BALANCING MEASURES	Information/discussion	8-13
BUDGET REDUCTION MATRIX SUMMARY	Information/discussion	13
POSITION LIST BY DEPARTMENT FUND	Information/discussion	13

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
CITY OF SANTA FE COMPARISON OF LAYOFF AND FURLOUGH LANGUAGE	Information/discussion	13
HUMAN RESOURCES RECRUITMENT ACTIVITY REPORT	Information/discussion	13
CITY OF SANTA FE EARLY RETIREMENT PROGRAM PROVISIONS	Information/discussion	13-14
OTHER FINANCIAL INFORMATION	None	14
MATTERS FROM THE COMMITTEE	None	14
ADJOURN		14

**MINUTES OF THE  
CITY OF SANTA FE  
FINANCE COMMITTEE  
Monday, March 30, 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, March 30, 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. Dominguez

**MEMBERS EXCUSED:**

Councilor Rebecca Wurzbarger

**OTHER COUNCILORS ATTENDING:**

Councilor Rosemary Romero

**OTHERS ATTENDING:**

Galen Buller, City Manager  
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 Dominguez moved, seconded by Councilor Calvert, to approve the agenda, as presented.

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

**4. APPROVAL OF CONSENT AGENDA**

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

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

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**CONSENT AGENDA**  
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**6. BID OPENINGS:**

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

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 END OF CONSENT AGENDA  
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## 5. APPROVAL OF MINUTES: MARCH 16, 2009

**MOTION:** Councilor Dominguez moved, seconded by Councilor Calvert, to approve the minutes of March 16, 2009.

**VOTE:** The motion was approved on a voice vote with Councilors Dominguez and Calvert, and Chair Ortiz voting in favor of the motion, no one voting against and Councilor Chavez abstaining. [Chair Ortiz cast a vote because three votes in favor of/or against a motion are needed for a simple majority of the Committee in attendance.]

## **CONSENT CALENDAR DISCUSSION**

15. **REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 14-8.10 SFCC 1987, PERMITTING OFF SITE TEMPORARY SIGNS FOR HOLIDAY TREE VENDORS (COUNCILOR ORTIZ). (JEANNE PRICE). Committee Review:** Planning Commission (Denied) March 19, 2009; Public Works Committee (Denied) March 23, 2009; Historic Design Review Board (Denied) March 24, 2009; City Council (Request to Publish) March 25, 2009; and City Council (Public Hearing) May 13, 2009. Fiscal Impact – No.

Chair Ortiz said he received an email from the affected person who asked to speak because of the H-Board decision, and he will allow for public comment, noting Mr. Rogers has five minutes to speak.

**Mr. Don Rogers, Wreaths Fir Fun**, said he has lived in Santa Fe since 1986 and in 1987 he started this small business, Wreaths Fir Fun, dealing primarily for wreaths, garlands and Christmas trees. In 1990, he leased the Sheriff's Posse location on Rodeo Road in front of the Chavez Center. For the past 19 years he has been either at the Rodeo grounds or "at the Genoveva Chavez location, in front of the Sheriff's posse." He has tried to follow City Code regarding off site advertising. He spoke with City staffers on 2-3 occasions, most notably to Reyes Aragon, Land Management Specialist in 2003. He said Ms. Aragon told him if he followed City Code and had permission of either a homeowner or a private business, off site advertising would be permissible. He said he did this with the Fairfield Inn at Airport/ Rodeo/ Cerrillos, placing a sign in that location. He tried to follow City Code and it was and is his intent to place signs which are acceptable under zoning. However, he hasn't gotten a common message from the staff with whom he's dealt on several different occasions, and people are telling him different things to do in to follow the City Code.

Mr. Rogers said these signs will only be placed for three weeks. He believes there are a lot of signs in Santa Fe which don't follow Code, and there is no enforcement. He's trying to "level the playing field," and establish something for off site advertising which he's done in the past and which has been acceptable. He said only in the last two years has it been a problem in the City.

Councilor Calvert said it wasn't just the Historic Design Review Board that rejected this, the Public Works Committee and the Planning Commission also denied it. He said he doesn't begrudge Mr. Rogers trying to sell his goods. However, this amendment is too narrowly focused. If there is going to be a change to the way we do business he doesn't want to do it one specific use at a time, and we need to look more broadly if we're going to make exceptions.

**MOTION:** Councilor Calvert moved to deny this request. **The motion died for lack of a second.**

**MOTION:** Councilor Dominguez moved, seconded by Councilor Chavez for purposes of discussion, to approve this request.

**DISCUSSION:** Councilor Dominguez said this hasn't been a big problem for him, and he's received no complaints, noting this is only for a three week period.

Mr. Rogers said this is correct, December 1 through Christmas.

Councilor Dominguez said Mr. Rogers has been diligent in removing the signs.

Councilor Chavez agrees with Councilor Calvert that this is piecemeal, for one vendor to sell Christmas trees. He said there are many vendors that would like to sell different items using public right-of-way, noting this activity is on Rodeo Road which is fine. He said there have been demands in the past for right-of-way along Rodeo Road.

Chair Ortiz said this doesn't allow signs on public right-of-way, but allows off site signs.

Councilor Chavez said in other cases it does, and the public and other vendors don't know that, and expect the same opportunity. Councilor Chavez suggested that we consider the policy and other vendors and other types of products which could be sold, including arts and crafts and providing public space on City streets and ROW which would make sense for this kind of activity. He said he gets a call every year from people who want to sell trees on St. Francis Drive, and people aren't given a clear message about the process to make that happen. He would like to find a way in this ordinance to add the other components. He said the itinerant vendors in the proposed annexation are a topic of discussion and we need to deal with this to establish the criteria and the process.

Chair Ortiz said the reason he felt he needed to get involved in this case, is that he has witnessed two different interpretations from two different land use administrators and/or their staff on this issue – temporary, transitional signage. In the past, under a previous administration, these signs were allowed under an interpretation of Code. However, current staff said these signs are not allowed, interpreting the same Code. He asked staff how we can have two different interpretations, and he was told the law isn't clear, and this is an attempt to make the law clear. He was responding specifically to this situation, noting there are only 3 Christmas Tree vendors. This is specifically drafted for a particular instance. He said he would welcome any Councilors to work on a global solution, and he can amend the bill before it goes to Council.

Councilors Chavez, Dominguez and Romero indicated their willingness to participate and to draft language to accommodate these types of vendors, and to expand the scope somewhat. Councilor Romero said she had drafted a sign Resolution which she hadn't introduced because it was premature. However, it is timely to move forward with clarifying issues around signage.

Responding to Councilor Dominguez, Chair Ortiz said there would be a notice of public hearing and then a public hearing in 30 days. However, the signs won't come up until November, so we have plenty of time to address this.

Councilor Chavez said there are two seasons to be addressed, the Christmas season and fair weather for arts & crafts. He said some food vendors selling in rights-of-way are permitted and inspected by the State Health Department, while others "bootleg" out of coolers, and we need to tighten that as well. He spoke about the interest in street markets. He will speak to Ms. Price to incorporate these components.

**FRIENDLY AMENDMENT:** Councilor Chavez said the motion should include direction to staff to have Jeanne Price to distribute Councilor Romero's Resolution, and to work on combining the larger efforts into this smaller more refined effort. Councilor Chavez noted during this time frame they would accept other amendments. **The motion was friendly to the maker and second, and there were no objections by the other members of the Committee.**

**VOTE:** The motion, as amended, was approved on a voice vote, with Councilors Chavez and Dominguez, and Chair Ortiz voting in favor of the motion, and Councilor Calvert voting against. [Chair Ortiz cast a vote because three votes in favor of/against a motion are needed for a simple majority of the Committee]

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**END OF CONSENT CALENDAR DISCUSSION**  
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## **DISCUSSION**

### **16. PROGRESS REPORT ON FISCAL YEAR 2009/2010 BUDGET PREPARATION. (DAVID MILLICAN)**

Mr. Millican suggested the process for this Item would be to review the information in the packet, and do a summary review of each of the Memos and then open for discussions. It was the consensus among the Committee to proceed as suggested by Mr. Millican.

Chair Ortiz said the proposal from the administration is to kick off the budget hearings the week of May 11, 2009, and asked for input from the Committee.

The Committee discussed proposed dates for the budget hearings, the schedules of the Committee members and the other members of the Governing Body, and the time frame needed by staff to produce materials/data/documents needed for the hearings. It was the consensus among the Committee to hold all day Budget hearing sessions on May 4 and 14, 2009, and May 18, 2009, will be a regular Finance Committee meeting.

#### **A. UPDATE ON FINANCIAL ISSUES SINCE SPECIAL CITY COUNCIL MEETING OF FEBRUARY 16, 2009.**

Mr. Millican reviewed his Memorandum in the packet regarding Update on Financial Issues since the Special City Council meeting of February 16, 2009.

The Committee/Councilors commented and asked questions, and staff responded as follows:

- Councilor Chavez said the Memorandum says we're looking at a 10% reduction, but there appears to be a range 5-15%, and asked where this is referenced. Mr. Millican said that is in the second

memorandum where there are differential reductions for different kinds of services, and detailed those reductions.

- Councilor Chavez requested a list of reductions related to the general fund for the 10% and 15%. Mr. Millican said the reduction matrix clusters the department in those reduction level groups.
- Responding to a question from the Chair, Mr. Millican said everybody outside the General Fund was asked to prepare 15% reduction plans, and they have been doing so, including the GCCC and the Library.
- Responding to a question from Councilor Calvert, Mr. Millican said the competing good news locally is that retail, lodging and food sales have dropped at rates lower than the average rate of decline, noting these are big, central cores of the GRTs. He noted there is a nationwide trend of recovery in retail sales, noting he is unsure if this is recovery or a slowing deterioration.
- Councilor Chavez asked if our Lodger's Tax revenues could be impacted by competition from the newer convention centers, as well as the increased number of new rooms. Mr. Millican said he has done no analysis, but we know that occupancies are lower and average rates are dropping. The Lodger's Tax is received sooner than the GRTs, so the first decline in the Lodger's Tax is reflected in the next month's GRTs.
- Councilor Calvert asked if the uncollected ambulance receivables is reflective of what is happening nationally, and if there is some way we could search to see if it is done a different way, and if we should be doing our response/billing differently.

Mr. Millican said the good news is the ambulance accounts we have difficulty collecting are old and it is much harder to contact the people served and collect from them. There is a new, more responsive collection operation under contract with the Finance and Fire Departments and they have been much more effective in collections, noting he doesn't have numbers on anticipated collections on the receivables and payment from the Indigent Fund. There will be changes in connection with annexation and responses within the presumptive City limits.

- Mr. Buller said we already are providing services to some extent in the presumptive City limits, and that will be expanded.
- Councilor Chavez asked if it would be productive to have discussions with the County regarding the Indigent Fund. Mr. Millican said the City Manager has held a number of annexation planning meetings, and the conversations with the County about that transition will be extremely valuable.
- Councilor Romero said there are two issues: the old debt we'll never collect and the future debt. She said there is a nationwide trend for people not to pay hospital care, or ambulance care, which is going to put hospitals and other health care providers in a huge deficit. She wants to look at the future, and she likes looking at other ideas to recover costs through partnerships with the County.

Mr. Millican said there is a risk that collection rates will go down as the result of the economic pressure on people for their medical bills.

- Councilor Chavez asked for a dollar amount and a list of projects paid from the CIP/GRT. Mr. Millican said the capital improvement projects projected biannually are the main capital projects paid from CIP/GRT, which are about half heavy maintenance on existing infrastructure and half for new projects. The remainder of that goes to fund a variety of operational expenditures which couldn't be paid by the General Fund, including GIS systems, ADA systems, the Southside Library and such.
- Councilor Chavez asked the amount of GRTs generated by these CIP projects. Mr. Millican doesn't have that analysis available, but he can provide that information. Councilor Chavez asked if there are reserves in the fund. Mr. Millican said yes, noting \$2 million of the reserves were committed by the Council in February and some were used for software and equipment.

Councilor Chavez requested a one-page list of how the CIP/GRT projects funded, the total and the balance in the fund.

- Chair Ortiz noted that the Parking Fund has stress on it. Mr. Millican said its rate structure and operations are producing deficits. The Parking Division is developing a five-year financial plan which will be reviewed in conjunction with this year's budget to address this year's budget. Robert Romero said staff believes we can cover the next fiscal year with fund balances. He said two large payments are due on the garage, and after that we will be close to balance, noting staff is looking to raise the cost of rental spaces. He said they have a five-year evaluation to present to the Council.

## **B. STATUS OF APPROVED BUDGET BALANCING MEASURES**

A copy of Mr. Millican's Memorandum regarding the Status of Council approved budget balancing measures discussed at the February 16, 2009 Special City Council Meeting, is incorporated herewith to these minutes by reference.

The Committee/Councilors commented and asked questions, and staff responded as follows:

- Councilor Dominguez quoted from Mr. Millican's Memorandum, "A quarter of the positions will fund critical positions recommended to the City Council by the City Manager." He asked what are these positions and how do you determine what is and what is not critical.

Mr. Buller said this speaks to the elimination of all vacant positions on June 30, 2009. After that date, any positions vacated by retirement, resignation, etc., and the question is which of those positions should be recreated after they disappear on an ongoing basis. Staff proposes that 25% of those positions do come back, the most critical. Staff will look at what has disappeared and will

present a list of those, and a list of those we believe to be the most critical, giving the Council the opportunity to make this determination. He doesn't know what those positions will be at this time.

- Councilor Dominguez asked the difference between unfunded and eliminated positions, pointing out that once removed, it is difficult to reestablish a position. He asked if Mr. Buller is sure the departments know and understand what this means. He said these are two different things.

Mr. Buller said staff is recommending eliminating positions so we can start collapsing those positions in conjunction with the H.R., and then they come back. He said this will be done in conjunction with the classification and compensation study where we hope to collapse positions. The study will be provided to the Committee with the rest of the information regarding recommendations on positions which have disappeared, noting there will be a lot fewer positions in the future. He said they had this debate at senior staff, noting there is support for eliminating only the funding and not the position. It makes sense to him, however, in conjunction with the study to eliminate positions and then re-create them.

- Mr. Millican said another issue is that we may very likely see a significant decrease in revenues to fund services. He doesn't want to build the expectation as an organization to return to its "former self." He said we actively will be changing our services and our service approaches and trying to build more flexibility and adaptability into the organization.
- Councilor Dominguez referred to the recommendation to eliminate the increase in health plan costs in Mr. Millican's Memorandum, and using those funds to balance the General Fund. Mr. Millican explained that when annual rates are set at maximum expected loss rates, over the years that may produce more fund balance than is needed. Councilor Dominguez said it is fine as long as we don't use the excess of these funds which belong to the employees to balance the General Fund.
- Mr. Millican staff is working with the labor units to develop an equitable solution that recognizes that the City is not the only one contributing to the fund. Chair Ortiz asked if staff has permission to do this from the bargaining units to go along with this proposal on the health insurance fund. Mr. Millican said they have discussed with the units that our first recommendation to the Council is to refer this to the Benefits Committee to make recommendations to the City Council about what to do with this. He said there was a very unclear line between negotiations and the advice of the bargaining units. Staff concluded it would be best to discuss this in negotiations.
- Councilor Calvert asked if we are clear that the City contributed a part for something we will have use of to help the General Fund. Mr. Millican believes the City has more control than that, but we certainly have control over what we've contributed. The question is how to deal equitably with what was contributed by employees. Mr. Millican said it could be in the form of rate reductions. He said the City of Phoenix declared a one month holiday where neither City and nor employees paid to share proportionately in the benefit.

- Councilor Dominguez quoted from page 4 of the Memorandum, "Various operational Initiatives valued at \$750,000 per year." He asked if this is a \$750,000 cost because of indirect cost recovery, restructuring, vacancies, etc. or is it a savings because of those. Mr. Millican said it is savings. Councilor Dominguez would like that to be articulated in the list. Mr. Millican said part of it is operations. He said they are having good conversations with the labor units about possible cost savings, which individually aren't very much, but if we organize and implement those ideas over time, they will have an effect on the financial forecast. He wants to be sure that one of the plans for implementing the 2010 budget is to be sure there is a process in place to collect and implement those ideas.
- Councilor Dominguez asked if we would have to hire someone to implement a City-wide employee suggestion system. Mr. Millican said no, but they realize they would see retirements and change changes in staffing that would create new opportunities to save money.
- Councilor Calvert quoted from page 4 of the Memorandum, "Transfer \$1 million in indirect costs paid for by the General Fund to enterprise and special revenue funds," and presumes we won't be able to implement the accounting procedure in the coming fiscal year to be able to allocate some of those funds to federal grants. Mr. Millican said this is correct. He said perhaps by the 2010-2011 budget we would be prepared for that. Mr. Millican said they believe, using the base established in the Finance Department, they can make a reasonable allocation to our internal operations which are served by the General Fund support organizations, noting this is often a year long process.
- Responding to a question from Councilor Chavez, Mr. Millican said any positions, whether funded or unfunded, which aren't filled at June 30, 2009, will be eliminated. Any positions which become vacant during FY2010 will be eliminated, with 25% of the value being reserved for redirection to critical priorities. Mr. Millican said staff may call out positions which are essential, for example some vacancies need to be filled to operate the Buckman, and you will see a request to replace these positions
- Councilor Chavez asked if we are required to keep a certain level of reserves in the CIP/GRT fund. Mr. Millican said the State law applies only to the General Fund. He said staff will be proposing fund reserves for the CIP/GRT, and the Council will establish those reserves based on appropriate risk issues for the City.
- Responding to a question from Councilor Romero, Mr. Millican said his experience has been, whether or not voter approval is needed, the community has to be convinced of the need, and that the City has been effective in improving efficiency in the organization and that we are making a compelling case for the services to be financed.
- Councilor Ortiz asked if the bargaining units know that this plan has to be in place by the budget hearings, whatever negotiations you're doing, whatever those plans are, those have to be folded into the budget discussions. Mr. Millican said yes, noting they have made the deadlines very clear in the meetings.



Mr. Buller said the Memorandum states that AFSCME has responded and agreed to sit and discuss renegotiation, noting POA did that this weekend as well and that isn't reflected in the Memorandum.

- Councilor Calvert said on page 4 of the Memorandum there is a long list we lump together, because these usually are the subject of negotiations. He asked if they will be taking a look at all of those and what. Mr. Millican said the direction from Council to staff was if we were to receive a result consistent with direction, which is that there be no increase in compensation, these all represent possible tools to use to achieve that, as opposed to a particular approach.
- Councilor Calvert said his understanding is that some of these might have to go beyond no pay increase, and we might have to do some of these in addition. Mr. Millican said, depending on the situation, it is possible to have that outcome. He said in the end he would recommend that we work hard to create a balance of solutions to do that.
- Chair Ortiz asked if staff is being clear and up front with the bargaining units in meetings that those options are on the table and they need to respond to those. He asked, "You're not just telling them, listen you have to negotiate with us, and you're telling the departments don't include those as part of the restructuring." Mr. Millican said no. Chair Ortiz said, "It is incumbent on you as the management team to tell the unions, here is our plan, our worst case scenario No. 1, and it seems to me like that's the direction we're going in, and if it gets worse, here is what we're going to be forced to do, and you have to be up front with the unions and tell them, this is what we're looking at.... 36 hour weeks, or 4 day shifts, or some closures and have the unions respond back on what exactly their opinion is on that. You can't say to the unions, you have to negotiate with us and tell your departments don't include furloughs because then you're sending a mixed signal it seems to the bargaining unit."

Mr. Buller said we've told the departments and the management from the labor units who have sat in the weekly meetings that all these tools are on the table, but we haven't gotten to the specifics.

Chair Ortiz asked when he will get to the specifics, and when he is going to ask the unions to respond affirmatively, negatively or another way to those specifics, given our timeline. Chair Ortiz asked how we are getting the information on our planning for worst case scenarios as well as the issue regarding early retirement. It is understanding that the early retirement program we've had in existence won't be funded in the next year, and asked if this is one of the budget cuts to be made. Mr. Millican said it was identified as one of the elements. Chair Ortiz said It shouldn't effect anyone retiring after July 1, 2009.

Mr. Millican said they didn't say everything on the list would be implemented, but would all be subject to negotiation.

Councilor Chavez said management needs to send a consistent message to everyone and be out front, noting how the information gets out is critical.

- Chair Ortiz asked what is the "fish or cut bait" date for the administration to make its recommendations for what the plans will be. Mr. Buller said there are hints, but we asked them to come back with more specifics, because they were reluctant to get specific. Secondly, we're asking for these discussions to happen simultaneously with asking our departments to come back with specific thoughts about how personnel reductions would take form. He said this will crystalize quickly, and we will be able to determine which of the tools make the most sense and which don't work very well. We will then come back with staff recommendations.
- Chair Ortiz said many departments have spent a lot of effort and been responsive, but not all departments have done this. He said if this is to be a comprehensive budget, the other departments need to get those numbers submitted in a timely way in the event a department needs to balance its budget with another approach which needs to be agreed to by the bargaining units. Mr. Millican said the direction to departments will be to have all reductions in place when they meet with the City Manager over the next three weeks starting next week. He said they will be clear with departments and labor groups as staff works with them.
- Chair Ortiz said we could be in a place where we take the recommendations and add on top of that – vacancy cuts, position cuts, restructuring cuts plus other options which need to be negotiated with the bargaining units – less work hours, furloughs, pay cuts and such. He said we may have to have a panoply of all options, and we need to be prepared for that going into the budget hearings. He said we need to get lean and efficient and pivot the City in the direction it needs to go, given the uncertain times.
- Councilor Chavez said we need to lay that foundation and be in a holding pattern for 4-5 years until things really turn around. Chair Ortiz agreed, saying this is the first of a restructuring of this organization and things aren't going to be done the way they were in the past.
- Councilor Dominguez said, as it pertains to the cost of the early retirement program, he hopes staff does its due diligence in determining which positions are critical. He encouraged Mr. Millican to continue to get information to this Committee early. Mr. Millican said it may be useful, because you received some information late, and you are going to be getting a lot of information, to schedule an item for discussion and clarification relating to budget issues on the April 20, 2009 meeting agenda.

Chair Ortiz said, especially in this year, we will be efficient. He said this Committee is good about reading the packet materials and the information which needs to come forward to us. He said there are big cuts to make and big policy decisions on some of the cuts. He said, "To say that we're going to accept this is an option. And there's other options that are available. And to the extent that we can have that information, we would like it as far in advance as possible. And I would encourage again... I know that the City Manager and the City Finance Director sent an email to all Governing Body members, encouraging them in advance of this meeting to schedule individual meetings. I hope you all do that... and before the budget, I hope you send out one of those emails so that individual Councilors can get their individual

questions or concerns or directions in, or whatever, so that as they're developing the process, again, that we can be as efficient with the time as possible."

#### **C. BUDGET REDUCTION MATRIX SUMMARY**

A copy of "City of Santa Fe Budget Update – March 30, 2009, Summary of Departments' proposed reductions and impacts before review," is incorporated herewith to these minutes by reference.

Mr. Millican said the handout should be considered as a supplement to the information in the packet.

#### **D. POSITION LIST BY DEPARTMENT FUND**

Mr. Millican said this is a list of all positions by fund, department and division, showing the base salary and the total amount budgeted for that position, including benefits.

Responding to the Chair, Mr. Millican said "1001" are General Fund positions.

Chair Ortiz would like a list of all of the funds, and the code for all funds.

#### **E. CITY OF SANTA FE COMPARISON OF LAYOFF AND FURLOUGH LANGUAGE**

See discussion under Items A and B above.

#### **F. HUMAN RESOURCES RECRUITMENT ACTIVITY REPORT**

See discussion under Items A and B above.

#### **G. CITY OF SANTA FE EARLY RETIREMENT PROGRAM PROVISIONS**

Chair Ortiz encouraged staff, once it makes its recommendation/decision, to make that information available to as many people as possible.

Chair Ortiz clarified that he will get answers to his request from the City Attorney's office by next week.

Responding to a question from Councilor Chavez, Mr. Millican said on page 13, that is the end of the Police Department, noting the titles follow the listing and this could be a formatting issue.

Ivy Vigil, Finance Department, said it is organized by fund and not by department.

Chair Ortiz wants a list of all funds supported/funded by the General Fund and which have a sensitivity to the GRT, even if special revenue funds. He wants a matrix of all funds and what they are.

Mr. Millican said he can do that and highlight funds which are sensitive to and need to be planned together with the General Fund.

Responding to Councilor Calvert, Chair Ortiz said he will have a budget update at the April 20, 2009, Finance Committee meeting.

Mr. Millican said he will see that the Committee/Councilors receive a more detailed description of the implementation plan and policies involved with the establishment of reserves.

Responding to the Chair, Mr. Millican said staff will be recommending the use of reserves because of the need to buffer and manage risk in the plan you adopt.

Councilor Calvert said, in terms of the economic stimulus funds we may receive, we do need to consider what can be implemented quickly which may provide some relief for some of the areas.

Responding to Councilor Chavez, Mr. Millican said the State minimum reserve is 1/2th of the appropriation, and if any portion of that reserve is used, it has to be reestablished in the following year. The focus will be on reserves in excess of the State mandated minimum.

**17. OTHER FINANCIAL INFORMATION:**

There was no other financial information.

**18. MATTERS FROM THE COMMITTEE**

There were no matters from the Committee.

**19. ADJOURN**

There was no further business to come before the Committee, and having completed its Agenda, the meeting was adjourned at 7:15 pm.

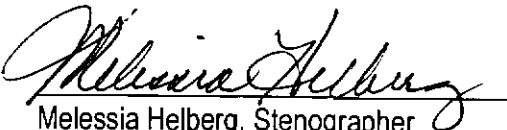
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Matthew E. Ortiz, Chair

Reviewed by:

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David N. Millican, Director  
Department of Finance



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Melessia Helberg, Stenographer