



Agenda

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**SPECIAL
FINANCE COMMITTEE STUDY SESSION
FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW
MONDAY, MAY 4, 2009
CITY COUNCIL CHAMBERS
10:00 A.M. – 4:30 P.M.**

**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. FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW

10:00 a.m. – 11:00 a.m.

INTRODUCTION AND OVERVIEW

Revenue estimates, Negotiations
General Fund, Evacuation Process

11:00 a.m. – 12:00 noon

POLICY ISSUES -

Budget balancing measures, GRT funds,
Lodging tax funds and Cost transfers

12:00 p.m. – 12:45 p.m.

LUNCH BREAK

12:45 p.m. – 1:30 p.m.

REORGANIZATION PROPOSALS

Recreation and Parks
Administrative Services

1:30 p.m. – 2:15 p.m.

PUBLIC SAFETY

Police
Fire
Municipal Court

2:15 p.m. – 3:45 p.m.

PUBLIC UTILITIES

Water
Wastewater
Solid Waste

3:45 p.m. – 4:30 p.m.

WRAP UP

5. PUBLIC COMMENTS
6. ADJOURNMENT

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6533 five (5) working days prior to meeting date.

**SUMMARY OF ACTION
FINANCE COMMITTEE STUDY SESSION
Monday, May 4, 2009**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
<u>FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW</u>		
INTRODUCTION AND OVERVIEW – REVENUE ESTIMATES, NEGOTIATIONS GENERAL FUND, EVACUATION PROCESS	Information/discussion	2-8
<u>POLICY ISSUES</u>		
BUDGET BALANCING MEASURES, GRT FUNDS, LODGING TAX FUNDS AND COST TRANSFERS	Information/discussion	8-11
<u>REORGANIZATION PROPOSALS</u>		
RECREATION AND PARKS	Conditional approval	11-14
ADMINISTRATIVE SERVICES	Conditional approval	15-16
<u>PUBLIC SAFETY</u>		
POLICE	Postponed to 05/14/09	16-24
FIRE	Postponed to 05/14/09	24
MUNICIPAL COURT	Postponed to 05/14/09	24
<u>PUBLIC UTILITIES</u>		
WATER	Postponed to 05/14/09	25-26
WASTEWATER	Postponed to 05/14/09	26-27
SOLID WASTE	Postponed to 05/14/09	27-29
PUBLIC COMMENTS	None	29
ADJOURNMENT		29

**MINUTES OF THE
CITY OF SANTA FE
SPECIAL FINANCE COMMITTEE STUDY SESSION
FY 2009/2010 OPERATING BUDGET REVIEW
Monday, May 4, 2009**

1. CALL TO ORDER

A Special Finance Committee Study Session was called to order by Chair Matthew E. Ortiz, at approximately 10:00 a.m., on Monday, May 4, 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

OTHER GOVERNING BODY MEMBERS ATTENDING:

Mayor David Coss
Councilor Patti J. Bushee
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 Calvert moved, seconded by Councilor Wurzbarger, to approve the agenda, as published.

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

Chair Ortiz noted that he has to be in Court later in the afternoon, and Councilor Wurzbarger will be chairing the meeting after he leaves.

4. FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW

INTRODUCTION AND OVERVIEW – REVENUE ESTIMATES, NEGOTIATIONS GENERAL FUND, EVACUATION PROCESS

Chair Ortiz asked Mr. Millican to give a summary of the shortfall at this time, and where he will be making the cuts.

Mr. Millican presented information from his Memorandum of May 3, 2009, which is in the Committee packet. He noted that some of the measures taken don't reduce expenditures, but prevent increased expenditures in the future, such as the elimination of the Police Department expansion which was budgeted but not spent. He noted there are new costs, such as air commercial service and the fire department at the Airport, and a very large increase in the jail contract with the County, which have caused the underlying budget to grow, so the net reduction is not as low as initially expected and leaves a gap of about \$5 million after implementing the Council approved reductions.

Councilor Wurzbarger asked, for clarification, if Items #1 through #12 in the Memorandum are proposed to address the \$5 million reduction.

Mr. Millican said Items #1 through #11 have been implemented, and Items #10 through #13 are proposed to close the \$5 million gap [he noted that there are 13 items instead of 12].

Chair Ortiz said he would like Mr. Millican to continue his summary and then representatives from the collective bargaining units will be allowed to make presentations.

Councilor Calvert said then, for clarification, that we will pull from each fund balance and have a global contingency fund, and use the rest to balance the budget.

Mr. Millican said this is correct. He said in the future, as directed by the Council, in connection with the regular rate review, the fund would be restated and moved toward actual experience to keep the reserves in place as opposed to past practices. He would not recommend dealing with the rates at this time, because we are very close to the time we need to issue bonds to fund Buckman, and a revenue

reduction could adversely impact the City's ability to issue that debt. He noted this will be done separately for each of the utilities based on specific risks and potential costs.

The Committee commented, made suggestions and asked questions as follows:

- *Chair Ortiz asked if the transfer of operations and maintenance costs to a bond issue is allowable.* Mr. Millican said the only costs proposed to be transferred would be project development, design and management costs, as opposed to maintenance costs, noting bond proceeds to maintain or operate the projects. *Chair Ortiz said then it would be just up front costs.*
- *Councilor Wurzbarger said there are no numbers for this proposal, and asked for a percentage.* Mr. Millican said he didn't bring the numbers, but Mr. Robert Romero can answer that. *Chair Ortiz asked when the Committee will get those numbers.* Mr. Romero said he can provide that information. He said it is would be about \$700, 000 annually. will get those figures.
- *Councilor Calvert asked if this is a short or long term strategy, saying he sees this as a short term strategy, but hopefully not a long term approach.*
- Mr. Buller said the ground rules preclude staff from bringing details of the negotiations with the collective bargaining units to this body, but the policy described in the negotiations is no increase in compensation and no increase in benefits paid by the City.
- Mr. Millican said staff would like to use a portion of the general fund balance in amounts less than \$1 million to balance the budget, although he is unsure that will be necessary. He said staff believes that some use of the contingency set aside by Council would be appropriate.
- *Councilor Wurzbarger asked if that would be over and above the previous approval.* Mr. Millican said it would be an additional \$1 million, noting no General Fund balance use was approved.

Chair Ortiz asked when we will see the budget book for all departments. Mr. Millican said it will be available for session on May 14, 2009, and he believes he can get that out by Friday.

Chair Ortiz said then that means the Finance Committee meeting on May 18th will have to be a budget hearing. He said given the level of the complexity and the kinds of cuts to be made, the decisions which are imbedded in those cuts, we can't not have this information.

Mr. Millican agreed.

GRT Projections

Mr. Millican reviewed the information in his Memorandum of May 3, 2009, which is included in the Committee packet, noting 2007 was used to forecast revenues, and the forecast prepared for FY 2010 is 5% below the revenues for 2007.

Chair Ortiz asked, if we go with the less gloomy forecast of GRTs, in 2010 at midyear if will we be facing another painful exercise if these forecasts prove not to be correct, noting that the forecast in November was a 15% reduction. He asked if we are being optimistic with the small decrease in GRTs he wants to project.

Mr. Millican said the risk is that we would not see slight growth in the second half of 2010, but instead would see a series of drops as deep as 9% in the first half which would continue into the second half.

Chair Ortiz asked why staff continues to use 2007 as the benchmark, and asked if we shouldn't use this year as a benchmark, unless staff believes what we're experiencing nationally and locally is just an aberration – a one year dip.

Mr. Millican said he doesn't see estimating 2010 revenues at 5% less than 2007 revenues as an aberration.

Chair Ortiz said it isn't 15% either. He said we were told when we made the cuts, that we needed to cut 15% and gave departments directions to cut their budget to 85% of the current budget. Now, you're telling us you want to cut at 5% based on 2007, the last ordinary year we experienced in terms of GRTs. He wants to know why we would do that, and what gives us the ability to predict that things will be better in second half 2010.

Mr. Millican said when staff made the February recommendation, we had just seen a 12% drop. We did not see, as we expected to see, double digit drops in the succeeding two months, and instead recently saw a slight increase. He said we are seeing drops, but if they're not double digit, we won't drop 10%. Is we see sustained, double digit drops, "we'll get to 10% below." He said the question is whether the economy is bad enough, or will be bad enough during FY 2010. He said the revised estimate was used to calculate the current \$5 million gap. He admitted that we would have to make adjustments at mid-year if the projections are incorrect.

Councilor Wurzbarger said she is uncomfortable with the projection, and believes the Council needs to spend time to clarify our assumptions around the issue, commenting that she really appreciates the work staff did on summer/winter. However, she questions whether we've seen the real impact and she doesn't want to have to go through what we did last year in the middle of 2010.

Mr. Millican said the calculation assumed that the May GRT would be 4% higher and would be in line with the Council approved budget, and explained that process in detail.

Mr. Millican said the Lodger's Tax continues to be severely impacted, with a YTD drop of 11%, and staff still can't reconcile that the Lodger's Tax is decreasing while the lodging and food revenues reported by the State isn't dropping nearly so rapidly.

Mr. Millican noted the packet includes a Memorandum on the budget balancing results, noting he can answer questions in this regard.

PRESENTATION BY AFSCME

A copy of "FY09-10 proposed increase by Union," submitted for the record by the City Finance Director, is incorporated herewith to these minutes as Exhibit "1."

Chair Ortiz noted the Resolution adopted by the Council provides for participation by collective bargaining unit representatives in the budgeting process. He said the City Manager has said the negotiations with the bargaining unit representatives went well. Chair Ortiz noted no one is in attendance representing the Police Officers Association nor the Firefighter Association, and recognized the AFSCME representative to present its budget recommendations.

Lawrence Rodriguez, Executive Director for AFSCME in New Mexico. Mr. Rodriguez said they are in negotiation as requested in early March 2009, noting there have been several meetings with the ad hoc committee, and there have been good discussions. They discussed several options and clarified a lot of questions. He said they have received almost all of the information they requested, although they are waiting on some information, noting they understand the delay is because of the new software system.

Mr. Rodriguez said some of the discussions were that the City ended FY 2008 with at least \$16.3 million in unreserved General Fund, or 23% of the total revenue. He said according to the Government Finance Association a range of 5 to 15% is a sign of good fiscal health. He understands the State requires a reserve of at least 12%, and obviously the City is there. He said doesn't know how legally bound the City is to the 12%. He understands from the Finance Director that if the City doesn't meet the 12%, there is a possibility the State could come in and take over the City's finances, but he was unable to "get anything legally" on that.

Mr. Rodriguez said AFSCME bought in an economist from Washington, D.C., and he thanked the administration and the City of Santa Fe for allowing this. He said a lot of questions were asked. He said the issue of the loan for the purchase of water treatment plant has been eating up the GRTs because it is an enterprise fund, but he understands through the administration that loan should be paid soon. He said the economist has a concern, shared by AFSCME, about the 10% reduction in the GRT scenario. He said we're seeing this nationwide, and as the administration said, this is an estimate, and the City estimated a decrease of 2% in FY 2009. He said they have no reason to believe that the City's 10% estimate is realistic, and has seen no data to substantiate that.

Mr. Rodriguez said AFSCME asked the status of the City's participation in Economic Recovery Act

funds, and hope those funds will help the City, noting it has helped in Albuquerque, and Alamogordo is looking at options to layoffs or to cut raises to the employees. He said a lot of the centers are being subsidized from the General Fund which is of concern to the local and to the union. They believe the City should look at some of those fees. He said their research indicates the City has \$13 million in unused property tax revenue annually, noting they suggested to the Finance Director that the City look at that revenue.

Mr. Rodriguez said AFSCME understands the circumstances, and they are negotiating for 2009-2010, and look forward to the 2010 negotiations.

Mr. Rodriguez said the recommendations from the AFSCME membership suggested possibly considering a reduction in some of the positions – assistant directors and excess managers – and moving those positions to one of the more vibrant funds, such as water, solid waste, etc., which doesn't rely so much on GRTs. He said the economist noted that the Municipal Recreation Complex and the Chavez Community Center continue to experience shortfalls in revenue and are subsidized and are required to maintain services. The economist said the General Fund should not be subsidizing those areas, and "we think there may be something we can look at there."

Mr. Rodriguez said they are looking at a proposal which may help the employees, noting he can't get into too much detail about what they're doing at the table, but they may have something by May 14th and can share more publicly. He said there are some general fund issues which can be dealt with. He said the City Council has taken a strong stand on not looking to reserves. However, he believes that would help the employees, and if they could get a raise, they would spend it, and the would filter back into the commenting, commenting that he doesn't know how many of the employees live in the community.

Chair Ortiz said then it is Mr. Rodriguez's contention that the information which he has requested at the table when dealing with management has been received.

Mr. Rodriguez said there is information they still need. He said they didn't receive the last up to date report on revenues and expenditures. He reiterated that Finance is going through a software change. He said the Council gave directions to department, including the 10% reduction, that they wanted to review. He was hoping to get a package today and that might help.

Chair Ortiz said the Committee was hoping to get a packet on those as well.

Chair Ortiz asked Mr. Rodriguez if he has a gross number of the cost to fund his bargaining unit's 4% increase.

Mr. Rodriguez said the numbers they have from the administration is \$1.4 million to fund the 4% for a little over 800 AFSCME bargaining unit employees.

Chair Ortiz asked Mr. Rodriguez if he has information on the cost to fund the 4% for non-bargaining unit employees.

Mr. Rodriguez said they have asked some of those questions at negotiation, and they are still looking at those.

Chair Ortiz asked Mr. Millican if AFSCME's estimate is correct, and Mr. Millican said yes.

Chair Ortiz asked what it would cost to fund the 4% for non-bargaining unit employees.

Mr. Millican said he didn't calculate those, because they didn't plan a 4% increase, but this can be calculated and provided in the afternoon.

STENOGRAPHER'S NOTE: This information was submitted for the record after the lunch break and is incorporated to the minutes as Exhibit "1."

Chair Ortiz asked the cost to fund the raises for the Police and Fire Departments.

Mr. Rodriguez said the information he is waiting to receive are the packets from the departments, but that isn't being held up by the software. He said if he had a copy of the draft provided to the administration from the departments, it would allow them to go to the next level, "although we are very close."

Daniel Trujillo, AFSCME, said the cost for the raises for the Police Officers Association would be \$200,000 to \$250,000, with overtime, noting the Firefighters are at the table right now. He said they aren't negotiating for management, so he doesn't know what it would cost to fund that 4% raise.

Responding to the Chair, Mr. Millican said he will provide the information, but they will have to make an estimate because they haven't done the detailed calculations since there was no plan to give raises to non-union employees.

Councilor Dominguez said he wants some information on the reserves, since the union is looking to reserves.

Mr. Millican said the information is not in this packet, although they have discussed this in the past, and they will need to establish reserve levels with which the Council is comfortable. He said the approach they have heard from the Council, and the approach they have taken, is that they need to reach a sustainable solution where ongoing revenues and expenditures are in balance without the use of reserves. He said reserves give the City time to make changes. He said the \$15-\$16 million is above the 1/12 reserves required by the State. He said given the economy, and the risks associated with revenue estimates, staff would recommend that about half of the remaining funds should be tied up in reserves. He said staff will be making that recommendation either on the 14th or the 18th of May.

Councilor Dominguez said there is a policy decision to be made about reserves. He asked if there is a penalty for going below the 1/12 operating reserve..

Mr. Millican said the State requires the City to have 1/12 or 8.3% in reserves, and the City must adopt a budget with at least that much cash available in the next year, so if it is spent down, it would be necessary to adopt next year's budget which includes a way to add those funds back to the reserve. He said it is possible if we were to continue this there would be action from the State, but if we present the State with plans on how to repay that probably would prevent takeover. He said in conversations we may have implied that is a larger threat than it is.

Councilor Dominguez said then a one-time hit doesn't mean there will be a State sanction.

Mr. Millican said the State's expectation is that the City will replenish it in the following year. He said the difficulty with using reserves is that it has to be repaid in the following year and that doesn't give much time to resolve the situation. He said the real purpose of this requirement is to ensure that local government agencies don't run out of cash if the State fails to make one of its GRT payments, etc.

Councilor Romero said, regarding the previous presentation from the union, she would discourage the City from going down the path of what stimulus dollars could or couldn't do, or from looking at rate increases around enterprises, because the subsidy has more to do with infrastructure than salaries. She wants to focus on the internal efficiencies and reductions we can do.

Dan Esquibel said we are looking to craft ways to minimize peoples' lives, as the budget may affect them, without compromising service to the City. Responding to the Chair, Mr. Esquibel said he is speaking as a representative of the bargaining unit. However, he said, "We were also led to believe that the 8.3% is only that portion. There is a significant amount of money on top of that 8.3% that if used in any way, that portion does not have to be repaid as much as the 8.3%, so there is a cushion available that can help, not only subsidize some of the impacts associated with the economy."

Chair Ortiz said then the union's position is that salaries are a recurring item, and it is not a one time deal in the next fiscal year and will go on year after year. It is a recurring issue and it is the union's position that you're recommending to us that we dip into our reserves to give the raise.

Mr. Trujillo said the 4% will be for the 09/10 FY and then the contract is over, and we'll go back into negotiations, so for the future, there may be a zero percentage from there.

B. POLICY ISSUES

1) BUDGET BALANCING MEASURES, GRT FUNDS, LODGING TAX FUNDS AND COST TRANSFERS.

Chair Ortiz said the Committee does not have the information necessary to discuss policy issues, and asked if Mr. Millican is going to ask the Committee to make policy recommendations based on the summary information, and asked how he wants to proceed – what is the next course of action.

Mr. Millican said comment or direction about the GRT estimate would be helpful, although he is unsure staff can develop more information on that.

Responding to the Chair, Mr. Millican said there are a series of items staff identified as possible recommendations, one of which is the management of contingency and to begin repayment of the water system acquisition loan, the GRTs, program to cycling excess in insurance and benefits to the budget, .

Chair Ortiz said then the three policy issues he wants the Committee to discuss: 1. A recommendation on the level of estimated GRTs; 2. Some decision on the lump contingency idea; 3. And the discussion on insurance benefits and how to allocate those. He asked if there are other policy issues with which we can deal at a macro level that don't require the kinds of detailed information we are lacking.

Mr. Millican said the question would be as to whether you need additional information on the concept of the shift of costs from the General Fund to the Parks and CIP bonds. He said if the Committee is interested in doing that, staff can provide a detail schedule of that proposal.

Councilor Dominguez asked the Chair if he anticipates a discussion about reserves when get the numbers.

Chair Ortiz said we could have that policy discussion in concept, but without any kind of detail, there is no way we can make a final discussion. We can talk in general about what we think about the idea of squeezing contingency funds from departments and putting it into a City-wide contingency fund. He said we can discuss moving positions to Parks and CIP bond funds. However, until we see those department budgets, we can't see the actual impact. He asked Mr. Millican if he has a recommendation on all four of the macro issues, noting that was contained in the summary memorandum.

Mr. Millican said, "Rather than implementing them first, we wanted to be sure we understood your concerns and direction regarding those. We do have numbers specifically proposed on cost transfer, by the Public Works Department, which is really where it has the most effect. And, there have been other cost transfers requested, but the one that seemed to us to make most sense, is this transfer between project related costs that are not funded out General Fund operations versus whether they could be funded out of project revenues." He said, for him, all budget construction depends on the Council's policy stance and we are talking about the risk you are willing to accept.

Mr. Millican said, for clarification, in talking about the contingency pooling idea, it is strictly within the water fund. It would establish a contingency within the water fund for water-related emergencies or unanticipated expenditures. However, we would not transfer the contingency to, for example the general fund, and it would stay in the water fund for use within the line items.

Chair Ortiz said the concept is still the same, instead of squeezing departments, it is squeezing line items.

Councilor Wurzbarger said she would prefer not to have a conceptual discussion of these concepts. She would prefer to get the supporting information around those. However, more importantly,

she wants to judge those options in the context of looking at what is coming from all the departments and divisions. She wants to move into that discussion and hold off discussions of general concepts. She said it is a matter of making choices. She said she doesn't know the impact of what has been done on the 11 items referenced in the Memorandum, because we haven't discussed, in detail, the vacancies and such. she wants to have the whole picture before she weighs in. She wants to get the information detail we need to make a more rational decision on any of the policy options.

Councilor Bushee said, although she isn't a member of this Committee, she recalls at the last meeting that the Committee said it would work with the Finance Director to have some of these things resolved, particularly in terms of reserve criteria. She asked if that happened.

Chair Ortiz said her recollection is correct, and we are also going to have an analysis of the different contracts. He said that work is still in process.

Mr. Millican said the contract work is in process and probably will be delivered the end of this week, ahead of the regular budget package. He said, with regard to the reserves, there has been difficulty in getting basic numbers under control, as well as issues relating to negotiations, vacancies, and such.

Councilor Bushee recalled that direction was given 3-2 months ago. She knows Mr. Millican has been busy with lots of new things. She assumes Mr. Buller has staff working on these things ongoing.

Mr. Buller said those priorities need to set by the Finance Department, because those are the only people who have the skill sets to do what you're requesting, so he defers to Mr. Millican on the priorities.

Mr. Millican said the budget system started to produce reliable numbers only the day before they began budget hearings with the department. He said the budget staff has been working extremely hard to get these numbers worked out and to get reports generated by the system that support the budget effort. He said the expert staff have been relatively limited, citing illness, implementation of the new finance system, the audit and an IRS audit. He admitted the reserve criteria were expected weeks ago, but he hasn't been able to do that, partly because that is a decision that should be made in the context of the actual proposed budget and expenditures.

Chair Ortiz said clearly there is a lack of information for both the bargaining units and this Committee, and staff has said they couldn't get reliable numbers from the new system. He would like to come up with a new schedule so we can be productive. He said just because the time is scheduled, we don't have to sit here wasting staff time and taxpayer money if it isn't going to be a fruitful exercise. He asked for Committee input. He suggested rescheduling, so we can get the information and have time to digest it for a better, more informed discussion. He said May 18, 2009, is set aside just as a Finance Committee meeting as well as the Budget hearings on May 14, 2009.

Councilor Dominguez would like to reschedule, saying he agrees with Councilor Wurzbarger, and we don't have the information necessary to make policy decisions on reserves.

Chair Ortiz noted there is a reorganization proposal in the afternoon. He said we have what is being proposed for Administrative Services, but we don't see how they got there. We have nothing on Parks & Recreation, and we have summary information for public safety.

Councilor Wurzbarger would like to hear the reorganization proposal today since we are here.

Chair Ortiz asked the Committee if it feels there is enough information to go forward on departments.

Councilor Calvert's remarks here are inaudible.

Councilor Romero would like to hear the proposal ideas.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Dominguez, to amend the agenda to move the policy issues which were for this time period to the meeting of May 18, 2009, and proceed immediately to hear the reorganization proposals, and to approve the agenda as amended.

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

C. REORGANIZATION PROPOSALS

1) RECREATION AND PARKS

A copy of organizational charts dated April 2009, for the Public Works Department and Community Services are incorporated herewith to these minutes as Exhibit "2."

Chair Ortiz said staff was directed during last year's budget to come up with a potential reorganization of Recreation work currently in Community Services, and for efficiency to move it elsewhere.

Robert Romero said three years ago, Parks was moved to Public Works mainly because of the Parks Bond and it made sense at the time to move it to Public Works because of the expertise in developing projects. He said that still makes sense for now because we are in the middle of building the Parks bond. He said a lot of progress has been made in improving the parks. He said in the future, it may make sense to recombine Parks & Recreation.

Mr. Romero noted he attached an internal reorganization of Public Works [Exhibit "2"]. He said he won't discuss engineering issues at this time, and will discuss the recreation portion. He noted there is a more detailed organization chart on page 2, and the existing organizational chart for Community Services which includes the GCCC and Recreation portion [Exhibit "2"].

Mr. Romero said he, Mr. Buller and Ms. Rodriguez have been working on this for some time. He said they learned there is a lot of overlap in recreation. For example, there is a sports group at the GCCC

and one in Recreation; and people working out of Ft. Marcy are scheduling the leagues at Ft. Marcy and other areas of the City, and there are people at the GCCC that are scheduling leagues at the GCCC. There is a lot of overlap. He said they are thinking there could be a "war room" where these two groups are combined for efficiency. He said the public is confused about who is running an event or a league, and if it is a GCCC event or a recreation event. He believes we could get more from existing staff.

Mr. Romero said we heard earlier about the GCCC and it being an enterprise fund. He said the idea that the GCCC and MRC would be enterprise funds was a good idea at the time. However, over the past ten years it has been proven that it's not working. He believes we need to look at the fee structure over the next year to see what we can do. However, he said neither the GCCC nor MRC will be able to pay for themselves, and believes we could get a little closer by "combining forces," and eliminating positions over the next year through attrition. He has ideas about eliminating some positions immediately. He wants to look at these areas closely, the ordinances, resolutions and fee structure. He said we might consider raising fees at Ft. Marcy and reduce fees at the GCCC so we can generate the same amount of funds, or more. He said the GCCC and MRC are getting to the point where their fees so high it is driving people away. He said perhaps we might bring large events to the MRC annually, such as a softball tournament, and drop the fee so it can happen. He said this might bring more people into town and fill the hotels and eat in the restaurants. He believes we can get more "bang for the buck," by moving the events people together and the sports people together.

Mr. Romero said staff is looking at the pools. He said one of the problems he has heard about are the lifeguards who are assigned to one pool. However, if there aren't enough lifeguards at the pool, because of union issues, we can't call a lifeguard from GCCC and send them to another pool. He said we are thinking of assigning all of the lifeguards to work for pools in general.

Mr. Romero said staff is looking at special events – fun runs, triathlons, and such, noting people at the GCCC as well as at Recreation that run these kinds of events. He believes these could be combined and get more success. He said because of the manpower to run these kinds of events, if we do more, we will need to work to get volunteers involved. He said over the next year we need to find ways to get more done with volunteers and existing staff.

Councilor Wurzbarger said this sounds exciting, but she wants more detail with regard to the positions proposed to be combined, etc.

Councilor Dominguez said he is excited about this, because there is an opportunity to have horizontal communication, and believes eventually we should combine Parks and Recreation, and he sees us moving in that direction with this reorganization. He asked Mr. Romero to provide more detail.

Mr. Romero said there is a handful of people in the Division which are eligible for retirement in the next year, and believes we can use that as an opportunity to get people in the right places. He said he believes it would be a negative thing for the community if the Schools get rid of Junior High Sports. He said staff is thinking of ways to use school facilities. He is looking a ways to become more active involving volunteers to get more done with the existing staff.

Councilor Dominguez asked said the problem with the current structure is the rift between providing services and opportunities to generate revenue. He said this is an attempt to bring those two together, and he believes there are programs which can be done without charge to the public, while there are programs which will generate revenue.

MOTION: Councilor Dominguez moved, seconded by Councilor Wurzbarger, to move forward with the reorganization as proposed for Parks and Recreation, with direction to staff to look at the possibility of forming a Parks & Recreation Department in the future.

DISCUSSION: Councilor Dominguez said this is an exciting time, and this gives us an opportunity to program the outdoor recreation spaces for the benefit of the community and the City in the future.

Councilor Bushee said she recalls four years ago, Mr. Romero telling the Council that we need to move Parks under Public Works, and then Recreation "kind of got splintered off or divorced."

Mr. Romero said it used to be Parks & Recreation. He said the reason it was moved was because of the capital investment that needed to be made in the parks, reiterating that it made sense because the expertise in Public Works worked hand in hand with Fabian Chavez and staff. He said once the parks are in good shape, perhaps it returns to being its own department.

Councilor Bushee asked why he isn't recommending doing this right now.

Mr. Romero said there are two reasons. First, there would one more layer of management between him and parks and him and recreation. He doesn't see having that layer when budgets are tight. It would give him a better opportunity to work hands on in both areas. He said in the past, Parks was pulled to every single event which impacted the time they had to take care of the parks. He said we need to determine during the next year how Recreation and these events can almost run themselves, with volunteers, noting it will be tough to add more staff. We need to look at how to generate more revenue, or balance the revenue with the cost of these events.

Mr. Romero said secondly, for now we are in the middle of building the parks bond, and believes it makes sense to keep them separate while we figure out the "recreation thing," before we confuse the issues. He believes Parks is operating very well under Fabian Chavez's leadership, and for one year, this saves the cost of another Department Director.

Councilor Bushee asked where the MRC will fall.

Mr. Romero said the MRC will stay in Parks, and the Sports Section would schedule events at the MRC, but it is more of a turf management issue and recommends it stay in Parks for now. The programming for the MRC would go to the new Sports Section in Recreation.

Councilor Romero said she is glad to see some changes, which she believes makes sense in looking for much more seamless services. She agreed with Councilor Dominguez about partners, noting there are

other facilities where we can partner including the Community College, St. Johns and the Public Schools. She believes we need to look for partners and volunteers, and see what happens.

Mr. Romero said we are seeing a lot of volunteer's in Fabian's area – Friends of Frenchy's and people who are taking on trails and parks. He believes it would be beneficial to expand on that.

Councilor Wurzbarger said she assumes that once this proposal is approved, we will see some results in this budget cycle around cost savings. She would like to see that information at the meeting on May 14, 2009, and asked that the record show that Mr. Millican shook his head that this is correct. She believes we are missing an opportunity to use the healthy lifestyles initiative, as proposed by the Chair and others, to be woven into the theme.

Councilor Dominguez said this is intended to start building the healthy lifestyle components into Recreation and Parks. He said this really is an attempt to be soft on people and tough on issues, and the issue is that we need better coordination and collaboration between Parks and Recreation. He believes this is the framework and moves us in that direction.

Chair Ortiz said this also eliminates the duplication of services and the non-communication between the different facilities. He asked Ms. Rodriguez her thoughts on this proposal.

Ms. Rodriguez said she has been working with Mr. Romero and the City Manager to look at these issues and how this can be combined for more efficient and effective delivery of services. She said she agrees that the public needs to have one way to access the recreation services and the parks, and believes this is a good way to do that so it isn't confusing. She said many cities have parks & recreation in community services, but it would fit in either place. She believes the ice arena could generate revenue at some point. However, pools and use of fields won't break even and those need to be continued to be subsidized from City funds. She would like to continue to work with Recreation and the GCCC, but if this will make it more effective and efficient, this will be fine.

Chair Ortiz said the motion is to move forward with the recommendation to move all of the recreation components from Community Services into the Public Works Department as a new Division, with details to follow when we see the Public Works budget, and with further direction that conceptually, after this is done, that we work toward either a redone Parks & Recreation Department, or reimagine that as some kind of healthy lifestyles or a quality of life department that incorporates outdoor and indoor fitness or recreation for the fiscal year 2010/2011.

CLARIFICATION: Mr. Buller said Mr. Romero had two other reorganization proposals dealing with engineering, and asked if part of the motion is to bring those back as well.

Chair Ortiz said he presumes we will see that as part of his department budget. He has questions about the usefulness to continue some of these things which will be handled at the department level.

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

2) ADMINISTRATIVE SERVICES

The existing organization charts representing the existing organization for both Finance and Administrative services, is incorporated herewith to these minutes as Exhibit "3."

Mr. Millican presented information regarding this matter from his Memorandum of May 3, 2009, which is in the Committee packet.

Chair Ortiz asked if there would be any savings, noting Mike Lujan's position currently is unfunded. He asked if there will be a recommendation to eliminate this position entirely, like we deleted the Officer Manager position from ASD.

Mr. Millican said we need only one of those positions, noting another person will not be added in Risk Management. He believes the most benefit will come from improved internal services and the ability to address our administrative processes so they work more efficiently and quickly.

Councilor Wurzbarger asked, for clarification, if there will be budget savings with respect to the one director position.

Mr. Millican said this is correct, and staff will be looking at the currently funded, but vacant Building & Maintenance Supervisor.

Councilor Wurzbarger said then if this Committee approves this in concept, Mr. Millican will come back to the meeting on May 14, 2009, with the exact savings.

Mr. Millican said this is correct. He said the actual personnel savings might be less than the savings from improved analysis and budget management.

Councilor Dominguez said then we will see some of this in the Department budget when it comes to us. He asked, once this is in place and you work out the kinks in the software, if you will be taking on more, but you will be more efficient. He said it's a reflection of what's happened today in terms of not having some of this information more timely.

Mr. Millican said in the new office proposed, there will be a concentration of resources on business systems redesign and implementation issues. He said he done his very best to ensure that the implementation costs, etc., aren't full of a lot of special customization.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Calvert, to accept the staff recommendation with respect to the merging of these two areas as proposed under the proposal in the packet with more detail to come, particularly on savings to come when budget presented.

DISCUSSION: Mr. Millican said he is confident that a better structure in these areas will start to result in more effective business process and analysis.

Mr. Romero said, with regard to Facilities Maintenance, it will be more work, but will be better in the long run. He said there have been problems at GCCC which has its own maintenance, and if the supervisor leaves, it takes six months to hire someone and another six months for the person to figure out what is happening. He said by this time, some of the systems are falling apart. He is recommending that those maintenance people and the maintenance people from the Civic Center be brought into Property Control, so it will be responsible for all buildings.

CLARIFICATION: Chair Ortiz said then the motion to reorganize would put elements of administration into finance and put elements of maintenance into the new Community Facilities Division in Public Works.

Responding to the Chair, Mr. Millican said Fleet will stay with the administrative department.

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

Lunch Break 12:05 p.m. to 12:50 p.m.

D. PUBLIC SAFETY

1) POLICE

Responding to the Chair, Chief Johnson said he will be making today's presentation since Chief Designee Wheeler is still in training.

Chief Johnson presented information from the budget detail in the committee packet, noting staff was asked to cut 5%. He noted the cuts are as follows:

- Cut vacancies with a request to freeze the two vacant positions in the Record Section, which would result in a cost savings of \$78,000. The only drawback would be the timing of producing reports for the public, the Courts, but it wouldn't impact accident reports.
- The Police expansion request is frozen, but requested six of the initial fifteen positions to proceed with the Street Crimes Unit, requesting that two of the positions be frozen at a cost savings of roughly \$109,000.
- Cut-back having Lieutenants, Captains and Detectives working on holidays with a savings of \$147,000. The drawback would be if there is a major event we would have to depend on those on call to come out and cover those events. He said with the on-call program, there usually is one supervisor, two Detectives and a Crime Scene Technician on the on-call duty.
- Cut-back of the replacement of police vehicles through the General Fund, and rely on Property Tax to replace vehicles and equipment, for an annual savings of \$502,000. This is an allowable use of Property Tax, noting each year it is necessary to replace about 1/5

of the fleet of over 200 vehicles which is about 38 vehicles. He said it is estimated that there would be funds through the Property Tax to replace approximately 26 vehicles annually.

- Discussed a possible cut-back on overtime for areas requiring officers to work after hours to do community type events, such as Neighborhood Watch, Police Citizens Academy, Child ID programs which would save about \$30,000. He said the Department has applied for stimulus funds to help offset the costs of continuing the Crime Prevention Program, and hopes to get information on those in the near future.

The Committee commented, asked questions and made suggestions, and staff responded as follows:

- *Chair Ortiz asked if there is a proposal to cut Childrens ID, Neighborhood Watch and other crime prevention programs.* Chief Johnson said at this time it is hoped to get the grant funds awarded, noting the application for grant funds specified these programs as well as overtime funds to keep programs up and running, such as the ATV patrols, and other areas where they get a lot of complaints. He said they applied for \$202,000, which should help offset the majority of the costs for all crime prevention programs and associated overtime.
- *Councilor Bushee asked if the primary cost to the outreach programs is overtime, and asked if there is a way to shift those positions to work on the weekends.* Chief Johnson said this is being done currently and they are adjusting schedules to cover some of the events, but that leaves some things uncovered during the daytime hours.
- *Councilor Bushee wants to know if those programs go to the "chopping block" noting a cut of \$30,000 isn't worth losing the momentum on these programs.* Chief Johnson said the Department will keep the Council advised, commenting he feels very hopeful about these funds. He noted he applied for funds through the COPS program for 15 police officer positions. He said the City will pay the salary after the third year of the program, and it will cover entry level salaries for the first three years for the fifteen position, after that the grant requires the City to maintain those positions for one year. He said first priority for funding will go to the police agencies which have had to lay off personnel.
- *Councilor Bushee asked if the Department is still giving a \$10,000 signing bonuses.* Chief Johnson said that probably will go on the chopping block.
- *Chair Ortiz would like to see a list of the items which went to the chopping block, and those items which are being considered for the chopping block.* Chief Johnson said if we get any of the stimulus funds it will help that greatly. He said it could be a while before we know, noting it could be 6 months to a year.

- *Councilor Dominguez would like to have a summary of grants applied for and a timeframe, including expiration, and a total dollar amount. Chief Johnson said he can provide that information to the Committee, noting he has applied for 3-4 different grants.*
- *Chair Ortiz asked the Chief if there are any policy decisions, short of approval of the budget, which is needed in order get those to numbers together so the Committee can approve the budget. He said the Chief is talking about things for potential cost savings, but we don't have the list. Chair Ortiz said he can say what positions he believes could be cut, and we could discuss moving functions from other departments to Public Safety. He said, although the Chief said he did an exercise to cut the budget by 5%. These numbers show there is no cut from this year to the next year. Chief Johnson said the overtime for the eight major market events is roughly \$150,000.*

Chief Ortiz noted cutting one of the deputy positions would save about \$135,000, and asked if that would cover the overtime for the eight major markets. Chief Johnson said it wouldn't be worthwhile for the department because of the work load, noting they have one of the largest budgets in the City. He said one of the Deputy Chiefs is responsible for overseeing the Department spending which is a full time position. He noted the Operations Deputy Chief oversees the day to day operations. He said it is a huge liability to split up the duties.

Chair Ortiz said two Deputy Chiefs is a relatively recent phenomenon, noting in the past we had one Deputy Chief, and Captains were responsible for overseeing the organization, and the Deputy Chief assisted the Chief with the budget and overseeing the organization. We moved from that to elevating one of the Captains to a position of Major which subsequently was moved to a Deputy Chief position.

- *Chair Ortiz asked if we really need two Deputies, or do we need to start moving some of the administrative responsibility to the Captains, or promote one of the Captains to Major. The other questions is if one of the Deputy Chief's responsibility is to work on the administrative and budget side, do we need a commissioned officer to perform those duties, and suggested the Chief Designee respond. Deputy Chief Wheeler said during his 16 years with the Department there have always been two responsibilities with two Deputy Chiefs, or a Deputy Chief and a Major, or an Assistant Chief and a Deputy Chief. He said we need the two positions to continue to move forward. The Deputy Chief over the Budget also has other duties including equipment maintenance and closely monitoring expenditures and budget balance. It is very important to have an Operations Deputy Chief to ensure that the operations section is running smoothly. Accountability is key in the Department.*
- *Chair Ortiz said then an organizational chart as he sees it would be the Chief, an Operations Deputy Chief and a Deputy Chief overseeing administration. He asked how many positions is overseen by the Operational Deputy Chief on the administrative side.*

Currently, the Administrative Chief oversees all accounting, animal control services, professional standards/internal affairs, records and technical services which includes the fleet and equipment and training.

- *Chair Ortiz asked Deputy Chief Wheeler if it is his opinion that this cannot be accommodated by elevating a Captain to a Major position to operate the Operations side.* Deputy Chief Wheeler said this is correct. He feels all of the current Captains already have a high amount of responsibility. He probably will propose moving some of the Captains to other areas of responsibility. He said he will be recognizing where we will be looking at annexation in the Department. He said reducing any positions within the department would create more problems.

Councilor Trujillo arrived at the meeting

- *Chair Ortiz said reducing to one Deputy Chief could result in 1 ½ patrol positions.* Deputy Chief Wheeler noted, in reality a patrol officer makes more money and overtime than the average Deputy Chief and Captain.
- *Chair Ortiz asked Deputy Chief Wheeler if it is his opinion that the Captains can't have that responsibility in the organization, and that a Deputy Chief is needed to oversee the Captains.* Deputy Chief Wheeler said he believes the Captains do have that level of responsibility, but the oversight to run a police department needs to be included. The Captains will serve significant roles as leaders in the department, and he will identify and include in a new organization chart some of the changes he wants to see, including some more tight oversight. He said giving up that type of position and its responsibility can create great liability for them in the future.
- *Chair Ortiz noted that according to the Finance Department list, the salary and total costs for a Deputy Chief is \$131,729, and for a Police Officer I, it is \$50,992, and Police Officer II is \$69,000. So we could get two Police Officer II positions for the same cost as a Deputy Police Chief. He asked what is a Public Safety Committee Liaison.* Deputy Chief Wheeler said this is the liaison with the Regional Communications Center which currently is vacant.
- *Chair Ortiz asked if this position could be converted to a patrol position.* Deputy Chief Wheeler said we can't do that, and the position is necessary to have access to the National Crime Information Center (NCIC), and it must be available, noting it is not a law enforcement position. He said he is looking to combine that position with the responsibilities of another position. Chief Johnson said this position is also the liaison to the Municipal Courts.
- *Chair Ortiz asked if this position is mis-titled.* Chief Johnson said it probably isn't the best title, noting that person works with all of the courts to ensure when quash orders come out on warrants that all of the information is removed from the system so we don't wrongfully arrest someone, noting this position has a wide variety of responsibilities.

- *Chair Ortiz does not want to lost positions in the field, and asked how we can make the organization more efficient by compacting the hierarchy to get more positions into the field. However, without the detailed information, we can only discuss this in concept.. Deputy Chief Wheeler said he understood the documents they were preparing were to identify a 5% budget reduction within the department, noting he submitted a Memorandum to the City Manager and to Mr. Millican in this regard.*

- *Chair Ortiz said we don't have that document, and asked Mr. Millican how he recommends that this Committee proceed. Mr. Millican said the Department was fully funded for a year for officers and one civilian position which were not in the prior year's budget. Chair Ortiz noted this was a policy direction when the initial cut was made and this is seen in the budget. Mr. Millican said he also received notice of a significant budget increase for the Jail Contract which affected the 5% decrease. Therefore the Police Department hit the 5% reduction target, the budget is but not showing a budget decrease. He noted it would have been necessary to reduced the budget by 10% to offset the jail contract and the funded officers not in last year's budget.*

- *Chair Ortiz asked where the jail contract is included. Mr. Millican said it is included in Administration under Contractual. Chair Ortiz noted a net increase of \$33,000. Mr. Millican noted there are other reductions that affect the costs in that Division. Chair Ortiz said he would like to see a line item specifically for the jail contract so we can see the increase., and asked the amount of the increase. Chief Johnson said the contract is included in Business Unit 12057, and the current budget is \$400,000 and it was increased to \$820,000 for the next FY.*

- *Councilor Wurzbarger said the Chief did a series of things which he presented, but which we don't have before the Committee. Mr. Millican said three things were done which increased expenditures after the 5% reduction: (1) implementation of an additional five full positions at the end of 2009; (2) move the vacancy estimated last year at 6% to 4% in the Public Safety Department; and (3) the Jail Contract. All of these offset the reductions proposed by the Department.*

Councilor Wurzbarger asked how we are going to get our hands around this process. She wants to look at some of the assumptions which were made with respect to making those changes, whether or not they work.

Chair Ortiz said at 10:45 a.m., he raised the issue that we aren't ready to proceed. He said we don't have the numbers. It is clear that the Department did its work and they have the numbers, but those didn't get to us. He questions how we can make decisions regarding this budget without the information. He said perhaps other departments have those numbers. He questions the relevancy of whether or not we need to proceed further or wait and see if we get more detail, because it just isn't included.

Councilor Wurzbarger said she agrees, and may have taken us on this route this morning, because she thought it would be clearer. She would like each department to submit a two-page summary

of how they arrived at the 5%, so we can look at those options, and from a policy perspective , to be sure we agree with the proposed cuts. This should include an explanation of the service impact, if any. She said she sees no reason to continue with this process until we get that information.

Councilor Dominguez would like the two-page summary to include the expenditures for overtime as we do this analysis. He agrees that all we have are the pages which would be in the book that we don't have, and we have no summary of what happened before coming here. He supports postponing this to either May 14 or May 18, 2009.

Chair Ortiz said some of the departments are supposed to be ready now, but this isn't the case, and asked Mr. Millican if any of the departments are ready. He said, regarding the Fire Department, you can see that there is a drop between its budget and the reduction is about 10%. He said he doesn't mind a conceptual discussion, noting he has an opinion regarding the administrative positions in Fire and Police and whether we would be better served to use those to put people on the streets. However, we don't have the information to have detailed discussions.

Councilor Dominguez said there are overtime constraints on that, and we need that detailed information.

Chair Ortiz said we should be trending downward on overtime as we fill the positions. He said the big hit on overtime in the past has been because of the vacancies. He said the Fire Department has a different issue because of mandatory scheduling. We need to be able to see a trend downward in the Police Department on overtime, especially since we are filling positions.

- *Councilor Bushee asked if there is a possibility of using Public Safety Aides, or a different level of trained officers to do some of the public outreach.* Deputy Chief Wheeler said the Public Safety Aides don't have police powers and their sole responsibility is to assist with traffic safety in the community. He said they have looked at other options for community outreach such as utilizing civilians, but the vast majority of the community wants to see a law enforcement officer. He said some of the programs require a certified law enforcement officer in certain positions as a condition of receiving grant funds, such as DARE.

Chair Ortiz said because we don't have the information, we need to talk about getting information from all of the departments for the meeting of May 14, 2009, and leave May 18, 2009, in the evening as the fallback position.

Councilor Calvert said in the last budget in discussing overtime, the agreement with the Police Department was that we wouldn't decrease overtime funding if they agreed to increase the minimum number of officers per shift. He wants to see information which shows that commitment was fulfilled. We wanted to ensure that we were improving the response time which meant that would be more likely with more officers per shift.

Councilor Dominguez said that was part of the five-year Strategic Plan and being proactive instead of reactive.

Chair Ortiz asked the Committee and Councilors if they can attend on May 14, 2009, the Thursday after the Council meeting, beginning at 8:00 a.m.

Councilor Dominguez won't be here on May 14th.

Chair Ortiz said, in terms of the information we need, he assumes the departments did the exercise to reduce the budget, and those department exercises need to be incorporated into the budget. And the City Manager and the Finance Director needs to tell us whether or not they accepted the department recommendation and provide a reason for that. He asked if there is other information we need to have for the May 14th meeting which would be helpful in making some of these decisions.

Chair Ortiz said at the Finance Committee meeting in March 2009, this Committee requested a list of the vacant positions and existing positions, noting he has that list. He wants to see a list of positions proposed to be cut.

Chair Ortiz said if other department directors are here and believe your department is ready to move forward with a budget hearing, he will hear those departments today.

Councilor Wurzbarger said she doesn't want to get all of this information on May 13th. She wants, at a minimum, the background information which reflects the work which has been done, and she doesn't want to get all of the information the day before the meeting. She said she also wants the list of vacancies and such, so we can begin to start studying that well before the meeting.

Mr. Millican said each department was requested to prepare a summary of the proposed changes, and he will add a one-page City Manager/Finance Memorandum to clarify what was and what was not accepted. The balance of the budget detail was submitted on the normal budget forms which don't have a lot of explanation. He said some issues were raised today that weren't necessarily addressed in the Memos, such as the overtime question asked by Councilor Calvert, or the five-year strategic plan issues raised by Councilor Dominguez. He asked Councilors to advise him of things they would like to have in the Committee packet.

Chair Ortiz asked members of the Committee and the other Councilors who have particular ideas for particular departments to submit those to the City Manager by Wednesday if you want those addressed. He said there is the issue in Police and Fire to collapse the organizational structure, making it less hierarchical and using the salary savings to put officers or positions on the street. There is an idea about having Code Enforcement as part of Public Safety, which would require moving positions from Land Use to the Police Department. He said he has particular ideas in Public Utilities, in terms of the positions and what salary savings we could have from some of the work we've been doing.

Deputy Chief Wheeler asked Councilor Dominguez to clarify his request in terms of overtime.

Councilor Dominguez said we want to be able to see the overtime budget, how and where it is spent, and how that relates to the five-year plan to increase staff on the street.

Deputy Chief Wheeler said most of those positions haven't been funded. However, since the Department is fully staffed, he believes they can show a decrease in the number of overtime hours for minimum staffing, although this doesn't mean there will be an overall reduction in overtime.

Chair Calvert would like, if possible, to isolate overtime for special events, which would be helpful to make an informed decision.

Councilor Dominguez wants to see how staffing at minimum or above decreases overtime.

Chair Ortiz said, for human resources, another issue is redoing or revisiting our sick leave policy and the policy for people to cash out their sick leave, and if we can get budget savings by revisiting this issue. He wants to see any savings and any proposals. He wants to see the budgets submitted by the departments by next Friday, even if it is a draft.

Mr. Millican said the Memos are in place, and he wants to be sure we go from the original submission to the recommendations which got into the budget.

Councilor Calvert said, with regard to the kinds of personnel we have and need in Fire and Police, he is looking at commissioned officers who are performing administrative duties, and instead hire an administrative person to help the certified officer.

Chair Ortiz noted there is an Office Manager, a budget person and two administrative people just in the Police Department just for administrative functions. He presumes the organizational charts will be included as the front page of the department budgets. He said, with regard to moving toward clusters, one of the good things is when you recognize business units with similar functions, you can start through economies of scale, sharing positions.

Mr. Millican said we may ask senior staff to revise the memos for publication on Friday so they conform to what you see in the budget.

Chair Ortiz asked what day the budget packet will be provided.

Mr. Millican said he would like to have a hard deadline of close of business on Monday, which would give staff the weekend to deal with any issues.

Councilor Calvert said this Committee would like to have the weekend to look at some of this information.

Mr. Millican said perhaps he can get it to them on Saturday or Sunday.

Deputy Chief Wheeler said staff has been discussing the Deputy Chief positions, reiterating he strongly believes these positions are needed. He said, regarding administrative staff, they have identified some areas where we can combine tasks and combine those positions effectively and efficiently. He noted that annexation is moving forward, and any reduction in administrative could be detrimental to the Department.

Chair Ortiz asked if he is recommending that the City relook at its annexation settlement and renegotiate the terms – do you want us to take a step back on annexation.

Chief Johnson said you need to look at the annexation seriously, because the Department can't provide the services to the area to be annexed with the current number of officers, especially in talking about cost savings for overtime and such. He said the only way the Department could cover that right now is assigning officers on overtime to those areas. He said currently the last manpower study is being updated by Lt. Anaya and Lt. Solano to look at the number of officers it will take to service the annexed area.

Chief Johnson pointed out that under the union contract, the City has to pay a minimum of two hours for every Court hearing officers attend, noting there are serious issues to examine as the department moves forward.

2) FIRE

Chief Rivera said it is okay to defer hearing the Fire Department budget to the 14th.

Chief Designee Salas noted it is three months until Chief Rivera retires and she takes over as the Fire Chief.

3) MUNICIPAL COURT

The Municipal Court will be rescheduled to May 14, 2009.

Mr. Millican said the Judge has a vacancy in the Bailiff position, and she has been filling by rotating the responsibility among her staff, but she has a strong desire for a full time Bailiff. This is the one cost cutting measure about which she is most concerned.

Chair Ortiz said there is no line item for the projected Redflex revenues.

E. PUBLIC UTILITIES

1) WATER

Chair Ortiz said we are making \$5.3 million in excess of expenditures, and there will be a new rate increase analysis to tighten it up.

Brian Snyder said we show a \$5.3 million excess of expenditures, noting the GRT isn't included in the revenue line item which bumps it up even higher. He said there is about \$6.9 million in GRTs which isn't included in the revenue numbers which is in the finance plan.

Councilor Calvert said the repayment of the debt, as discussed, isn't included.

Mr. Millican said during discussions, we discussed the possibility of creating a fund contingency for the repayment.

Councilor Calvert said then we will be starting on the \$2 million repayment.

Mr. Millican said there were two payments of \$4 million, so there is a balance of about \$15 million.

Chair Ortiz said the good news is that the Water Division is doing its job and planning for the future expenditure which will use a lot of money.

Councilor Calvert said the bond covenants require certain balances.

Mr. Snyder said this is correct. He said they are in the process of hiring a consultant to begin the rate analysis, as directed by the Council, to look at the structure, UECs, low income credit, high third tier, and he is about a month away from bringing it back to the Committee with a recommendation. He said one of the steps would be to look at where we are now.

Chair Ortiz understood the consultant would also be looking at a tiered rate structure for properties outside the City limits, but on our water system, and those properties which are existing customers. He asked if we could have different rate structure for extending services in the newly annexed area. Responding to Councilor Calvert, Mr. Snyder said a UEC is a one-time fee for a connection and not the ongoing rates which continue to go forward. He said the other part of the analysis will be a cost of service study which will look at specific customer classes and the usage types to make sure they pay adequately and equitably.

Chair Ortiz asked if additional information is needed from the Water Division, and asked the Committee wishes in this regard.

Councilor Calvert said there is the possibility of adding another \$2 million.

Mr. Millican said that would be offset by a reduction of line items, and would be no net change. He said the Water Company has significant reserves which have been accumulated to build the Buckman project, so the ten year plan manages those reserves. After Buckman, there will be a designated balance as well as a designated balance for rate stabilization. He said an ongoing operational revenue stream is needed to repay the loan.

The consensus among the Committee is to do nothing on Water until the requested information is received, and it will be considered on May 14, 2009.

2) WASTEWATER

Chair Ortiz said Wastewater still has to do a ten-year plan, and asked when that will be finished.

Mr. Kassisieh said staff is working on this now, and hopefully Councilor Wurzbarger will introduce it at the next City Council, and it will then go through the Committee process.

Chair Ortiz said then based on that plan, Mr. Kassisieh would then be proposing rate increases and Mr. Kassisieh said yes, because they already are in the hole.

Chair Ortiz asked why they are in the hole.

Mr. Kassisieh said the revenue is \$10,844,799 and the expenses, after cuts, are \$11,616,976.

Chair Ortiz noted the figures in the budget are expenses of \$11,870,091 and revenue of \$10,514,235, and asked where we will find savings of \$1.3 million, or if that will be on the ratepayers.

Mr. Kassisieh said it will be on the ratepayers, because they can't give up any of their services. He said if they give up services, the City will pay through insurance and claims.

Responding to the Chair, Mr. Kassisieh said \$17 million of the Treatment Plant reserves were used to do the last project, so there is now about \$2.5 million in reserves, maximum. He said between the environmental, GRTs and the rates, we are paying the 1997 and 2006 bonds. He said the 1997 bond was for \$20.8 million and the 2006 bond was for \$10 million.

Chair Ortiz said this enterprise has a shortfall in revenues, and Mr. Kassisieh said he can't reduce expenditures to narrow the \$1 million gap, and asked the proposal to cover that.

Mr. Millican said the proposed reductions, relating to the contingency we discussed earlier, would be about \$470,000, which still leaves a shortfall of about \$900,000. We will have to address this through use of reserves or rate increases, but this will be an ongoing deficits.

Chair Ortiz recalled that previously there was an expressed increase in rates to cover a shortfall which was done for two years in Planning and Land Use and with the Water Company, and this is an approach we are revisiting.

Mr. Kassisieh said he imagines we will be asking for an increase for the next 200 years, but he will take it ten years at a time. He said by the time he retires, the plant will be good for another 20-25 years.

Mr. Millican said the operating fund balance for Wastewater is \$3.8 million.

Mr. Kassisieh said \$1.2 million of that will be used this summer for the rehabilitation program. He said the \$2.6 million is in the event of an emergency at the plant.

Chair Ortiz said the Council has said that reserves are reserves for emergencies across the board.

Councilor Calvert asked how this applies to the contingency pooling.

Mr. Millican said if you reduce the line items normally used for emergency expenditures by \$470,000, you need to be sure you are reserving for that. The rate question will be part of the ten year plan, because the rate question here is that this is an ongoing operating deficit you can expect to continue for several years. So, you need to look at how much fund balance you want to use to moderate rate increases versus what to retain for balancing risk. He said the risks of failure in wastewater are severe in terms of environmental regulation as well as the result.

Chair Ortiz asked if the Committee wants Wastewater to come back when we have more information.

Councilor Wurzbarger doesn't want to make decisions incrementally, and wants to go through the process and see where we are. She said it would be better to get the information from Mr. Kassisieh in writing. She understands what Mr. Kassisieh is saying he needs, and what options he has or hasn't considered, and we can decide, as a Council, whether or not to challenge those assumptions.

3) SOLID WASTE

Chair Ortiz noted the revenue projection of \$10.844 million, with expenditures of \$11.616 million.

Mr. DeGrande said the vast majority of that is the huge increase tipping fees from Caja del Rio, starting July 1, 2009, which is about \$500,000.

Councilor Bushee asked if there were cost savings for going automated.

Mr. DeGrande said yes, some of which are transparent and some are not. He said the injury and workers compensation claims are way down. He said it is more efficient in terms of collection. The equipment lasts longer, but it takes the same number of people for automated pickup. He noted there has

been no expansion for four years, so he is utilizing existing staff even as the City grows. He said in the first phase of the new annexation, he doesn't anticipate any additional equipment or personnel needs.

Responding to Councilor Bushee, Mr. DeGrande said if the workers are on the back of the truck, it is a semi-automated truck. He said this is used on one-way or difficult streets. He said the reason it was done is because it is cleaner, we don't have vector problems, and it is easier to wheel the cart to the back of the cart than tossing bags.

Chair Ortiz asked if an analysis has been done on the every week recycling, and going back to the old schedule – were there salary savings.

Mr. DeGrande said there were no salary savings. He said, from a management standpoint, he is opposed to going to biweekly recycling. He said there was so much confusion with the program. He said this is a much more efficient program, with more participation than previously, and he wants to keep it weekly.

Councilor Calvert said perhaps with the cost increases at Caja del Rio and at the Transfer Station, it is more effective to recycle and pay lesser transfer fees.

Mr. DeGrande said, although we are getting a 30% increase in tipping fees this year, there will be a 10% increase next year and 20% the year after that, so it is a 60% increase over three years.

Chair Ortiz asked Mr. DeGrande if he can justify the position of Assistant Division Director at a budget cost of \$103,000, and the Special Projects Administrator at a budget cost of \$89,150.

Mr. DeGrande said the Assistant Division Director was originally the Administrative Manager, and they gave a small raise and a change in title, but the duties didn't change. She still runs all the assessments, does the payroll, does the purchase orders. He said he was trying to have someone in place who could step in and run the division. He said the past experience is that it has been a disaster every time we hire a new director.

Responding to Councilor Calvert, Mr. DeGrande said he will be retiring in October 2009.

Councilor Calvert asked Mr. DeGrande if the Assistant Division Director position will be filled again after he retires.

Mr. DeGrande said no.

Councilor Wurzbarger asked if the budget for 2010 has a lower level position and it won't contain the Assistant Division Director.

Mr. DeGrande said it will go back to either an administrative manager or accounting manager which costs about \$40,000 annual without benefits. Responding to Councilor Wurzbarger, Mr. DeGrande said Jessica Martinez was an Assessment Tech and that was changed to a Project Specialist because she

is being given more of Vivian's duties, and the salary was increased because there were increased duties.

Councilor Wurzburger asked the costs of these positions in terms of increased costs.

Mr. DeGrande said it was a total of \$15,000 for both positions.

Responding to Councilor Wurzburger, Mr. DeGrande said they have a Community Relations individual on staff.

Councilor Calvert asked if the rate increase will get us to a 5-10% reduction in overall cost.

Chair Ortiz said Councilor Romero, in the bills she introduced, used a similar approach to the Water Rates, by introducing three identical bills with three different scenarios.

Mr. DeGrande said this is correct, but it was pulled from PUC. He said they are going to rework those numbers in consultation with Jason Mumm, because they weren't satisfied with them. He said the rate increases they came up with, probably were too high.

Councilor Wurzburger asked if Mr. DeGrande will be submitting a budget that presumes a rate increase yet to be determined, and Mr. DeGrande said yes.

F. WRAP-UP

Chair Ortiz thanked staff for attending the meeting, and the Finance staff, saying they have to deal with the hurdles which are placed in front of them. He thanked the Committee and other Councilors for attending the meeting.

5. PUBLIC COMMENT

There was no public comment.

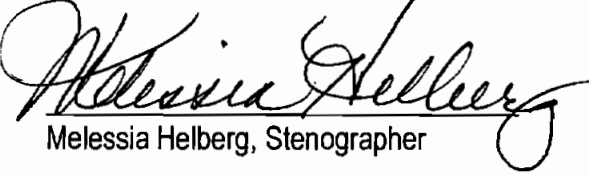
6. ADJOURNMENT

The meeting was adjourned at approximately 2:30 pm.

Matthew E. Ortiz, Chair

Reviewed by:

David N. Millican, Director
Department of Finance


Melessia Helberg, Stenographer