



# Agenda

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**SPECIAL FINANCE COMMITTEE MEETING  
FISCAL YEAR 2009/2010 BUDGET RECOMMENDATIONS  
WEDNESDAY, MAY 20, 2009  
CITY COUNCIL CHAMBERS  
5:15 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. CONTINUATION OF FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW:

**GOVERNANCE AND ADMINISTRATIVE SUPPORT**

City Council/Mayor  
City Manager  
City Attorney  
City Clerk  
Finance  
Human Resources  
ITT  
Risk

**WRAP-UP**

6. REQUEST FOR APPROVAL OF CITY MANAGER'S RECOMMENDED FISCAL  
YEAR 2009/2010 OPERATING BUDGET
7. PUBLIC COMMENTS
8. 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  
SPECIAL FINANCE COMMITTEE MEETING  
FY 2009/2010 OPERATING BUDGET RECOMMENDATIONS  
Wednesday May 20, 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	1-2
CONTINUATION OF FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW		2
<b><u>GOVERNANCE AND ADMINISTRATIVE SUPPORT</u></b>		
CITY COUNCIL/MAYOR	No discussion	2
CITY MANAGER	No discussion	2
CITY ATTORNEY	No discussion	2
CITY CLERK	No discussion	3
FINANCE	No discussion	3
ITT	No discussion	3
RISK	No discussion	3
HUMAN RESOURCES	Information/discussion	3-6
OTHER	Information/discussion	6-7
WRAP-UP		7
REQUEST FOR APPROVAL OF CITY MANAGER'S RECOMMENDED FISCAL YEAR 2009/2020 OPERATING BUDGET	To City Council without recommendation	7-19
PUBLIC COMMENT	None	19
ADJOURNMENT		19

**MINUTES OF THE  
CITY OF SANTA FE  
SPECIAL FINANCE COMMITTEE MEETING  
FY 2009/2010 OPERATING BUDGET RECOMMENDATIONS  
Wednesday, May 20, 2009**

**1. CALL TO ORDER**

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

**2. ROLL CALL**

**MEMBERS PRESENT:**

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

**OTHER COUNCILORS ATTENDING:**

Councilor Rosemary Romero  
Councilor Ronald S. Trujillo

**OTHERS ATTENDING:**

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

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

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

**3. APPROVAL OF AGENDA**

Chair Ortiz noted there is an error in numbering on the Agenda which should be Items #1-7.

**MOTION:** Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the agenda, as amended.

**DISCUSSION:** Councilor Wurzburger would like information to be reintroduced at this meeting regarding an increased need for funds around the benefits issue.

Chair Ortiz noted there was a one page Memorandum in the Council boxes from Ms. Kuebli discussing this issue [Exhibit "1"].

**FRIENDLY AMENDMENT:** Councilor Wurzburger would like to add discussion of the increase in employee benefits under Item #4. **The amendment was friendly to the maker.**

**VOTE:** The motion, as amended, was approved on a voice vote, with Councilors Calvert, Chavez and Wurzburger voting in favor of the motion, none voting against, and Councilor Dominguez absent.

*Councilor Dominguez arrived at the meeting*

#### **4. CONTINUATION OF FISCAL YEAR 2009/2010 OPERATING BUDGET REVIEW:**

A Memorandum dated May 18, 2009, to Dave Millican, Finances Director, from Kristine Kuebli, Director, Human Resources Department, is incorporated herewith to these minutes as Exhibit "1."

A copy of "City of Santa Fe Contracts List," is incorporated herewith to these minutes as Exhibit "2."

A copy of an updated organizational chart for the Recreation Division is incorporated herewith to these minutes as Exhibit "3."

A copy of Recreation Division Expenses and Revenues with attached GCCC budget information, is incorporated herewith to these minutes as Exhibit "4."

A Memorandum dated May 19, 2009, to Galen Buller, City Manager, from Jim L. Salazar, Stormwater Management Division Director, is incorporated herewith to these minutes as Exhibit "5."

A Memorandum dated May 19, 2009, to the City Council, from Rod Lambert, Gallery Manager, regarding Gallery Sales, is incorporated herewith to these minutes as Exhibit "6."

#### **A. GOVERNANCE AND ADMINISTRATIVE SUPPORT**

Chair Ortiz said the Committee has covered items A(1) through (5), and (7) and (8). Item A(6) is added as a special agenda item.

- 1) CITY COUNCIL/MAYOR**
- 2) CITY MANAGER**
- 3) CITY ATTORNEY**

- 4) CITY CLERK
- 5) FINANCE
- 6) *[removed to B below]*
- 7) ITT
- 8) RISK

## **B. HUMAN RESOURCES – ISSUE OF 11.3% INCREASE IN BENEFIT COSTS**

Chair Ortiz said Ms. Kuebli has been placed on the agenda because of the Memorandum in the Council boxes. He asked Ms. Kuebli if she has additional information from that in her Memorandum [Exhibit "1"]. Ms. Kuebli said she has information on how to address the 11.3% increase and the 10.55% for dental.

- Councilor Wurzbarger asked the dollar amount to address the 11.3%. Ms. Kuebli said it is roughly \$2 million. Councilor Wurzbarger asked the dollar amount for the dental. Ms. Kuebli said it is \$80,446. The \$2 million is the increase of projected claims as well as the stop loss insurance. Mr. Millican said the 11.3% would be applied to a base of about \$14 million. Ms. Kuebli said \$16 million is in the budget book. Mr. Millican said the purpose of the announcement at the previous meeting, was that when we increased the budget, staff wanted to make it clear that total compensation was not increased – which meant no pay increases and no increases in contributions or benefits – and any increase in costs would be paid by the employees, or employees would have to make choices about their plan to move to lower premium levels.
- Councilor Calvert asked if the budget includes the option of the premium holiday to take advantage of the premium increase. Mr. Millican said, in earlier discussions, staff reported that the benefits committee was unable to make progress, because a discussion of holidays or use of a fund balance for health insurance was a question which was tied up immediately in their negotiations on pay and benefits. In briefings of labor leaders, staff repeated several times that the simple version of implementing Council direction is that there would be no pay increases or in the City's contribution to health benefits and benefits generally, and negotiations were intended to find a way to mitigate or manage the impact on its members. And negotiations are proceeding with this right now.
- Councilor Calvert said then the short answer is that it hasn't been factored into the budget, and Mr. Millican said this is correct. He said one month of the \$16 million would be \$1.3 to \$1.4 million and this could be considered as a way to mitigate some of the impact.
- Ms. Kuebli suggested several ways to mitigate the increases as follows:
  - 1) Health Plan. 4 tiers of premiums have been created – single coverage, two adults coverage, one parent with a child or children coverage, and family coverage. The additional tier benefits employees, and decreases the premiums by \$111,000 annually, starting July 1<sup>st</sup>.

- 2) Adding a voluntary vision plan which results in a savings of about \$50,000. Premium paid 100% by the employee.
- 3) Change to provide a three-month waiting period for health insurance benefits on probation employees, results in a savings of \$169,000, strictly for the health plan.
- 4) Applying the same waiting period criteria for dental would result in another \$70,500 in premiums for three months.
- 5) Ensure that employees are protected and pre-existing conditions as accepted immediately when the employee becomes eligible for health insurance after three months.

Ms. Kuebli spoke about a factor relating to the health plan about which she is uncertain. Currently, there are three plans: premium plan, core plan and HRA plan. The premiums have been shifted down on the two lower plans to make them far more affordable. If there is a 28% migration from the premium plan to the core plan, the 11.3% increase could be wiped out. However, this will take a lot of work. She said two of her staff have been in the field conducting employee meetings to help them understand the benefits of all three plans. She said people are indicating they might go to the core plan, which has a \$15 copay for office visits. She said if we are able to close the gap without having to go back into negotiations.

- 6) Offering a flexible spending account for dependent care and health spending accounts. For every dollar the employee puts into their FSA, the City will get 7.6 cents, because of the savings on FICA paid.

Ms. Kuebli said, regarding the dental plan, the City would become self insured, which would reduce the 10.5% increase and save \$80,000 on the dental plan.

- Chair Ortiz said it appears there is a savings of about \$400,000 on the health plan. He asked, if the campaign to move employees to the core plan fails, what is the contingency to make up the difference. Ms. Kuebli said we have two weeks to find out whether or not people will shift. She said the contingency is that the increased costs will have to be borne by the employees, because the City cannot make additional contributions to the existing benefits and compensation currently provided, which is reflected in the budget.
- Chair Ortiz asked, in terms of the position you have taken with the bargaining units, if you are you giving them a number which represents wages and benefits and telling the bargaining units to carve it up how they would like in terms of a mix of benefits and salaries. Or, are you giving them hard number on salaries and benefits. Ms. Kuebli said they have been meeting with all the bargaining units, through the benefits committee process, and sharing lots of information about exact details, which is one number, as the total package of compensation and benefits, and this is what is being negotiated. Mr. Millican said, for example, the AFSCME contract as of July 1<sup>st</sup> is about \$1.48 million which includes the additional costs of benefits.

Ms. Kuebli noted the additional cost of benefits includes increases in PERA, Retiree Health Care, taxes and such – it is the whole benefit cost, including the 11.3% increase and the dental.

- Councilor Calvert asked if we were to utilize the cash on hand, \$1 million or \$1.2 million, and we implemented everything she proposes, including the hoped for migration, he sees the number of people of migrating wouldn't necessarily equal the optimistic amount, and could be a lesser amount. However, all of those combined might cover the 11.3% in total. If it exceeded that, then we could put it back in cash reserves. Mr. Millican noted HR has worked to address this without having bad effects fall on employees, but it does depend on the choices made. It makes more economic sense to migrate than last year, when premiums were so tightly clustered.
- Chair Ortiz asked if the total package, including compensation and benefits, has remained unchanged, or is there an increase built into the total amount which is being presented to the bargaining units – in the proposed budget, what is the dollar amount, and how does it compare to the dollar amount currently approved in this budget. Mr. Millican said the amount which is not in the budget is the total amount of the health insurance cost increase plus the pay increase which would be due under the contracts at July 1<sup>st</sup>, which is \$1.480.

Chair Ortiz asked the total amount for the bargaining units in this year's budget, FY08/09, after we've amended it. Ivy Vigil said she doesn't have off the "top of her head." She has \$106 million for the total personnel budget for 09/10. She said for 08/09 it was close to \$109 million.

- Councilor Chavez asked Ms. Kuebli to prepare the information she just presented in Memorandum form with bullets, for the Committee. Ms. Kuebli said she can email this information to the Committee this evening.
- Councilor Dominguez asked Mr. Kuebli, in the last paragraph of her Memorandum, if she is saying that the proposed changes are subject to collective bargaining, or not, noting it sounds as if they're not. Ms. Kuebli said it would not be necessary to negotiate the addition of the voluntary vision plan. She said currently there is an eyewear reimbursement of \$175 for AFSCME and \$125 for Police. This currently is being discussed with AFSCME. The employees' family does not get this benefit, and last year 100 employees out of 800 bargaining unit employees took advantage of that. She said we can add the vision plan, but they are required to negotiate with the Police union and AFSCME, to give up the benefit of the eyewear reimbursement. Councilor Dominguez said then some will and some won't require negotiation, and Ms. Kuebli said this is correct. She said to add another tier for the employee plus child or children could be negotiated, but it only adds to their benefit.
- Councilor Dominguez asked when she talks about shifting down, if she is talking about moving to a lower tier. Ms. Kuebli said yes, noting employees will save \$1,100 in premiums by shifting down. This means an office copay of \$15 and \$100 deductible for major, and in the worst case scenario, \$1,000 out of pocket coinsurance, and the prescription is moved to \$10, \$15 and \$30. The HRA is a whole different plan at \$5 per pay period which is another major shift down, noting she is on this plan. Mr. Millican said he will reconfirm the numbers provided to Ms. Kuebli.

- Councilor Chavez said then these health plans will be preventive, and if people are encouraged to go to the doctor on a regular basis, it will save money and the employees will be more productive and spend less at the back end.

### **C. OTHER**

- Councilor Trujillo said he had concerns about the \$400,000 which was moved from the Fire Department, and asked if those funds will be restored. Mr. Millican said funds were transferred from the Property Tax to fund the Airport coverage, which otherwise would be funded by CIP/GRT funds, clarifying this hasn't been done. It was not a reduction in the Department's budget, but it will impact their ability to use the Property Tax revenues in the future.
- Councilor Trujillo asked Chief Rivera to comment about the impact on the Fire Department. Chief Rivera said it was money they didn't anticipate going to the Airport, and they were planning to use those funds, noting he and Chief Salas need to look at future needs and compile that list – large ticket items such as fire trucks, ambulances and such. Councilor Trujillo asked if he will be okay for another year. Chief Rivera said, "Maybe, for another year."
- Responding to Councilor Chavez, Chief Rivera said the money was transferred to fund the firefighters at the Airport. Chair Ortiz said he thought there were Airport funds to pay for some of the positions. Mr. Millican understands the Airport fire coverage has been funded from CIP/GRT, in anticipation of the beginning of scheduled commercial service. When that service begins, the economics will change dramatically, but it won't cover the entire costs of fire operations. He said there needs to be a policy decision as to whether to continue to fund Airport fire operations from the CIP/GRT or to have a more stable, permanent form. He said the initial intent and the ongoing viable of using the Property Tax Fund may not work well either, because the Department has some very important equipment needs.
- Councilor Chavez said the funding source and sustainability of it is one question. He said also, this station will be dedicated solely to the Airport, and the concern is that there are other City-wide needs which still have to be addressed. He hopes we can do that eventually.
- Councilor Chavez said we have a list of updated organizational charts, and asked if these will be approved separately.
- Chair Ortiz asked the City Manager what organizational charts haven't been provided to the Committee. Mr. Buller noted Mr. Romero distributed a revised Recreation chart today.
- Councilor Chavez asked if there are new organizational charts, such as for the Community Facilities Division. Mr. Romero said this was provided on Monday. Councilor Chavez asked if this is a new one. Chair Ortiz said at the May 4<sup>th</sup> meeting, this Committee approved a motion to move the Community Facilities Division into the Public Works Department. Mr. Romero said this is reflected in the organizational chart on Page 67 of the handout from the May 14<sup>th</sup> meeting.



- Councilor Chavez said then there will be a pool of custodians which will be scheduled at different facilities. Mr. Romero said he is proposing to consider if there would be efficiencies in making this change, but he needs to do more research to see how that would work. Councilor Chavez asked if the exterior maintenance of landscaping would be captured here. Mr. Romero said that could be an efficiency, noting there could be some union issues there, and he will look at this. Councilor Chavez said perhaps as we go through the process we can clarify which organizational charts have been approved.
- Councilor Dominguez said the Committee asked for information at the May 4<sup>th</sup> meeting regarding the overtime in the Police Department which was required to meet minimum staffing, and would still like that information. Deputy Chief Wheeler said he doesn't have that number, but his staff is diligently working on that. He said there has been a slight reduction of about 8%, but that number is reflective of minimum staffing overtime. He noted he asked Laura Vigil to send Councilor Dominguez an email with the preliminary numbers on that. Councilor Dominguez didn't receive that. Deputy Chief Wheeler will see that this information is sent to him.
- Mr. Millican said all of the organizations charts have been submitted, and are in the information packet or handed out.
- Chair Ortiz said some organizational charts are very good, noting Public Works showed the number of people supervised.

Mr. Buller thanked the employees and staff for the work they put into this process.

#### **D. WRAP-UP**

See Item #5 below.

### **5. REQUEST FOR APPROVAL OF CITY MANAGER'S RECOMMENDED FISCAL YEAR 2009/2020 OPERATING BUDGET**

Chair Ortiz said, "I want to apologize to the Committee and to the members of the Governing Body for the way that this budget process has come down. When I saw that staff wasn't ready to go on May fourth, I should have taken more responsibility and exerted more leadership and shut down the budget process until we had our act together. It's remained clear to me, in looking at what some departments have done and what other departments have done, that that it is clear who the managers are who are responsive and that are punctual and that are timely. And, it is also clear that there are some departments where that is just not the case. And this budget process was scattered, and I should not have allowed the scatteredness that we had moving forward, for whatever reason, to muck up the process. So, I appreciate the Committee's patience with rescheduling hearings and with having to go through in sometimes a very confusing manner, going from one book, which is really the only book that we should be dealing with, to another book, to another book, to looking at a staff memo that doesn't jive with any of the information that

we've been given. And, so I take responsibility for that because I was not micromanaging the City Manager and the Finance Director, as I should have, to ensure that this process was seamless, and it was not. And, I'm sorry for that."

Chair Ortiz continued, "I want to say that I don't think, in looking at this budget, that we are ready to act on it. I think that, while we can act on it, and we can take the recommendation of the administration to essentially leave the status quo, and make the cuts at the fringes, I don't think that that would be fair to the public. I am particularly concerned that some programs are being forced to be eliminated, programs that deal directly with the public. And I'm most concerned about those programs that deal directly with kids while we are keeping as a priority, all of the current positions that we've got at City Hall. I just don't think that that is a wise use of our resources. I don't. I also don't think, however, that it would be my jobs, or the job of anyone on this Committee, to come up with those lists, those positions. I think it is the job, ultimately of the City Manager and the Finance Director to find cuts, and to make cuts when they're needed, not just eliminate the vacant positions. But, actually look at streamlining the organization in these times as the Committee directed, and as we were told, to have positions that serve the public. Not just have positions, just to have positions."

Chair Ortiz continued, "And so, I think, we have the ability to make significant strides in this next fiscal year, and we've got opportunities, I think, to actually produce more services with less help. And, I think that we are carrying, if we approve this budget, we are carrying some departments that have been too long and too inefficient when it comes to staffing levels."

Chair Ortiz continued, "And I will put out, as a recommendation, that across the board, as I look at these positions, I fail to see the justification for any of the deputy department directors, or deputy division directors in any department, and that those positions could easily be eliminated, without a disruption of any services to the public, in any way. And, I think that I believe there are six or seven positions that would fall in that category, which include deputy division directors. There are some of those. I think we could eliminate those positions and we could achieve a savings of about a million dollars with the elimination of those positions. I also that we've currently got between six or seven marketing positions, positions that have as their function, publicizing and advertising different City programs and different City resources. And I believe that in these kinds of times we need to readjust and reevaluate our priorities. I think we could eliminate half of those staff positions and utilize existing staff to perform the duties that now seven positions are currently filling."

Chair Ortiz continued, "I don't think it's my... I don't think that we should be eliminating the kinds of programs that are dealing directly with Santa Fe's children. I think it's going to be incumbent on us, if the School District continues to go in the path that I think they're going to go down, that those recreational programs that involve athletics at the middle school level. That, if the School District cuts those programs, that those programs are going to be, by default, placed on the backs of the new Recreation Division that is then going to be responsible for an influx of intermural teams and City programs with the potential for reduced positions, and I don't think that's fair. I don't think it's fair that we are keeping positions that are, for too long been filled, and we don't have a clear understanding of what those positions are. Some positions we've got, there are people working out of classification, and the classification study that we asked for last year, as a part of last year's budget, we're not anywhere closer to having that. We have a

memo showing that we are going to have some information by the end of this fiscal year, but that just went by the wayside. And too often, if you look at the department memos, if you compare the department memos to the budget that's being presented, too often it was too easy for directors to just cut on the fringes and I don't think that that's the direction we should take. I don't think that that was the direction that we gave."

Chair Ortiz continued, "The first recommendation that came from the City Manager, that was in this packet that was on TV, is to use general fund balances and to use Railyard GRT revenues as a bridge to get us through our deficit – \$2 million. We could achieve cuts of \$2 million without tapping into our reserves, but the City Manager wants to keep the status quo. At first I thought it was the budget process that gave us no choice but to accept it, but I don't think that. I think that there were other factors that caused us to be in the state that we're in. And it's partly my responsibility for not being firmer with the staff, and making sure that the budget moved smooth. "

Chair Ortiz continued, "But, I don't think the budget is ready. I think that we could have another discussion, we could have a full day's discussion on ten or fifteen positions that could save us \$1.6 or \$1.7 million dollars. We could cut positions, and we could just go line item by line item and cut. We just got handed a packet of information that this Committee has been asking for.. Councilor Chavez and Councilor Dominguez have been asking for, for a couple of months. We just got handed it right before this meeting. And it's distressing to see that it looks like one of the local newspapers, The Santa Fe Reporter, had this information in hand before us, and they were able to print an article on some of the very contracts that we have in front of us – 70 pages of a spreadsheet that I know represent a lot of hard by Robert and by Melissa Byers and by people in the City Clerk's office to collate this. And yet, if you look through some of these contracts, a lot of the recommendations are, is that some of these funds aren't ready to be tapped into. There's a whole host of... There's a different way of doing this. "

Chair Ortiz continued, "And I don't think that the budget is ready, and I think maybe we could get it to a point where it's ready by maybe mid-June. But, I don't think the budget is ready now, and those are my closing comments. And, again, I'm just one of five people here, one of nine people, so this budget might be ready to be passed, and a majority of the Governing Body may be comfortable with what's been recommended, but I am not, and so those are my comments."

Councilor Wurzbarger said, "I too am not ready tonight to approve the budget. I really respect the work, but I felt like we've been on constant catch up for many, many, many different reasons. And I'm concerned, even looking at this in five minutes, even if we have more time to look at it, it looks like there's nothing we can do, but I'd at least like a good chance to look at it, to make sure there's nothing we can't do with contracts. I agree with the principle and the value that, in these times, we should be looking at ways to not cut services. I think we had all agreed to that across the Board, and to also continue to enhance promoting the City in ways that we can generate income for the City. And, I don't think we've done that yet with this budget. I'm saying, hopefully, it can be done."

Councilor Wurzbarger continued, "The other thing I want to reiterate, what the Chair said, that I think a key question for us in terms of information, was to having the comparative information that I truly thought we'd have with respect to positions. I mean I don't think it's our job, but I feel like we're in the

position of now needing to know, does an Assistant Director supervise two people, or does an Assistant Director supervise 50 people. I think those are viable questions for us to consider, or for you to have considered, and in the process, that analysis was not done for us. Because, we didn't go through and say what positions are absolutely necessary. And, that's not to say there's a difference between positions and people. We could move people to other areas. So, I too, need more time to assimilate what we've come up with."

Councilor Wurzbarger continued, "Another area, for example, that we haven't talked about all, unless I missed it in the last two hours Monday night, is the Regional Planning Authority. Which you all know, that I have been a proponent of the Regional Planning Authority for 7 ½ years. The function of the Regional Planning Authority is changing, and we no longer need a Diane Quarles or a long range planner. We could have a different kind of person, I think, do that function. That's \$150,000 that's shared with the County. But, we haven't had time to think about those, and maybe the administration thought about that, but I haven't heard that conversation. And, as I've been sitting up at night, trying to think what else could we do to find the money to continue to deliver services, that's one I would at least like to discuss. So, I think we have more work to do. And we have further information that we need to make that work more consistent and more thorough."

Councilor Dominguez asked if we have a memorandum on the recommendations

Mr. Millican said the transmittal memorandum in the budget document itself is the recommendation memo.

Councilor Dominguez asked if we have a memorandum which summarizes everything that has taken place.

Mr. Millican said that Memorandum does that, noting the Council wanted more detail about departments, and we assembled the memos that the Departments submitted in mid-March to talk about how they were going to change their budgets, what reductions they were going to make. He said you got the original memos, even though there were changes later, which has caused confusion. Because, there is both the proposed action and the action contained in the budget itself.

Councilor Dominguez said, "I'm glad you made that comment, because that's what I was really leading to, was that there's a lot of stuff, and it hasn't really been condensed, and formulated and organized in a way that is clear and concise, and that everybody knows what has taken place, and what continues to take place, and what the recommendation really is. And, so I've got some of the same concerns that the other two Councilors have articulated. And this predicament that we're in, isn't something that's necessarily new. I have a couple of memos from last year where it indicated that there was going to have to be some real... that there were going to have to be some tough decisions that were made, not only by the Governing Body, but by the administration as well. And I think that, to some degree, the administration has concurred by talking about, I guess the word was restructuring at the time, or whatever term that was used that the administration put out. And I think that what that meant was that we were going to go beyond just efficiencies and trying to streamline operations and make the way we operate more efficient. But, to really get down to those essential positions that we needed and to determine which

positions need to be cut. Not just at the fringes, as Councilor Ortiz has said, but some of the, I guess, political positions, if you will, that those were going to be looked at, and the administration was going to make a recommendation on what to do with those."

Councilor Dominguez continued, "You know better how to operate the City than I do. I think that you've been given direction from the public, via the Governing Body, about what the priorities are, and those need to be somehow implemented into the budget overall, and I don't necessarily see that that's happened."

Councilor Dominguez continued, "Two more comments, just real quick. I also was frustrated about the impact that this budget has on our youth. I think that it's not a secret that I've been a huge advocate of the constituency just like anyone else in the community, whether it be the historic preservationists or our labor organizations, or whatever the case may be, they are constituency just as well. And when they say that in tough times children and youth get hit the hardest, we really just compounded that by hitting them directly. They get hit indirectly in tough times like this, but we really took a stab at them, and we had to really work to try to bring back some of that money that was being proposed to be taken away by the administration. And really, that doesn't meet the needs that have been identified in the community for our young people. And so, I've always said that I felt that the silver lining on the wall in the state of the economy, and kind of the position that we were in as an organization, was that it was an opportunity for us to do things differently. And I don't necessarily see that that's happening. I think it's just business as usual, and we're trying to just, as one Councilor put it, cut at the fringes, and we haven't taken a real deep, hard look at the way we are organized and the way we are structure. And, so, I think that there is still some work that needs to be done on this as well, including one final memo that articulates everything that has gone on to date."

Councilor Chavez said, "I think that, in part, the administration and staff did 90% of what they were directed to do. Maybe the Committee or the Chair wasn't specific enough in what the outcome... I guess the outcome was something different, or the expectations were different. And so, I think for the direction that staff was given to reduce their budgets by five, ten and fifteen percent, I think that task and that exercise seems to be completed. During the hearings that I was able to attend, staff presented their argument and rationale and their approach in balancing the budget in their particular department. And, I guess we have the opportunity to continue to dissect that and see if there can be more savings, or savings in different areas."

Councilor Chavez continued, "I think it was, though, a good attempt at getting to a place where we could approve a budget that was within reason, based on the circumstances, the economic circumstances that we're in. We talk about what's been cut and what's funded. And, if we want to start with a list of priorities in order to balance this budget, or any budget, I think it's going to take a while, because we've talked about that for years. We've talked about strategic planning. We've talked about the desk audit, and I don't think you can do this when you're approving a budget. You do that ahead of the budget, and during your day-to-day management of whatever it is you're managing. So, I don't think we can pin that, or blame that, or hold up approving the budget, because we haven't done that. That need still needs to be addressed."

Councilor Chavez continued, "We talk about Children and Youth, that's one component. There's also the elderly. It's my understanding that there's been some cuts in paratransit, and yet we seem to find ways to fund Santa Fe Pick Up that's on the other end of the spectrum and has a useful purpose, but is it everyone's priority? I don't know. We haven't gone through this process. The contracts, the list of contracts, I don't think this is current, because there were a couple of contracts, or at least one contract that was approved at the last Council meeting, that approved a contract for a former employee who now lives in Florida to do marketing and advertising for the Convention Center. So, this list is not by any way, shape or ways complete, but I think it does represent part of the dilemma that we're in, and that is that we have approved budgets for a couple of years that depend on vacancy credits or a hiring freeze, which then sort of requires us to continue to do that work, but we have to do more outside contracts. So I think it's all part of the challenges that we face."

Councilor Chavez continued, "To characterize the budgets that staff, the departments came up with, working with their staff and with the City Manager's staff as fringe, working on the fringes, I don't think that does any service to any of this. Political positions. I didn't see any political positions on any of the flow charts, but if we're expecting the City Managers to deal with those, I think that's also kind of misplaced, because the politics controls itself, and I don't think the City Manager, or either one of individually, can control that politics or political positions, if they do exist. So, I find some of the discussion, and comments a little odd."

Councilor Chavez continued, "But, if it's the feeling of the majority of the Finance Committee that we need to hold this up, for whatever reason, I guess we can hold it up, and it can be a free-for-all. And, we can go through all of the list of employees, and we can hold up the collective bargaining and their efforts, because there's a lot that's hinging on this. And so, I think, if we are going to postpone it, we need to be time specific. And it needs to be specific to what you want City employees and the department heads to do, because we've gone through one exercise, we could go through another exercise, and I'm not sure that that's going to fix or finish the process."

Councilor Romero asked the Chair to walk backwards from when we actually submit something to DFA. Her understanding that even if the Committee didn't approve anything this evening, this will go before Council next week. She asked Mr. Millican to walk through the timeline so we are clear of the expectations from a legal perspective, what we have to give to DFA, the responsibilities of this Committee and the full Council.

Chair Ortiz said the Committee has this discussion on Monday.

Mr. Millican said we had some discussion on Monday. He said he made an informal inquiry of our DFA analyst, who said there is a non-waivable requirement to submit a budget by June 1<sup>st</sup>. However, there are no penalties. The penalty that we would get is that the Auditor would have to report that the City was not in compliance with the requirement, and it would be reported in the Audit Report as an audit finding. He said they have people to submit reports which are partially done, which require lots of adjustments after submittal. He said the analyst commented that if the budget is submitted within a reasonable time after the deadline, they would prefer a good budget to a messy budget which is incomplete. He said he believes the further we move past the deadline, DFA would be more concerned. He said once the Council has

approved the budget, staff will need a week to translate the action into the budget forms required by DFA for its review, so there is lag time. If the Council adopts as late as June 15<sup>th</sup>, would mean we would get it to them near the end of June.

Councilor Romero said, "My understanding of the budget which was submitted by staff, was that it was, in a sense a collaborative effort with staff, department heads, everybody coming forward. So, the best foot that's been put forward, has been that that has been worked through collaboratively with everyone. And Galen, I'm looking to you for direction on this, because it seems that, as our Chair noted, some departments actually came through quicker, even around organizational charts. But there's been quite a time that was spent just building this kind of new model which was much more collaborative than in other times.

Mr. Buller said, "That's correct. There were a lot of innovative ways in which we worked with department directors. First and foremost though, we were guided by the policy set by this Council that was reflected in the May 3<sup>rd</sup> Memo. For instance, we were asked to reduce allocation percentages to Children & Youth, Human Services and Economic Development and eliminate the new ½% healthy life styles and human services allocations. We were asked to eliminate vacant, non-safety positions, retain 25% of the savings and then come back to you to create new positions. And, we were asked to reduce departments, as you were saying Councilor Romero, working with each of the department directors, by 15% of their general fund, 10% if they're administrative departments and 5% if they're public safety. We were asked to suspend the Police Department expansion. We were asked to request a benefits committee to submit a new health care plan and to do the holiday. And, there were some others too. They guided us first and foremost."

Mr. Buller continued, "We took those principles to the department directors and said you need to come back with 15, 10 and 5 percent. You need to keep these principles in mind. Then we asked that, as to all personnel issues, we supposed to take those to negotiations, which we did. So, those were our guiding principles."

Councilor Romero said, "And so, I'm reflecting back on... I don't want the public perception that we picked on any one group of individuals or subject areas, that there were guiding principles that were given to you, as you've just noted, by this body, that gave direction on how we were going to make the cuts, or guidance to staff and directors of how we were going to make these cuts. So, I appreciate that you've walked through the guiding principles, so that we can be clear that they weren't directed to any one entity, and I'm saying entity pretty broadly, because I don't feel that the children and youth were targeted in particular. I want to be clear about that... that we gave guiding principles that, I think, were implemented with full intention, so I appreciate that you've walked through that."

Councilor Romero continued, "I also want us to note that in looking through the contracts, there are a number of contracts here that do focus on youth. I think the contracts are pretty broad, that there's not, again I don't want the public perception to be that any one has been specifically targeted. That folks stepped up to the plate and really reduced, maybe more, in some instances less, but I think the general direction was driven by principles that this Governing Body gave to staff and the City Manager to implement. So, it may not be a perfect budget, but it's the best foot that's been put forward."



Councilor Trujillo said, "I just want to reiterate what some of the Councilors up here said. Anytime we're cutting programs for children and the elderly, it's just not right. We have to look at those. Anybody here in this chamber, any of us that grew up here, we know Santa Fe is not a child friendly community. There is not a lot for us to do, so we depend on the City to come up with a lot of these programs to keep our children occupied during the summer and all year long, so these are steps we need to look at."

Councilor Trujillo continued, "The other thing that I want to say, is anytime we're cutting public safety, we need to look at that. I mean, here we cut seven positions, and a possible fourteen, that we were going to give to the Police Department. We're going to start annexation. That's going to happen. I actually hope the City is ready for that annexation, because if we're not, we're going to be in trouble. And, other that, I want to thank staff, all of the committees for doing this work. I know it was tough, but I have to agree with the other Councilors – we're not read on this. We are not ready on this. I sat through three of these meetings, and it would have been nice to have gotten this a long time ago. I could have done a lot of red marks on this to show you. I'm glad I have it now, and I'm going to give it back to you with a lot of red marks."

Councilor Calvert said, "I agree with some of the remarks that have been made. First of all, I want to thank the staff and everybody that participated in this project, for all the hard work they've put in. I do think they had direction from Council on what we asked them to do. I guess I feel, I agree with Councilor Chavez. If we wanted to do something very structurally different, we should have indicated that, or started this process a lot sooner. I think that's a dilemma we always find ourselves in at budget time, is we wish we started sooner. I think whenever you speak to structural changes, then I think you absolutely have to."

Councilor Calvert continued, "I think, you know, this may not be a perfect budget, and I don't know that everybody would agree that there ever is one. But, I think it's kind of a late date to start saying, well we need to start over and/or we're going to make some major changes, because I think that comes across as rather hasty deliberation. Something that's not, could have been well thought, but it's coming at the last minute and trying to be squeezed in at the very last minute. It doesn't have that appearance. And I also think that we don't want to get ourselves in the position of pushing the bounds with the State. I understand that, you know, maybe they aren't major consequences, but it means we're starting the budget year without a budget, and we're sort of operating under last year's budget which, to a certain extent, isn't really what we want to be doing either."

Councilor Calvert continued, "So, I think it's a little late in the process to start with major initiative that should have been forth a lot sooner, if that's what was contemplated. And I think staff has followed our direction, the direction we gave them. I think we need to look at, if we're going to delay this, I think we need to vote on that one. Otherwise, I think we need to go through the departments one by one to see what more is needed."

Chair Ortiz said, "I agree. I think that we are in a position now where we are at the last minute. And that hastiness, the position we find ourselves in, is as much a function of the scheduling of this item as it is the delay in getting some of the information reconciled. Or, in the case of the contracts, just getting information to us. When I met with the staff, back in November about the budget deficit that we were talking about, we specifically talked about this budget cycle. When I met with the City Manager, the



Finance Director and Councilor in February and then in March, we again talked about the budget cycle. And I was remiss in not continuing to have those regular meetings with staff, so we met on May 4<sup>th</sup> that the guiding principles that this Council had acted on, that we were given options. Instead of, this is it. This is what we've got and we're going to get the information the day before, and we're going to be placed in the situation that Councilor Calvert correctly puts us in, which is we have no other options. We don't have any other choice. It's a straightforward up or down kind of decision on this particular budget. And it's fine to do that, and to say we've got no other choice and so we're going to do it? It's fine to say that staff did their best job, which I think some departments did, and they responded to it? And when we asked the follow up questions, well how does this reflect into the book that we're supposed to be passing? Well, we don't know but we'll get back to you. We don't know, but we'll reconcile that information for you. And that frustration puts us in the situation that we're in today."

Chair Ortiz continued, "I think it would have been unfair, and I spent a lot of time looking at the budget and looking at line items, to do a line item by line item. Let's have a fight about positions, and see which positions are worth more or less in an organizational structure. It's not a valuable use of our time. It's not what our job is ultimately. Our job ultimately is, is this budget going in the direction that we want it to go in for the City. And, I can't answer that this budget does that. If the majority of the Governing Body thinks it does, good for you, and we'll have to have that larger discussion next week. But, as it stands now, given the direction that we're being asked to follow, given the process that we've just experienced, I can't believe that the one major restructuring that we did was the result of a Legislative direction. It was the leadership of Councilor Dominguez and others on the Governing Body that made the Recreation Division happen, that forced staff to do what we asked them to do last year, as a condition of the budget. And, that was the only reorganization that we had, with the exception of administrative services. Why? Because he resigned."

Chair Ortiz continued, "We haven't had a full discussion about the 20 positions that Ivy gave us that are going to count for a budget impact of \$1.5 million for sick leave payouts, and how we're going to account for that in next year's budget. We haven't had that discussion. It's not in our budget, even the positions in the Fire Department. It's not in our budget. We hope that when we close out this year's fiscal year that we have sufficient monies there to pay off those double filled positions – administrative services, the Fire Chiefs. We hope we have enough money, and if we don't, then we're going to a Budget Adjustment Resolution at the end of the first quarter to catch ourselves up. That's not in our budget. We didn't have a discussion about that. We don't know, because we have a very generous policy, what the ongoing fiscal impact is of that particular policy. We just take it on faith that it's going to get taken care of somehow. We just take it on faith that we're going to have the money somehow to fund positions that are created by members in the community for different reasons. We just take it on faith, and I don't think we can do that any more. And, some Councilors obviously can and that's their prerogative, but I can't. I'm not in that space right now. "

Councilor Ortiz continued, "And I'm not in the space to have that fight that Councilor Calvert and Councilor Chavez allude to – a sort of micro, let's deal with this position and that position. I've done that. I've been there and done that in budget cycles and it's not a productive use of anyone's time. We would be having that at the first meeting, because we would have had all the information available, and we didn't. We're only left with the process that we're left with. And the guiding principles that we had in place were to

give us options. Give us options on what we can do. Give us options on whether or not we can take from the reserves, or if we have other options. We weren't given those options. In fact, when we probed departments on some of the very good recommendations that they made, as to whether or not these options are feasible or not, time and time again, the response we got from staff was, we'll have to get back to you. Oh that wasn't covered in the budget. We're cutting KSFR, no we're not, it's not in our budget. Can we cut the community television station? Well, we'll have to get back to you on that."

Councilor Ortiz continued, "Information is now coming to us that other contracts are being cut. Contracts that on a brief skim of this 70-page document, I don't find. I don't find City Manager contracts in here. I don't find general government contracts in here. I mean, how can we evaluate how to spend our money. How can we evaluate that we're making the most efficient use of our money. I just can't see it."

Councilor Wurzbarger said, "She wants to make clear that she is very respectful of the process. With respect to what we were doing on May 3<sup>rd</sup>, it was her interpretation that we were going to come forward and understand the implications and options of direction that we had set. If that were not true, we could just have approved the budget on May 3<sup>rd</sup>, so it would give us a budget and that's it. Again, back to process because of very legitimate reasons, ranging from xerox machines breaking, to other commitments, to people being sick, we haven't gotten this information. The question he just raised: is KSFR in the budget? I don't know. I need time to go and sit down and take all the pieces that are here, hopefully these are the last pieces, and understand what it is we have here, and I do believe that it's our responsibility of the Council to take the big picture."

Councilor Wurzbarger continued, "And, now having gone through this process, well that means, you know, we're cutting Youth services by \$250,000. Do we really want to do that if we could get \$250,000 from three positions? I don't know. I don't think this is nitpicking. I think we have not yet had the value tradeoff discussions, and I think that is the responsibility of the Council. I'm committed to doing that, but I can't do it when I don't know really what is in the budget. And I think by giving ourselves a little more time... my understanding from what you had said David, is that we do have a little bit more time. We're not talking about becoming California and dragging this out until July or August. But, the notion of approving a budget when we don't know what's in it, or least I don't."

Councilor Wurzbarger continued, "I've been on the budget committee for seven years, and I've never felt my lack of big picture understanding of things as small as KFSR which are very important, and I don't even know if it's in the budget or not. And that could be my fault that I haven't had time to process all this. But, I've been at every meeting, with the exception of two hours, and spent many nights doing it. So, I need more time, and I still would like to have some discussion with you, with you being us, about whether there are any... we're not talking about macro changes in this, but are there any qualitative changes that we could make that would continue to provide a service that we don't think should be removed or changed at all. And, I can't answer that question right now, just because of how we've had to do this. I am supportive of postponing this until we can have at least one more conversation about this topic."

Councilor Dominguez asked what an audit finding is, are we fined, and if that will impact on our bonding capacity.

Mr. Millican said it becomes a part of the Annual Budget Report, and would require us to respond as to why we were not able to meet the requirement. It could reflect negatively on the City, but his judgment is if you work with DFA, "and you know you will get an audit finding, and the answer is, yes we knew it. It was an extremely difficult year, we were trying to martial a lot of changes, and we talked to DFA in advance and stayed in communication throughout the process. I don't consider it... it's not a major negative."

Councilor Dominguez said it's just a finding among all the others.

Mr. Millican said, "I've talked to several people in governments, both in California and here, and this process.. the condition of the process at this point in time, is fairly typical of what's going on in lots of places right now as they try to deal with the recession. But, I understand the Council frustration. We were very concerned as we began this process with starting our hearings on May 4<sup>th</sup>, given the turnaround point. So, I would have to say that preparing for May 4<sup>th</sup> when we could have otherwise been working on the background material for the budget is one of the contributing problems we had, but there were man."

Councilor Dominguez said, "Thank you for the answer, and I guess I would rather have a complete, well-thought out budget than just having something passed for the sake of not having that audit finding. I'm not quite sure how to quantify that audit finding."

Councilor Dominguez continued, "I want to thank all the employees and everyone else who worked on this budget. I think it needs to be recognized that there's a lot of work that goes into, even just printing out the book and having all the discussions that we, as a Governing Body, have had along with the administration and the rest of the employees, and so I think there's plenty of blame or accolades or whatever you want to call it to go around. We all have a hand in this, and we all touch it in one way or another. I want to make it clear that it wasn't my intention to say that there was a target that was placed on children and youth. But, it is my opinion, that if there were targets, that children and youth wouldn't have any kind of target on it. And I think that the question that Councilor Wurzburger brought up about whether or not, if its \$250,000 that we get it from somewhere else... if that's a priority we have those kinds of discussions."

Councilor Dominguez continued, "And I don't really have much more to add to what Councilor Ortiz and Councilor Wurzburger said. I will say this though. Although there's a lot of communication that has taken place, both between us, the Governing Body and the administration, the administration and the employees, and "every other which way," there doesn't seem to be those fundamental changes that I think need to take place in order to get this organization looking forward to the future. And what I mean by this, is the idea of doing some restructuring or reorganization. We just passed a police plan. And in that police plan... not to beat a dead horse... but in that police plan was the creation of, I think they were called, Youth Engagement Officers. I don't know if there was a discussion.. I have no idea if there was a discussion about whether we remove a deputy chief position to fund those two police officers. Those kinds of discussions we haven't been able to have with the administration. I don't know if the administration has been able to have those discussions with staff. And so I think that again, we need to be able to look at the big picture and that big picture needs to be able to be reflected in the budget. And the one thing that I hate is getting information at the last minute."

"Councilor Dominguez continued, "I don't know... and the question about the overtime in the Police... that wasn't just my question. That was a question that Councilor Calvert had as well. I don't have it. I don't have that number. And part of the process is getting as much information in an organized manner as you can, so that you can make some of these decisions. And although there's plenty of information, I don't... this is just my personal feeling and based on the three or four years that I have on the Council... this doesn't seem to be as organized. And that's not to say that there wasn't a lot of work that went into this. I think there was a lot of work that went into this, and I think that a lot of it was meaningful, but it just doesn't seem to be well packaged. And, you know I'm not here to point fingers at anybody or throw daggers at any particular Councilor, or any particular staff member or any particular section of the public. We're in this together, but my comments are reflective of what my priorities are and the way I feel. And that's all I have."

Chair Ortiz reiterated that he takes the responsibility, as the Chair, for letting the process spin out, and for not being more diligent in getting required documents before we even started the process.

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Dominguez, to move the budget forward to the Council meeting as planned, with no recommendation from this Committee.

**DISCUSSION:** She said this will give us time to, hopefully read the budget, reread all the papers and come up with any questions that we have to take directly to staff.

Councilor Calvert asked if there are departments which we could pull and approve if we think are ready. And for those we feel are not, then give feedback as to those reasons, so there is a basis for the analysis.

Councilor Wurzbarger said she needs to get ready.

Chair Ortiz said Councilor Calvert's point is well taken, but it is in opposition to his earlier comments which are that we are at the last minute and not in a position to nitpick. Chair Ortiz suggested Councilor Calvert can pick a department and see if there can be an exception.

**FRIENDLY AMENDMENT.** Councilor Calvert would like to amend motion to recommend passage of the budget for the Housing and Community Development. **The amendment was not friendly to the maker.**

**MOTION:** Councilor Calvert moved to amend the motion to recommend passage of the budget for the House and Community Development. **The motion died for lack of a second.**

Councilor Chavez said he will speak against the main motion because he doesn't think anything will change between now and Wednesday. If we're not going to accept the process and the result, it doesn't make sense to go department-by-department. He was comfortable in accepting the City Manager's recommendation, knowing we could adjust it and still have some options and flexibility at mid-year.

Chair Ortiz said the motion is to move the budget forward with no recommendation, not a postponement.

Councilor Chavez said part of the motion was to direct staff to work in different departments to change...

Chair Ortiz said there was no direction to that effect.

Councilor Wurzburger said her specific motion is to move the budget forward with no recommendation, so we will have the opportunity to spend more time understanding this budget. He said those who are totally satisfied with the budget won't have to do anything.

Councilor Chavez said we've had this option all along – to track what the City Manager and department directors were doing on the budget. He said with this clarification, he will support the motion to postpone, but wishes there was stronger direction to staff.

Chair Ortiz reiterated that this is a motion to move the budget forward without recommendation, not to postpone.

Councilor Dominguez said he can make a better decision if he receives all of the information he has been requesting. He said this isn't to say the process been disrespected, or flawed, but with that information, it may alleviate our concerns to be able to make a solid recommendation.

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

Chair Ortiz thanked staff for its diligent and for some of their very hard work.

## **6. PUBLIC COMMENT**

There was no public comment.

## **7. ADJOURNMENT**

There was no further business to come before the Committee, and having completed its Agenda, the meeting was adjourned at 6:50 p.m.

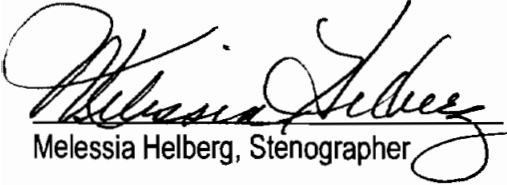
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Matthew E. Ortiz, Chair

Reviewed by:

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David N. Millican, Director  
Department of Finance



Melessia Helberg, Stenographer