



Agenda

Finance Committee Meeting
City Council Chambers
January 4, 2010 – 5:15 pm

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

NOVEMBER 30, 2009

CITY CLERK'S OFFICE

1/7/2009 TIME 1:20

James O'Sullivan

INFORMATIONAL ITEM

6. UPDATE ON CITY BUDGET PROCESS (DAVID MILLICAN)
 - A. PEER REVIEW TEAM PRESENTATIONS
 1. INTRODUCTION TO PEER REVIEW PROCESS
 2. PEER REVIEW TEAM I PRESENTATION – WATER DIVISION
 3. PEER REVIEW TEAM II PRESENTATION – HUMAN RESOURCES DEPARTMENT
 - B. PROPOSALS TO IMPLEMENT BUDGET BALANCING MEASURES FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2010-2011
 1. REVENUE AND ECONOMY UPDATE AND DISCUSSION OF BUDGET CALENDAR
 2. EXTENDED BALANCING PERIOD
 3. POLICY DIRECTION AND SERVICE PRIORITIZATION PROCESS
 - C. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011
 1. CONTRACT REDUCTIONS
 2. CONTINGENCY PLANNING
 3. PRESENT RESTRUCTURING COMMITTEE PLAN



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CONSENT AGENDA

7. BID OPENINGS:
 - A. BID NO. 10/14/B – ON CALL ROADWAY CONSTRUCTION SERVICES AND AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR ENGINEERING DIVISION; STAR PAVING AND TLC PLUMBING AND UTILITY; (SANDRA WINKELMAIER)
 - B. BID NO. 10/15/B – ILLUMINATED HEAD SIGNS TO RETRO-FIT THUNDERBIRD TRANSIT BUSES FOR TRANSIT DIVISION; TWINVISION, INC.; (JON BULTHUIS)
8. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – SIX (6) EZ RIDER HEAVY DUTY LOW FLOOR 30" TRANSIT BUSES FOR TRANSIT DIVISION; ARIZONA BUS SALES CORPORATION; (JON BULTHUIS)
9. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO CONTRACT – CORRECTION OF AMOUNT OF AWARD OF BID NO. 10/01/B – FY 09/10 CITY WIDE WATER UTILITY PAVEMENT RESTORATION; ADVANTAGE ASPHALT & SEAL COATING; (BILL HUEY)
10. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – PUBLIC DEFENDER SERVICES (RFP NO. 10/11P); BEA CASTELLANO LOCKHART (SEVASTIAN GURULE)
11. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – FIREFIGHTER PHYSICALS FOR FIRE DEPARTMENT; CONCENTRA MEDICAL CENTERS (BRIAN CALDWELL)
12. REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – MEDICAL DIRECTION NEEDED PER STATE REGULATION TO FUNCTION WITH PARAMEDICS; NORTHERN NEW MEXICO EMERGENCY MEDICAL SERVICES (BRIAN CALDWELL)
13. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – COMPUTER HARDWARE, SOFTWARE AND EQUIPMENT FOR CITY OFFICES; VARIOUS VENDORS (THOMAS WILLIAMS)
14. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO THE RECREATIONAL ACCESS AGREEMENT (DOWNS INFIELD) BETWEEN THE CITY OF SANTA FE AND PUEBLO OF POJOAQUE DEVELOPMENT CORPORATION TO CLARIFY THE AMOUNT THE CITY CHARGES TO PPDC FOR CITY TREATED EFFLUENT WATER (MARCOS MARTINEZ AND BRYAN ROMERO)



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15. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2009-123, ADOPTED DECEMBER 9, 2009; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT (“LOAN AGREEMENT”) BY AND BETWEEN THE CITY OF SANTA FE, NEW MEXICO (THE “GOVERNMENTAL UNIT”) AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF NO MORE THAN ONE HUNDRED FORTY-ONE THOUSAND FOUR HUNDRED DOLLARS (\$141,400), TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, **FOR THE PURPOSE OF FINANCING THE COSTS OF MODIFICATION OF THE ELECTRICAL SYSTEM AT THE BUCKMAN DIRECT DIVERSION SURFACE WATER PROJECT TO PROVIDE FOR A PLANNED PHOTOVOLTAIC SYSTEM**; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT (COUNCILOR CALVERT) (DALE LYONS)

Committee Review

Council (scheduled) 1/13/10

Fiscal Impact – Yes

16. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING RESOLUTION NO. 2009-128. ADOPTED DECEMBER 9, 2009; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AND SUBSIDY AGREEMENT (“LOAN AGREEMENT”) BY AND BETWEEN THE CITY OF SANTA FE, NEW MEXICO (THE “GOVERNMENTAL UNIT”) AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF SEVENTY-FIVE THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$75,750), TOGETHER WITH INTEREST, COSTS OF ISSUANCE AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A SUBSIDY OF ONE HUNDRED SEVENTY-SIX THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$176,750), **FOR THE PURPOSE OF FINANCING THE COSTS OF A PROJECT CONSISTING OF UPGRADES TO THE CITY’S WATER UTILITY SYSTEM, INCLUDING INSTRUMENTATION OF PUMPING SITES TO MONITOR ENERGY USAGE**; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, ADMINISTRATIVE FEES AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND



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AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. (COUNCILOR CALVERT) (DALE LYONS)

Committee Review

Council (scheduled) 1/13/10

Fiscal Impact – Yes

17. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING ARTICLE 24-1 SFCC 1987 REGARDING *THE CITY OF SANTA FE UNIFORM TRAFFIC CODE*; AMENDING SECTIONS 12-1-42.1, 12-7-9.2, AND 12-7.9.5 OF THE *CITY OF SANTA FE UNIFORM TRAFFIC CODE* REGARDING OFF-HIGHWAY MOTOR VEHICLE USE; AND AMENDING EXHIBIT A OF THE *CITY OF SANTA FE UNIFORM TRAFFIC CODE* REGARDING TRAFFIC VIOLATION PENALTY ASSESSMENTS (COUNCILOR TRUJILLO) (JEANNE PRICE)

Committee Review

Public Safety

Public Works Committee (Scheduled)

City Council (Request to Publish)

City Council (Public Hearing)

Fiscal Impact - No

December 15, 2009

January 11, 2010

January 13, 2010

February 10, 2010

18. **TELECOMMUNICATIONS**

- A. REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING CHAPTER 27 SFCC 1987 AND CREATING A NEW CHAPTER 27 SFCC 1987 REGARDING TELECOMMUNICATION AND CABLE SERVICES (MAUREEN REED)

Fiscal Impact – No

1. REQUEST FOR APPROVAL OF AN ORDINANCE GRANTING A NON EXCLUSIVE FRANCHISE TO NEWPATH NETWORKS, LLC TO RENT, USE AND OCCUPY THE CITY'S PUBLIC RIGHTS-OF-WAY IN THE CITY OF SANTA FE, NEW MEXICO, AND FIXING THE TERMS AND CONDITIONS THEREOF (MAUREEN REED)

Fiscal Impact – Yes

2. REQUEST FOR APPROVAL OF AN ORDINANCE GRANTING A NON-EXCLUSIVE FRANCHISE TO CITYLINK FIBER HOLDINGS OF SANTA FE, NEW MEXICO, LLC TO RENT, USE AND OCCUPY THE CITY'S PUBLIC RIGHTS-OF-WAY IN THE CITY OF SANTA FE, NEW MEXICO, FIXING THE TERMS AND CONDITIONS THEREOF (MAUREEN REED)

Fiscal Impact – Yes



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Committee Review

Public Utilities Committee (Postponed)	November 4, 2009
Public Works Committee (Approved)	December 7, 2009
Public Utilities Committee (Scheduled)	January 6, 2010
City Business and Quality of Life (Scheduled)	January 12, 2010
City Council (Request to Publish)	January 13, 2010
City Council (Public Hearing)	February 10, 2010

- B. REQUEST FOR APPROVAL OF A RESOLUTION URGING THE U.S. CONGRESS, THE PRESIDENT AND EXECUTIVE BRANCH MEMBERS TO REQUIRE THE FEDERAL COMMUNICATIONS COMMISSION TO REASSESS THE HEALTH IMPACTS OF RADIO FREQUENCY EMISSIONS; AND TO ACTIVELY SEEK AND SUPPORT FEDERAL LEGISLATION THAT WOULD GIVE LOCAL GOVERNMENTS GREATER FLEXIBILITY WITH REGARD TO THE PLACEMENT OF WIRELESS COMMUNICATIONS FACILITIES (COUNCILORS ROMERO, BUSHEE AND CALVERT) (MAUREEN REED)

Committee Review

Public Utilities Committee (Scheduled)	January 6, 2010
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END OF CONSENT AGENDA

MATTERS FROM THE COMMITTEE

19. ADJOURN

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, January 4, 2010**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
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APPROVAL OF MINUTES: NOVEMBER 30, 2009 REGULAR FINANCE COMMITTEE MEETING	Approved	4
<u>INFORMATIONAL ITEMS</u>		
<u>UPDATE ON CITY BUDGET PROCESS</u>		
PEER REVIEW TEAM PRESENTATIONS		
INTRODUCTION TO PEER REVIEW PROCESS		
PEER REVIEW TEAM I PRESENTATION – WATER DIVISION	Presentation/discussion/direction	4-5
PEER REVIEW TEAM II PRESENTATION – HUMAN RESOURCES DEPARTMENT	Presentation/discussion/direction	5-13
<u>CONSENT CALENDAR DISCUSSION</u>		
<u>TELECOMMUNICATIONS</u>		
REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING CHAPTER 27 SFCC 1987 AND CREATING A NEW CHAPTER 27 SFCC 1987 REGARDING TELECOMMUNICATION AND CABLE SERVICES		
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REQUEST FOR APPROVAL OF AN ORDINANCE GRANTING A NON-EXCLUSIVE FRANCHISE TO CITYLINK FIBER HOLDINGS OF SANTA FE, NEW MEXICO, LLC, TO RENT, USE AND OCCUPY THE CITY'S PUBLIC RIGHTS-OF-WAY IN THE CITY OF SANTA FE, NEW MEXICO, FIXING THE TERMS AND CONDITIONS THEREOF	Moved forward	13-16

ITEM**ACTION****PAGE**

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OF WIRELESS COMMUNICATIONS FACILITIES

Approved

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END OF CONSENT CALENDAR DISCUSSION

INFORMATION**UPDATE ON CITY BUDGET PROCESS**

PROPOSALS TO IMPLEMENT BUDGET BALANCING
MEASURES FOR FISCAL YEAR 2009/2010 AND
FISCAL YEAR 2010-2011

Presentation/discussion/direction 16-21

REVENUE AND ECONOMY UPDATE AND
DISCUSSION OF BUDGET CALENDAR
EXTENDED BALANCING PERIOD
POLICY DIRECTION AND SERVICE
PRIORITIZATION PROCESS

Presentation/discussion/direction 16-21

Presentation/discussion/direction 16-21

STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW
BUDGET MEASURES FOR FISCAL YEAR 2010/2011

Presentation/discussion/direction 16-21

CONTRACT REDUCTIONS

Presentation/discussion/direction 16-21

CONTINGENCY PLANNING

Presentation/discussion/direction 16-21

PRESENT RESTRUCTURING COMMITTEE PLAN

Presentation/discussion/direction 16-21

MATTERS FROM THE COMMITTEE

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ADJOURN

21

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, January 4, 2010**

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 5:15 p.m., on Monday, January 4, 2010, 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

OTHERS ATTENDING:

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

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

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

3. APPROVAL OF AGENDA

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

- 7. BID OPENINGS:**
 - A. BID NO. 10/14/B – ON CALL ROADWAY CONSTRUCTION SERVICES AND AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR ENGINEERING DIVISION; STAR PAVING AND TLC PLUMBING AND UTILITY. (SANDRA WINKELMAIER)**
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(COUNCILOR CALVERT). (DALE LYONS) Committee Review: Council (scheduled) January 13, 2010. *Fiscal Impact* – Yes.

17. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING ARTICLE 24-1 SFCC 1987, REGARDING THE CITY OF SANTA FE UNIFORM TRAFFIC CODE; AMENDING SECTIONS 12-1-42.1, 12-7.9.2 AND 12-7.9.5 OF THE CITY OF SANTA FE UNIFORM TRAFFIC CODE REGARDING OFF-HIGHWAY MOTOR VEHICLE USE; AND AMENDING EXHIBIT A OF THE CITY OF SANTA FE UNIFORM TRAFFIC CODE REGARDING TRAFFIC VIOLATION PENALTY ASSESSMENTS (COUNCILOR TRUJILLO). (JEANNE PRICE) Committee Review: Public Safety December 15, 2009; Public Works Committee (scheduled) January 11, 2010; City Council (Request to Publish) January 13, 2010; and City Council (Public Hearing) February 10, 2010. *Fiscal Impact* – No.

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

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: NOVEMBER 30, 2009 REGULAR FINANCE COMMITTEE MEETING

MOTION: Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the minutes of the Regular Finance Committee Meeting of November 30, 2009, as presented.

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

INFORMATIONAL ITEMS

6. UPDATE ON CITY BUDGET PROCESS. (DAVID MILLICAN)

A. PEER REVIEW TEAM PRESENTATIONS.

1. INTRODUCTION TO PEER REVIEW PROCESS.

Kathy McCormick said the intention is to begin looking at the City/organization as to where it can become more efficient, noting efficiencies may occur in terms of how the City does business, how it is organized and structured, and what jobs in certain areas can be combined in other arenas. There are four Peer Review Teams which have been assigned to go into different departments. Ms. McCormick said she is very impressed with the thoughtfulness of the Teams in the Peer Review process, and realizes the difficulty in sitting with colleagues and coworkers and ask them some very hard questions. She believes there will be very good outcomes from this process.

Ms. McCormick said this is the first of a series of Peer Review Reports which will be presented to this Committee. She said the Teams are starting to surface issues which might cross jurisdictional boundaries of the department/division which they are examining. She said these issues will

be picked up again in other peer reviews and will be discussed by the restructure teams and presented to this Committee.

Ms. McCormick said, "I am committed to getting this turned around in a very short time frame and having it ready for the budget cycle, which should begin in mid-February."

2. PEER REVIEW TEAM I PRESENTATION – WATER DIVISION

A copy of "City of Santa Fe Peer Review Team 1 Recommendations: Public Utilities Department, Water Division," is incorporated herewith to these minutes as Exhibit "1."

Robert Romero introduced the members of the Peer Review Team #1 – Richard Mares, Margaret Baca and Andrea Petry.

Robert Romero presented information via power point. Please see Exhibit "1" for specifics of this presentation. Mr. Romero noted that all of the ideas and recommendations came from the Water Division staff and the Teams assembled the information.

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

- Councilor Dominguez asked if the \$200,000 in savings contains the 27 vacant positions. Mr. Romero said it doesn't. Councilor Dominguez asked the dollar amount of the savings. Mr. Millican said at \$30,000 to \$40,000 that would be more than \$1 million, noting staff can calculate that amount, noting that these positions have been built into the cost estimates for the rate structure.
- Councilor Dominguez said then we are looking at savings of \$300,000 to \$500,000 in those "items that have numbers associated with them." Mr. Romero said this is correct. He spoke about other numbers which are difficult to calculate at this time, for example, where combining positions results in a vacancy which doesn't need to be filled. He said there is the potential for more savings over time in efficiencies, noting they didn't want to over-estimate the savings.
- Councilor Dominguez asked, regarding Priority #6, the mobile unit and the cost eventually being recovered, if this is a 3-year cost recovery program. Brian Snyder said the mobile units cost several hundred thousand each, and the capital cost payback would be in the range of 5-6 years. Councilor Dominguez said then there would be an increased cost over the first five year, and after that there would be ongoing maintenance, but initial the initial unit cost would be an up-front capital cost that would be recouped over time, and this could occur, regardless of reorganization. Brian Snyder said this is correct.
- Councilor Chavez said, with regard to the practice of flushing lines, many Councilors receive calls when the hydrants are flushed and water runs down the street. He said there has been interest in

doing this, and believes this is a good time to do this. He sees an added benefit in incorporating this in the reorganization as well as that the water saved which can be used elsewhere. He would like to start metering this water and keep a log. Brian Snyder said the water would be recycled back into the water distribution system – we take it out of one hydrant and put it into another after it is flushed. Councilor Chavez said this isn't clear in the benefit explanation and asked him to highlight this more as this moves forward.

- Councilor Chavez, referring to Priority #1 Effluent Line, suggested we can work with the City Lobbyist to get more funding to expand the line further into the Southwest Sector, and would like the more global language in his presentation. Mr. Romero said he will make the language change.
- Councilor Chavez said there is a potential savings – trading a gallon of potable water for a gallon of effluent and there must be a value in that as well.
- Councilor Chavez said dire circumstances sometimes require dire action and a lot of thought has gone into this, these things can be done regardless the economic climate.
- Mr. Romero reiterated that the credit goes to the Water Division – the ideas came from them – and they have some very good ideas and great solutions.
- Councilor Wurzbarger asked if any of the 28 positions come from the BDD. Brian Snyder said those are not BDD positions, and are solely within the Water Division. Councilor Wurzbarger asked when the Committee will have a clear understanding on the 28 positions and the possible savings, and whether that could be tied to a revision of the most recently revised rate structure. Mr. Millican said the Budget Analyst assigned to personnel has been on vacation, and will return next week, and she can calculate those figures and present them at the meeting on January 19, 2010.
- Councilor Calvert said the more staff can flesh-out the potential cost savings the better, and he wants to see numbers in the Potential Savings column. He said this information would help this Committee in prioritizing these. He said items such as Priority #3 are “no brainers,” and he is sure staff already is implementing these, commenting these don't require action or approval by the Committee. He is unsure we have a choice regarding Priority #4, and that is fully ingrained in the Buckman Plan – the ability to move people back and forth to avoid contracting any of these positions.
- Councilor Chavez said he would presume the cross-training would need to be worked-out with the union. Mr. Romero said this is not a problem if it is within the same Division. He said this grew out of the reorganization at the Parks. He said we want to make it clear that you work for the Water Division and the BDD is one part of it, and the Canyon Road Treatment Plant is another part. Councilor Chavez said then cross-training is not always an issue in terms of how it correlates with job descriptions, work schedules, and such. Mr. Romero said they definitely would work with the union on this, but it is his understanding is that as long as the job descriptions are the same and within the same division there is no issue.

- Brian Snyder said they are still working on the structure for the BDD facility and will be working “hand in hand” with union on the job position titles, and there will be some differences between current classifications and the BDD because of the level of treatment required at the BDD. However, they believe they can do cross-training and have shared responsibilities.
- Councilor Wurzbarger noted Priority #7 is to “consider new and emerging technology to replace the firefly system. She asked, at the Public Utilities Committee, that staff elaborate more on what has gone wrong, and where we are in this regard, noting this is the first she’s heard about this. Chair Ortiz said it is a question of how to read the last bullet point, and asked if he’s talking about zero consumption accounts caused by faulty meters including the firefly system. He asked if the firefly system is a faulty process which has been identified, or if this is one of the processes that has to be researched and addressed.

Brian Snyder said there are some issues with the firefly system, not necessarily wide-spread, and staff continues to investigate it. He said we need to come up with a solution to work within our existing system.

Mr. Millican said one of the issues with the firefly system, is that the failure rate of the units has been higher than expected. Staff has been working with the vendor to replace units and correct the situation.

- Councilor Dominguez said he is concerned about the process. He said we have always been told what the process is, but not why the process was chosen. He expressed concern that staff only had a week to put this together. He said at the last Finance Committee meeting we were told that we didn’t have enough information. And now, we’re being told there was very little time to get this done. He asked if we will hear back on some of this at this Committee, or will it move to utilities. He asked if we can be assured in the future that staff will have the time to get as much information as possible.

Mr. Romero explained the process. He said after being trained, questions were sent out in a spreadsheet form to each Division, and asked them to answer those questions in a week. Following that, they spent another week meeting with them and going through the responses, and then the teams spent another two weeks reviewing the materials, numbers, vacancies and putting this report together. He said this was a 5-6 week process. He said staff was trained in mid-early November and started immediately after that.

Councilor Dominguez asked if the Committee will get another crack at the refined information.

Chair Ortiz asked which of the proposed recommendations are ready to be implemented now, and which ones have an immediacy and which are more long-term.

Mr. Romero said his suggestion would be to ask the Division/Department to implement as many as possible during the budget process.

Chair Ortiz said that presupposes that all of these recommendations won't be ready, or actually initiated until July 1, 2010.

Mr. Romero said this could be done, and this is how he thought this would work. He said staff can look at what can be implemented immediately as well.

Chair Ortiz said it is important how Item 6(A) correlates with Item 6(B). He said there now exists a budget deficit in this fiscal year and we need to address a shortfall between revenues and expenses in this fiscal year, noting that the Water Division isn't as General Fund dependent.

Chair Ortiz said the Committee wants truthful, honest assessments about when these recommendations can be implemented. He asked when the Committee can expect that information.

Mr. Millican said staff anticipated this as an iterative process where staff would hear from the Committee and start to refine the process. He said the recommendation from the Water Division is not to fill the vacancies, and the Division can look at the off-peak power use, and look at whether or not advancing the investment in the hydrant flush recycling unit can happen in this fiscal year. He said staff can get back to this Committee with a series of recommendations. He said during the next six weeks, you will be hearing recommendations which tend to be aimed at long-range improvements along with a discussion of the approach we would take to contingency planning for the current year. He said staff would anticipate recommendations from the Committee at the February 15th meeting to staff regarding its particular priorities for the 2011 budget process and how to proceed.

Chair Ortiz said some of the information requires an investment to achieve savings. He said Water Division has a luxury other departments don't. He said the vacant positions are built into the budget, and they can come up with a plan to reap some of the vacancy savings to put into capital investment, so long as they can show the investment will reap a reward. He said these are the kinds of recommendations this Committee wants to look for, and absolutely to be a part of the budget process moving into the next fiscal year.

Chair Ortiz said this Committee is looking for immediate recommendations which can be implemented and a date they can be implemented.

Councilor Calvert said, regarding water, we can reduce the rates as soon as we know the savings from the 28 pensions which won't be filed, noting these things can be done immediately and would reduce greenhouse gas emissions and energy consumption. He would like to see #1, #3 and possibly #4 should be done as soon as possible.

After discussion, it was the consensus among the Committee that presentations will be made by the Department at the Finance Committee first as an information item, and at the following meeting as an action item for follow-up and decisions, giving the department the opportunity to respond to the Committee and provide the information requested, and the Committee will then make a decision on the recommendation.

3. PEER REVIEW TEAM II PRESENTATION – HUMAN RESOURCES DEPARTMENT.

Jim Montman introduced the Peer Review Team: Bobbi Mossman, Walter Roybal and Peter Ortega, and thanked H.R. for its support and input

Mr. Montman presented information regarding this matter via power point. The text of this presentation is included in the Committee packet. Please see this document for specifics of this presentation.

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

- Councilor Wurzburger asked staff to provide separately as background, the HR staffing comparison which was done with other cities. Mr. Montman said he can provide that information, noting the ratio of H.R. to employees is a little less than in other cities examined. Councilor Wurzburger would like staff to include information in that analysis on how it is organized in other cities and the functions performed.
- Councilor Wurzburger said there are 4 positions that might be eliminated or moved, with two new division directors. Mr. Montman said this is correct, but one of the Division Director positions will be filled by the Assistant Department Director. He said there will be no additional costs to anything they recommended, with the exception of the recommendation to hire a Personal Health Advocate. Councilor Wurzburger said she found the wellness position to be helpful, and asked Mr. Montman to explain further. Mr. Montman said the Wellness position is separate and has nothing to do with benefits. The Benefits position currently doesn't exist in terms of a Personal Health Advocate.

Ms. Kuebli said it is proposed, in terms of a Personal Health Advocate, to hire an outside company that does advocacy. She said it would provide support for any kind of claim for any insurance provided by the City, and would assist the employee through the process. She said the company charges about 90 cents per employee per month, and would cost about \$13,500. She said the concerns are that the two people currently handling benefits are deeply involved in very personal health information of the employees, as well as taking a lot of time which is needed to do other things, such as looking at health plan options and such.

- Councilor Wurzburger said then the primary purpose of the two people would be to do more research in implementing a system, rather than providing a direct service to employees. Ms. Kuebli said that is what they would do in lieu of what they are doing if a health advocate were to be contracted. Councilor Wurzburger said this is looking at the current system and to determine what is being proposed next year, and asked if this will take two people full time. Ms. Kuebli said they do other things, such as reconciliation of files, to be sure the accounting is appropriate, and follow through on lots of other details. She said they work very hard. Councilor Wurzburger asked if the two positions would still be needed if the City contracted a health advocate. Ms. Kuebli said yes.

- Councilor Wurzbarger asked why the Compensation Study hasn't been done and when that will be forthcoming. Ms. Kuebli said it is in the final stages. She said Evergreen will be here in early February to meet with the Governing Body to talk about the findings. Prior to that, we need to meet with the unions to talk about the findings. She said the cost currently is estimated at \$500,000 for implementation. Councilor Wurzbarger said then we will have the findings of the Compensation Study in February, and Ms. Kuebli said yes. She said we will be the first ones to actually get the study done. Councilor Wurzbarger said she definitely wants that by the time of the budget..
- Councilor Calvert said on page 10 there are recommendations and impacts 1-2. He asked if there is any overlap between these two. Mr. Montman said the only overlap between 1 and 2 is that they are both process related, noting the action for chain and streamlining could be a function as well as automation. He said this will allow departments and everyone else to be able to track it, and reduces the number of phone calls, lost paperwork and other things that can happen in a paper system.

Councilor Calvert said his initial reaction is to do #2 before #1, because you don't want to automate a system which isn't the most efficient, so you would want to refine the processes first and then automate. Mr. Montman said part of the automation is ongoing right now. He said the Department would need to decide how to do this.

- Councilor Calvert said it would be nice if the Committee had the color shaded job descriptions. He noted the "XX Target for elim or reassign." He asked how to read this in the chart and if it applies to certain positions. Mr. Montman said it applies to the position "directly above the word."
- Councilor Calvert said the redundance is extremely important for customer service. Mr. Montman said the reason the chart appears to be a little "overlayered" is for that reason – to have a backup person to answer questions. Councilor Calvert said this is how work is organized and management has to have the overlap and responsibility so we will always have the backup capability.
- Councilor Calvert said with regard to software, it would be good to know the costs related to certain automation steps. Mr. Montman said some of it is software the department actively is exploring, and there are people who are familiar with it. The other is how far we need to go and we have to eliminate overlapping in other software capabilities. Staff didn't have the time or expertise to go ahead and do this. He said HR & IT would need to get together to do that. Councilor Calvert would like more expanded information including what we are thinking of implementing, the costs of the various systems, and such, so we would know what could be done right away and what would be more long term.

Mr. Montman said he is also working on wastewater and he will be coming forward in a month with different ideas, because it is an iterative process and we're all taking different looks at different departments. There is a lot more work to be done.

- Councilor Calvert would like more elaboration of the problems of "City vehicle use abuse." Mr. Montman said there is the fairly widespread perception that many of the take-home vehicles are being taken home by people that don't need them, and that many of the vehicles are being used for personal reasons on weekends and other times by people that really need the vehicles for their work. He said this needs to be thoroughly examined, commenting he believes there are problems based on the things he's observed personally.
- Councilor Calvert said, in terms of hiring a personal health advocate, that should be a part of the service providers, and people need to look at the choices they make. Mr. Montman said this is only one of three recommendations to resolve the issue. The team also recommended looking at the State Health Plan as well as looking at a fully-insured plan which would provide that service. He said the hiring of a personal health advocate is only in the event that the City keeps the same system.
- Councilor Chavez said the vehicle take-home policy needs to be tightened and costs cut.
- Councilor Dominguez asked if the Comp/Class Study is being considered in the discussion about eliminating positions, and such. Mr. Millican said the Study looks at internal equity across the organization and does not assess staffing levels and whether they're too high or too low. The Study would primarily let us know the extent to which people can move across boundaries. It should tell you what to pay people, but not how many people the City should have.
- Councilor Wurzbarger thought it would tell us where the inequities are, where we're paying people too much for the same function, saying she wants an assessment of corollary activities or responsibilities rather than just the money piece and titles. She said we have many titles and we don't have corresponding functions.

Mr. Millican said it is those equity issues, and equity with respect to the market place, which have been the focus of the Class and Compensation Study – are you properly classified given the job that you do; are you paid fairly compared to people who do similar work within and without the system. He said there are issues in that there are large pay differences even though job responsibilities are not large which is one issue to address. The other is how positions are paid compared to what the position is paid in the marketplace for similarly situated employees in the State and local labor market area.

- Councilor Calvert asked if it will address the issue of span of control, and if there is a way to make it uniform or make the pay commensurate with the duties. Ms. Kuebli said study won't address the issue of span of control. She said the restructure process is the way to look at that. The Study will look at Division Directors, but we need to bear in mind there may be, for example a Division Director who also is a professional engineer and may require a different level of certification and education. She said there are job classifications where people, over the years, have come to be paid far more than what they're doing. She said the problem in changing that would be if it is in a bargaining unit, there has to be a discussion with the bargaining unit with regard to how to address someone who has elevated pay. She said there may be no process to take away pay. She said

the only vehicle to address this currently is a demotion which is punitive. She said the class reduction would have to be negotiated.

- Councilor Calvert said part of the compensation should depend on how many people you supervise. Ms. Kuebli said they do look at external and internal markets. She said the City Attorney is a department and might always make more money than another director because of the nature of the work product responsibility.
- Councilor Dominguez said then the results of the Study won't impact reorganization. Ms. Kuebli said the study was started one year ago, and what we will receive is what people did at that time. She said we will have to continue to have a vibrant job description which will evolve and change.
- Councilor Wurzbarger said one solution to the issue of backups is job sharing, and asked if those options have been explored. Ms. Kuebli said in H.R. "pretty much everybody backs everybody up."

Ms. Kuebli said the proposal is to bring two departments together, but she hasn't heard the team recommendations for the Finance Department.

Mr. Millican said Finance and Administrative Services was considered to be more complex than the Water Division, so it was shifted to the back of the schedule.

Mr. Montman said that is on track to be heard on February 4, 2009, at the first Finance Committee meeting in February.

After discussion, it was the consensus among the Committee to include Human Resources with Finance and Administrative Services as an information item.

Chair Ortiz said he was pleased with the recommendations in this Report, and the successful implementation would result in an approximate 20% savings.

MOTION: Councilor Chavez moved, seconded by Councilor Wurzbarger, to amend the agenda to move Item #18 from the Consent Agenda to be heard next, and to approve the agenda as amended.

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

CONSENT CALENDAR DISCUSSION

8. TELECOMMUNICATIONS

A. REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING CHAPTER 27 SFCC 1987 AND CREATING A NEW CHAPTER 27 SFCC 1987 REGARDING TELECOMMUNICATION AND CABLE SERVICES (MAUREEN REED) Fiscal Impact – No.

1. REQUEST FOR APPROVAL OF AN ORDINANCE GRANTING A NON-EXCLUSIVE FRANCHISE TO NEWPATH NETWORKS, LLC, TO RENT, USE AND OCCUPY THE CITY'S PUBLIC RIGHTS-OF-WAY IN THE CITY OF SANTA FE, NEW MEXICO, AND FIXING THE TERMS AND CONDITIONS THEREOF. (MAUREEN REED) Fiscal Impact – Yes.

2. REQUEST FOR APPROVAL OF AN ORDINANCE GRANTING A NON-EXCLUSIVE FRANCHISE TO CITYLINK FIBER HOLDINGS OF SANTA FE, NEW MEXICO, LLC, TO RENT, USE AND OCCUPY THE CITY'S PUBLIC RIGHTS-OF-WAY IN THE CITY OF SANTA FE, NEW MEXICO, FIXING THE TERMS AND CONDITIONS THEREOF. (MAUREEN REED) Fiscal Impact – Yes.

Committee Review: Public Utilities Committee (Postponed) November 4, 2009; Public Works Committee (Approved) December 7, 2009; Public Utilities Committee (Scheduled) January 6, 2010; City Business and Quality of Life (Scheduled) January 12, 2010; City Council (Request to Publish) January 13, 2010; and City Council (Public Hearing) February 10, 2010.

Councilor Calvert asked if we need the new ordinance in place [18(A)] before we can consider 18(1) and (2).

Maureen Reed said it can be done simultaneously. She said we need the general ordinance and then each company comes in and applies, which is called a "baby franchise" ordinance.

Councilor Calvert would like to take a little more time with this, noting Legal has some discomfort with that. However, he wants to get this right and wants to look at the experience in other cities and what has and hasn't worked. He asked if this has been thoroughly researched and if she has that information.

Ms. Reed said the former City Attorney did extensive research on every City. She said staff has chosen and recommends the master ordinance which is based on Albuquerque's ordinance with some changes, noting Albuquerque "spent a fortune on lawyers in Washington, D.C." She said previously, "We went off on our own and we spent a fortune and we lost. So, we are recommending this conservative path which we believe is consistent with federal law."

Ms. Reed said this area is almost completely preempted by Federal law, and there are very strict 90 day deadlines. She said staff has not chosen to go the path where there are "risky, creative" options and want to follow what they believe to be federal law at this point.

Chair Ortiz understands all of the things put forward by the former City Attorney, both in writing as well as orally to us, but said he is no longer with the City. He said lawyers have an independent obligation to their clients to give their advise. He asked Maureen, "Is it your advice, or the advice of the new City Attorney's office that we need to proceed with some haste on actions on either 18(A)(1) or (2), or all of them."

Ms. Reed said, "I have a threat of litigation if we do not act, and I want to be careful about what I say tonight."

Chair Ortiz asked when we got the threat of litigation.

Ms. Reed said it was received November 24, 2009, by email. She said, "It's a threat to take all legal action if we don't meet the 90 day time period, but that's what it is. And I believe, and I will say to you that there is a strong federal requirement for 90 days, and we're going to be past it as it is. But, again, if we want to get into detail, we're going to have to do it in executive session, I believe. But, staff recommends.... we have worked months on this, we have reviewed many, many other cities, and we are recommending this master ordinance and these smaller, we call them, baby franchise ordinances, and we recommend that you approve them tonight."

Chair Ortiz asked, "Was notice of the threat of litigation given to us."

Ms. Reed said she has no idea.

Chair Ortiz asked when the 90 day period started.

Ms. Reed said, "There's an argument to be made about that, and if it went to Court, we would be arguing. But, one of the companies, on October twenty-first, agreed to our terms."

Councilor Calvert asked if this has been noticed for public hearing. Ms. Reed said she doesn't know, but she believes it was rescheduled for public hearing.

Councilor Calvert asked if this is for a public hearing at the Council on January 13, 2010, or is it just a request to publish.

Ms. Reed said Ms. Price is the expert on those dates, and she would need to provide that information, but she is sure it is all set out appropriately.

Councilor Wurzbarger said it is set for a public hearing at PUC on Wednesday.

Chair Ortiz disagreed saying it is on the agenda for discussion, but not a public hearing at the PUC.

Councilor Wurzbarger said there have been public hearings.

Chair Ortiz said there was a public hearing at Public Works on December 7, 2009.

Ms. Reed said it is scheduled for a public hearing at the City Council on February 10, 2010.

Chair Ortiz said then the Council would be hearing this at the City Council on February 10, 2010, according to the schedule, and Ms. Reed said this is correct, noting this is listed on the Finance Committee Agenda.

Councilor Calvert said February 10th isn't the next Council meeting, and the request to publish will be at next week's Council meeting, so there is a lot of time before then.

MOTION: Councilor Wurzbarger moved, seconded by Councilor Dominguez, to move items 18(A) and (1) & (2) forward to the Council.

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

Chair Ortiz said as this moves forward to Public Utilities, he would like to see the alleged agreement that the former City Attorney agreed on in October with one of these companies.

Ms. Reed said on October 21, 2009, NewPath agreed to what was required by the City.

Chair Ortiz said we are considering an ordinance under some representation that "we, the City" made an agreement."

Ms. Reed said the City didn't make an agreement with NewPath, NewPath agreed with what the City required, so that starts the clock "ticking."

Chair Ortiz said in advance of the City Council meeting, he would like this to be on the agenda as an executive session item, and he would like to see all communications that went back and forth between the City and the two entities which are the primary beneficiaries of A(1) and A(2).

Ms. Reed said there may be emails, telephone conversations, and such. She is unsure exactly what there is. She said the representative is here this evening to tell you that they agreed to everything we wanted.

Chair Ortiz said he understands. However, since the former City Attorney is not present, the Council needs to know what exactly was communicated back and forth to inform the Governing Body as to

exactly what goes into A(1) and A(2), and this is the direction to staff. He said once we've been properly advised, the Governing Body can hear from the companies.

- B. REQUEST FOR APPROVAL OF A RESOLUTION URGING THE U.S. CONGRESS, THE PRESIDENT AND EXECUTIVE BRANCH MEMBERS TO REQUIRE THE FEDERAL COMMUNICATIONS COMMISSION TO REASSESS THE HEALTH IMPACTS OF RADIO FREQUENCY EMISSIONS; AND TO ACTIVELY SEEK AND SUPPORT FEDERAL LEGISLATION THAT WOULD GIVE LOCAL GOVERNMENTS GREATER FLEXIBILITY WITH REGARD TO THE PLACEMENT OF WIRELESS COMMUNICATIONS FACILITIES (COUNCILORS ROMERO, BUSHEE AND CALVERT). (MAUREEN REED)**

Committee Review: Public Utilities Committee (Scheduled) January 6, 2010; Public Works Committee (Scheduled) January 11, 2010; City Business and Quality of Life (Scheduled) January 12, 2010; City Council (Request to Publish) January 13, 2010; and City Council (Public Hearing) February 10, 2010.

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

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

END OF CONSENT CALENDAR DISCUSSION

INFORMATION

6. UPDATE ON CITY BUDGET PROCESS (DAVID MILLICAN)

- B. PROPOSALS TO IMPLEMENT BUDGET BALANCING MEASURES FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2010-2011.**
- 1. REVENUE AND ECONOMY UPDATE AND DISCUSSION OF BUDGET CALENDAR**
 - 2. EXTENDED BALANCING PERIOD**
 - 3. POLICY DIRECTION AND SERVICE PRIORITIZATION PROCESS.**
- C. STATUS UPDATE ON THREE (3) CONDITIONS FOR NEW BUDGET MEASURES FOR FISCAL YEAR 2010/2011.**
- 1. CONTRACT REDUCTIONS**
 - 2. CONTINGENCY PLANNING**
 - 3. PRESENT RESTRUCTURING COMMITTEE PLAN**

Items 6(B) and (C) were combined for purposes of presentation and discussion

A copy of "Contingency planning issues: Limits and Opportunities," is incorporated herewith to these minutes as Exhibit "2."

Mr. Millican presented information from the GRT update, his memorandum of December 18, 2009, regarding Gross Receipts and Lodgers' Tax Reports, and Exhibit "2," which are in the Committee packet . Please see this information for specifics of this presentation.

Mr. Millican noted that the GRTs are 2.2% below budget projections, noting the threshold to trigger the contingency plan was about 5% below. The estimate for the last half of this FY is based on a 1% increase of revenues over last year. He said he included the UNM information which indicates that the 4th quarter of 2009 was the trough of the recession and they are forecasting recovery, although weak. He is waiting for the download on the NMML website to send to the Committee so they can see the power point directly.

Mr. Millican said Committee direction to staff as we began the budget process was if, during the first six months of the year, we were more than 5% below budget, a contingency plan should be prepared which didn't use reserves. If things change as of this month, and we are more than 1% below budget in the second six months, a contingency plan would be prepared.

Mr. Millican said General Fund revenues from interest revenue are weak, although we are pretty much in line with our interest revenue forecast. He said, as part of the annexation discussions, he met with the managers at the fashion mall who told him that the holiday season was okay, and this year was better than expected, and was equal to and a little above last year.

Responding to Mr. Millican, Chair Ortiz said the contingency plans could impact bargaining unit positions, but the time frame for non-union positions could be much shorter. Mr. Millican said yes, but the time frame probably would be 60 days before savings could begin to be realized. He said it will take longer for actions for union positions.

Mr. Millican said he has two requests/recommendations:

1. Revisit the direction not to use reserves if those at the end of 2011 are no lower than those at the end of 2009. He believes the measures to see that reserves are not used between now and June 30, 2010, would require actions which are more drastic and would have more impact on services than we might be able to manage and still meet criteria.
2. Schedule time during this set of meetings to see how you want us to apply the service priorities we discussed in earlier meetings.

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

- Chair Ortiz said then staff is suggesting we could have a larger discussion and action to modify the condition during the Finance Committee meetings between now and February. Mr. Millican said yes, although it could be done earlier.
- Responding to Councilor Calvert, Mr. Millican said more than 1% below the budget would be the triggering point to prepare the contingency plan for Council consideration, and very likely, with the January check, we will be at that place. Councilor Calvert said if some of these things which we heard today are productive, we could be whittling away at the shortfall and continue into the future. Mr. Millican said the results of the peer reviews have been excellent, and to the extent that people are willing to make brave recommendations for changes, we believe there will be significant potential for change. However, staff is unsure that multi-million dollar urgent gaps can be closed with these measures.
- Councilor Calvert said, as opposed to spending time on that and something else, without knowing whether we can do the something else, and that this is what the people doing the work are bringing forward, we could have a better buy-in for implementation. He wants to see how productive that will be over the next two months as opposed to launching into another process which may or may not be productive.
- Chair Ortiz said this Committee asked staff to develop the plan if benchmarks are reached, and we are comfortable that those benchmarks will be reached. He said staff is telling us they would like the Committee to reconsider its position. He asked if this is because the contingency plan isn't ready for rollout, or that there are other processes which seem to have promise and we can fit that into the contingency process, or if it's just to revisit the policy decision. He said we need more clarity from staff in this regard.

Mr. Millican said a combination of things lead to this recommendation. One is that there is improving economic news, and more information about the improving economy.

Chair Ortiz said the budget was conditioned on improvement in the 3rd and 4th quarters of the current fiscal year, noting that it could be argued that this isn't supported by the economic information provided. Mr. Millican said this is true in terms of what is showing up in our bank accounts versus what is showing up in economic statistics.

- Chair Ortiz asked where staff sees the contingency planning process, given that the benchmarks will be reached. He said we won't reach phase 2 of annexation until the next fiscal year or the year after that. Mr. Millican said if staff reductions have to be done to meet the no-reserve use to meet this year, and in the next fiscal year have to start to rebuild that staff, the operational issues in that become very difficult to manage. We have to look at how that will work in terms of training, recall, etc.

- Chair Ortiz said if we were in the unfortunate position of the State of having to look at 5-10% cuts in the budget, he would agree. However, we are looking at 1-3.5% cuts in this fiscal year, so the amount of cuts needed don't reach that critical level. Mr. Millican said that depends on what we forecast for our performance strength between now and the end of the fiscal year.

Chair Ortiz said we are still hoping our forecasts will come true and we will have a rebound in the second half, but indicators are it will be a weak not moderate recovery. He said we are still below our conservative expectations, and that is the reason for the condition that staff would come up with a contingency plan.

- Responding to the Chair, Mr. Millican said his tendency is to plan for the worst and use contingency plans to cover shortfalls. He said we are only 2.2% below the GRT budget at this point. He said this will produce much different results than if the conclusion is that we would be 8-14% below revenue projections throughout the rest of the year.
- Chair Ortiz said, barring a reconsideration of the condition imposed by the Governing Body, staff has no other choice but to come up with the plan, unless the majority of the Governing Body believes otherwise – to reconsider the policy and decide to use our reserves as a “float” to get us through the end of FY 2011. Mr. Millican said this is correct, and staff is asking to make that balancing effort over 18 months instead of 6 months, which is a modification of the original condition.
- Chair Ortiz said Councilor Wurzburger was the maker of the motion for the original condition and the 5th vote in favor of the budget, and asked her to comment.

Councilor Wurzburger said she is uncomfortable with Mr. Millican's recommendation. She said at the last meeting she asked staff for the dollar number that was needed to balance the budget, which was \$2-4 million, and now that number is higher. She said even though some say there is recovery, the fact is that we have decreasing GRT checks. She said the idea of a contingency plan is to provide a backup option about what we can do. She thought there would be something on that at this meeting, noting she appreciates what staff is trying to do. She said perhaps each Department could find \$300,000 in savings, but that wouldn't produce the dollars to compensate for the deficit.

Councilor Wurzburger said she wants to see the options, the dollar amount with which we have to deal if things go badly. She said although Mr. Millican says he is planning for the worst, she doesn't believe he is doing so. She believes we are doing the “crossing of the fingers.” She said she believes in the restructuring effort long term. She said at the last meeting we were told by staff that “restructuring would not be in place in time to affect the problems that we face.... so, therefore since that can't work, rather doing a contingency plan, we will just go ahead and make the proposal for the other option.” She said we always have the option to use reserves and hope that things won't get worse, but this is her fear. She wants staff to do a worst case scenario with a proposal to address the shortfall.

Chair Ortiz said this was part of the condition from the beginning, and it was always understood that we had to have plans in place so we wouldn't default back to last year's fiscal situation where we had to take money from reserves and ask the unions to do a furlough as the only way to balance the budget. At that time, the Governing Body said clearly and unequivocally that we wanted to have some other tools/options than those presented to us last year, and we were giving staff notice six months in advance that we wanted to do this.

- Councilor Wurzbarger said previously, Mr. Millican told the Governing Body that the City has \$11 million more in reserves than what is required, and Mr. Millican said this correct. She said her concern is that if the current trend continues, we could use those reserves in 3-4 months – before the end of the fiscal year, and reiterated her belief that we need a contingency plan.
- Chair Ortiz said this was not a unanimous decision by the Council. Councilor Chavez said although he supports the use of reserves, he believes any use should be limited, should be used with caution, and should tie to a contingency plan. He said he never supported using all of the reserves. He is willing to revisit this issue.
- Chair Ortiz said the Governing Body, given enough options, would be able to make policy decisions for this fiscal year and the next one. However, all of these options have to come and just can't be presented to us after six months. He said until this policy is changed by the Governing Body, staff is bound to comply with what the Governing Body directed them to do.

Mr. Millican said perhaps the best solution would be to craft a contingency plan which uses no reserves through the end of June 2010, and with Governing Body permission, to provide another plan which would use no reserves over the next 18 months so you can see the impact on services and staffing.

Councilor Chavez suggested we could have a plan which provides only limited use of reserves.

Chair Ortiz said that would be easy to do. Councilor Chavez believes it has to be part of the discussion. Chair Ortiz agreed.

- Chair Ortiz said the question remains as to what kinds of immediate actions can be taken on the recommendations we are getting which will merge into whatever contingency plan is done.
- Councilor Calvert said he also has heard a lot about how Wall Street is hitting new highs, but there seems to be a dichotomy between Wall Street and main street. He said a lot of businesses in New York and elsewhere are doing better this year, but that isn't the basis of our economy.

Chair Ortiz said at the next meeting there will be two reports from two more departments as information items. He said Mr. Millican proposes having the contingency planning done by June.

Mr. Millican said the next meeting will be January 19, 2010, and we should have received the

January GRTs. He said some of the strategies will not work well if they can't be implemented until two months before the end of the fiscal year, and staff will come back with a two-part contingency plan, and the earliest that can be done is two meetings from now.

Chair Ortiz asked when mid-year budget adjustments will be done.

Mr. Millican said staff doesn't anticipate a lot of budget adjustments in the traditional sense of mid-year review.

Chair Ortiz said this Committee will tie the contingency planning to having a presentation at the first Finance Committee meeting in February 2010, which typically is when we do mid-year adjustments and review, and it will be tied specifically, as the mid-year adjustment and review, as an action item, so we can take action and make recommendations for possible implementation by the Governing Body at its first meeting in February.

Councilor Chavez asked if the two-part contingency plan will include the possibility of using limited reserves.

Mr. Millican said the point of the plan would be to recognize that we will have to dip into reserves by June 30, 2010, and having savings deep enough to replenish the reserves during the course of the next 12 months. He said that will give an idea of how deep that would be under each plan, but staff will take into account the Council's direction to minimize the use of reserves to extent possible.

MATTERS FROM THE COMMITTEE

Councilor Wurzbarger asked the Chair at the next meeting to consider placing an item on the agenda for the discussion of leases of space in other buildings which are occupied by City staff, and to consider consolidating office space. She said the commercial market is very competitive right now and she wants that to be part of the analysis.

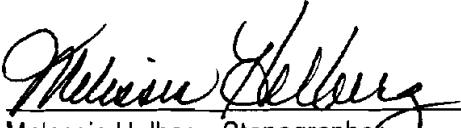
19. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at 7:50 p.m.

Matthew E. Ortiz, Chair

Reviewed by:

David N. Millican, Director
Department of Finance



Melessia Helberg, Stenographer