



# Agenda

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**SPECIAL  
FINANCE COMMITTEE STUDY SESSION  
FISCAL YEAR 2010/2011 OPERATING BUDGET REVIEW**

**TUESDAY, MAY 4, 2010  
CITY COUNCIL CHAMBERS  
10:00 AM – 2:00 PM**

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

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. CITY MANAGER OVERVIEW AND RECOMMENDATIONS FOR CITY OF SANTA FE  
F/Y 10/11 BUDGET
5. CITY COUNCIL DISCUSSION AND DIRECTION OF CITY MANAGER OVERVIEW AND  
RECOMMENDATIONS
6. DEPARTMENT REVIEWS:  
  
TRANSPORTATION DEPARTMENT  
  
TRANSIT  
  
PARKING  
  
AIRPORT  
  
PUBLIC UTILITIES DEPARTMENT  
  
WATER  
  
WASTEWATER  
  
SOLID WASTE  
  
SANTA FE COMMUNITY CONVENTION CENTER
7. ADJOURNMENT

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  
SPECIAL FINANCE COMMITTEE STUDY SESSION  
FY 2010/2011 OPERATING BUDGET REVIEW  
Tuesday, May 4, 2010

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
CITY MANAGER OVERVIEW AND RECOMMENDATIONS FOR CITY OF SANTA FE FY 10/11 BUDGET	Discussion/information	2-3
CITY COUNCIL DISCUSSION AND DIRECTION ON CITY MANAGER OVERVIEW AND RECOMMENDATIONS	Discussion/information/direction	3-19
<u>DEPARTMENT REVIEWS:</u>		
TRANSPORTATION DEPARTMENT		10-20
TRANSIT	Approved w/follow up	20-24
PARKING	Approved w/follow up	24-26
AIRPORT	Approved	26-28
PUBLIC UTILITIES DEPARTMENT		28-29
WATER	Approved w/follow up	29-33
WASTEWATER	Approved	33-34
SOLID WASTE	Approved	34-37
SANTA FE COMMUNITY CONVENTION CENTER	Approved w/follow-up	37-41
ADJOURNMENT		41

**MINUTES OF THE  
CITY OF SANTA FE  
SPECIAL FINANCE COMMITTEE STUDY SESSION  
FY 2010/2011 OPERATING BUDGET REVIEW  
Tuesday, May 4, 2010**

**1. CALL TO ORDER**

A Special Finance Committee Study Session was called to order by Chair Matthew E. Ortiz, at approximately 10:00 a.m., on Tuesday, May 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 Patti J. Bushee  
Councilor Carmichael A. Dominguez  
Councilor Rosemary Romero  
Councilor Rebecca Wurzburger

**OTHER GOVERNING BODY MEMBERS ATTENDING:**

Mayor David Coss  
Councilor Ronald S. Trujillo  
Councilor Miguel Chavez

**OTHERS ATTENDING:**

Robert Romero, City Manager  
Kathryn R. Raveling, Acting Finance Director  
Yolanda Green, Finance Division  
Melessia Helberg, Stenographer.

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

**3. APPROVAL OF AGENDA**

**MOTION:** Councilor Wurzburger moved, seconded by Councilor Dominguez, to approve the agenda, as published.

**VOTE:** The motion was approved on a voice vote with Councilors Dominguez, Wurzburger and Chair Ortiz voting in favor of the motion, no one voting against, and Councilors Romero and Bushee absent for the vote.

#### **4. CITY MANAGER OVERVIEW AND RECOMMENDATIONS FOR CITY OF SANTA FE FY 10/11 BUDGET.**

A copy of "FY 2010/11 Budget Development – General Fund Resources Overview," distributed to the Committee by Robert Romero, City Manager, is incorporated herewith to these minutes by reference as Exhibit "1."

A copy of "FY 10/11 GRT Projections," distributed to the Committee by Robert Romero, City Manager, is incorporated herewith to these minutes by reference as Exhibit "2."

A copy of "FY2010-11 Budget Development – Contractual Services," distributed to the Committee by Robert Romero, City Manager, is incorporated herewith to these minutes by reference as Exhibit "3."

A copy of "City of Santa Fe FY 2010/11 Budget Development – Budget Review Report – Detail by Department/Division," distributed to the Committee by Robert Romero, City Manager, is incorporated herewith to these minutes by reference as Exhibit "4."

A copy of "City of Santa Fe FY 2010/11 Budget Development – Budget Review Report – Detail by Fund," distributed to the Committee by Robert Romero, City Manager, is incorporated herewith to these minutes by reference as Exhibit "5."

Chair Ortiz said this budget process will be like no other we have had in the City, and the Governing Body will be making some very hard decisions. He said some of the pain will be shared equally and across the board. He said secondly, the foundation for this budget was laid in last year's budget process, and in the peer review processes, and thanked Councilors Wurzbarger, Dominguez and Calvert for sitting through all of the meetings, and the peer groups for their hard work. He said while significant cuts have to be made, Santa Fe isn't like the State or the School Board or the County, or 85% of the communities in the State, because we started the process earlier, and some of the results in the information being presented will result in a process which will lead us to good results.

Robert Romero, City Manager, thanked Ms. Raveling and all of their staff for their hard work to develop ideas.

Mr. Romero Reviewed the information in Exhibit "1," highlighting the information on pages 1, 7, 15, 16, 20, 22 and 23, as follows: Please see Exhibit "1," for the specifics of this presentation.

- Mr. Romero is proposing, in General Services, to have Library, Seniors, Youth, Engineering Facilities, Parks and Recreation. He is proposing that Isaac Pino transition from Community Services into Director of Public Works between now and the time Chris Ortega retires.
- Mr. Romero is proposing that Community Development continue as a Department, and move Arts into Community Development.

- Mr. Romero is proposing that Information Technology remain in the Finance Department for this year, because of remaining issues with payroll and the financial system software, thanking Mr. Thomas for his ideas to improve IT.

*Councilor Bushee arrived at the meeting.*

- Mr. Romero reviewed the detail of GRT projections on page 15. Please see Exhibit "1" for specifics of this presentation.

*Councilor Romero arrived at the meeting*

- In 2009/2010, \$6 million in reserves was used to balance the budget, with the thought that the GRTs would bounce back in the second half of the year, and it wouldn't be necessary to use reserves to balance the 2010/2011 budget. However, it didn't bounce back, and there is a gap of about \$9.4 million.
- None of the proposed options to fund the gap includes layoffs of permanent employees. The options present opportunities to trim the \$9.4 million gap.

Mr. Romero explained the proposed options beginning on page 20 of Exhibit "1." Please see Exhibit "1" for specifics of this presentation.

- Mr. Romero said the Council adopted a Resolution to form a Committee of union and management and come up with options regarding the health insurance coverage, and that committee is meeting next week, and those recommendations will be presented on May 11<sup>th</sup>. He said if no changes are made to the plan, the health insurance costs could increase by \$1.2 million, and it is hoped through changes, to minimize the increase to less than \$500,000, and use funds from the Health Refuse to offset any increase to employees.
- Mr. Romero noted that the continued restructuring work is detailed on Page 22 of Exhibit "2."

## **5. CITY COUNCIL DISCUSSION AND DIRECTION ON CITY MANAGER OVERVIEW AND RECOMMENDATIONS**

Mr. Romero asked the Mayor and Council to look at the proposed options to close the gap on page 20, and asked them to focus for now only on page 20.

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

- Councilor Dominguez asked, about the Parks Fund transfers listed on page 20, and if these transfers are allowed under our bond. Mr. Romero said this is a cost of the construction/project management, and without staff it would be necessary to hire consultants.

- Councilor Dominguez asked the number of staff. Mr. Romero said there is one person who is in charge of ensuring that the \$30 million is spent correctly and in the right places. Two crews have been hired and the supervisors are General Fund Park workers who oversee those crews. He said the entire \$640,000 is for salaries and benefits. He said the Project Managers working out of Martin's shops are general fund parks workers. He said all of the workers were paid from some General Fund source, noting there was a total of 6.
- Councilor Dominguez asked Mr. Romero, regarding reducing contractual costs, if he has researched any penalties which might be associated with contract reduction or elimination. Mr. Romero said these are annual contracts with cancellation clauses.

Councilor Dominguez said then the City can terminate those at any time without penalty, and Mr. Romero said this is correct.

- Councilor Dominguez asked Mr. Romero to talk about his communication with the County regarding the Senior Centers.

Mr. Romero said he received a letter from the County, and asked Isaac Pino to explain the details.

Isaac Pino said the County has been in touch with the City and expressed its desire to take the Edgewood and Chimayo Senior Centers and run them entirely on their own. He said the City has responded and asked if this is in the County budget and ready to move forward. He spoke with the Senior Director. He said the County still wants to assume the Chimayo Senior Center during the course of the next year.

- Councilor Dominguez clarified that the charges for the Summer Youth Program will increase by \$20.

Mr. Romero said currently it is \$10 weekly, and \$80 for the entire summer. If the charges were to increase to \$20 weekly, it would be \$160 for the entire summer. He spoke with staff who said the City could charge \$80 on day one and \$80 in middle. He suggested we could tie the fees to the School Lunch Program.

- Councilor Dominguez said in the past we have discussed sliding fee scales, but there has been resistance from staff. He wants to be sure the youth, the poor and the Seniors are hit the least with any increase. He wants this to be part of the discussion. He said the Summer Youth Program is one of the best in the State.
- Councilor Bushee asked the reason the City is covering the Edgewood and Chimayo Senior Centers.

Mr. Romero said it is something we've always done based on the money we receive, noting the Senior Programs come with State and Federal funds. He said perhaps at the time it made more sense for the City to do it. He said those employees would become County employees. He said

in preliminary discussions, the County indicated that next year it wants to take over all Senior Centers in the County outside the City limits.

Councilor Bushee asked the savings in doing that.

Mr. Pino said it is about \$525,000. He said the history goes back to the 1970s and the State Agency on Aging, when the cost was 1/4 to the City with State and Federal funds paying the other 3/4. He said currently that split is 3/4 cost to the City with 1/4 in State and Federal funding.

Councilor Bushee asked if the County would get the State and Federal funds.

Mr. Pino said that would depend on the Area Agency on Aging, but the corresponding funds would go to the County with those Centers. He said the staffing, meals and transportation would be a part of those savings.

- Councilor Bushee asked if the Water company has the funds to repay the General Fund, and asked the impact on the water rates of doing that.

Mr. Romero said he doesn't know the balance, and whether that would impact the rates.

Ms. Raveling said staff wasn't suggesting that the Water Company should repay the General Fund the entire \$15.5 million at one time, and it was always projected to be repaid at \$2 million annually. She said the Water Company could repay at \$3 million annually.

Councilor Bushee said then including \$15.5 million in the options isn't realistic.

Mr. Romero said, to be clear, he has listed \$65 million which potentially could be used to fund the gap, and these are for consideration by the Governing Body, and this is all of the potential revenue at this time.

- Councilor Bushee asked what would be a realistic payback for this fiscal year from the Water Fund, and Ms. Raveling said \$3 million.
- Councilor Bushee would like staff to do a mini survey of what other communities charge for their summer programs – Albuquerque, Las Cruces, Rio Rancho, Espanola.

Mr. Romero said Rio Rancho charges \$10 per week.

- Councilor Bushee said with regard to the revenue from the Schools, she wants to see details on that – do we have available staff and how does that impact other programs in the City.

Mr. Romero said if we swept the Schools' parking lots 3 times a year, it would have a minimal impact on the City, but that would generate revenue to pay for a Street employee.

Responding to Councilor Bushee, Mr. Romero said he isn't saying he would add more staff if the Stormwater Fee was increased. He is suggesting to increase the Stormwater Fee to pay for existing staff so it doesn't come from the General Fund. He said it would have an impact on daily operations. For example, instead of sweeping Paseo de Peralta one day, we would sweep the Schools. He said this would generate revenue and take away some of what we do. Or, we could charge more and hire temps to do that.

- Councilor Bushee would like more details on hiring another IT Programmer versus paying a contractor. She would like to see details on the Youth Program as well and doesn't want the City to rent space at First Interstate Plaza. Mr. Romero said the rental of space is part of the savings.

Councilor Bushee said she wants details on the pools. She wants to see the exact numbers in moving enterprise fund employees. She wants the ideas he is throwing out to be backed up with detail.

Mr. Romero said Recreation costs \$7 million to run and generates \$2 million, so it's subsidized by \$5 million.

- Councilor Bushee said she wants examples of what he is talking about. She said, regarding the savings on Parks Bond Pay for Project Management, if he can do that he should do it, and the same with the Traffic Calming. She does have heartburn in eliminating hiring the Fire cadet class, and asked if we just trained them.

Mr. Romero said the Fire cadets are getting trained right now, and it would mean not hiring them.

- Councilor Bushee asked if there would be a chance at some point to have a deeper discussion on these items.

Chair Ortiz said one of the things in the City Manager's presentation is that these are concepts he has come up with to meet the \$6-\$10 million gap. He said we can have deeper discussion on any items before making a recommendation as we go through the departmental budgets.

- Councilor Bushee wants to be sure "for a short term gain we're not causing some long term pain."
- Councilor Bushee would like to hear from Chief Wheeler on the Police positions.
- Councilor Bushee asked for a list of which contracts Mr. Romero proposes to eliminate, and wants more detail on that.
- Councilor Bushee asked about the "Less Managers Restructure," and wants more detail on that.
- Mr. Romero said Isaac Romero will be running Community Services and Public Works, which eliminates the Public Works Department Director position. Vicki Gage will be filling the H.R.



Director position but won't have an assistant. He said this eliminates two office managers and an administrative manager in Recreation.

- Councilor Bushee asked about the \$200,000 for Retirees. Mr. Romero said that is savings from not filling positions of employees retiring in this fiscal year.

Councilor Bushee asked for a list of those positions. Mr. Romero said he will look into this.

- Councilor Romero said she was surprised to hear that the County won't be contributing funds to the RPA next year, and asked if the City is saving money by not funding the RPA, and if so, where it is included in the budget.

Mr. Romero said he didn't add that amount, but if it was spent last year, it is still in the budget. He said a final decision hasn't been made, so it was included. He said if the Council decides not to fund RPA next year there would be a savings of \$75,000 to \$100,000.

Councilor Romero said it is a significant savings. Mr. Romero said the amount is \$85,000, and it is still in the budget, so that is another \$85,000 we can save.

- Councilor Romero asked about the Verizon renegotiation.

Mr. Romero said 70 cell phones have been eliminated, and staff is negotiating with Verizon to pull all of the City's minutes together so there are no overage charges which account for \$70,000 of the annual cost of \$280,000.

- Councilor Romero said, regarding Traffic Calming, she has told constituents there is no money in the fund and is surprised to see those funds.

Mr. Romero said when a person pays a speeding ticket, part of the fees go to traffic calming. He said there are CIP funds for actual traffic calming, but the fees supplement that. He said this would pay a person's salary that currently is being paid from the General Fund.

- Responding to Councilor Romero, regarding Collections from the County, Mr. Romero said it is his understanding the County will be paying the City and honoring all their contracts, noting he understands there is an accounting problem at the County.

- Councilor Trujillo asked how eliminating the Fire cadet class would impact the City, if there are retirees. He asked if these cadets currently are employees of the City.

Mr. Romero said these are not yet permanent employees, and although this is just an option, it would impact the City. He said he believes that it only fair for the Governing Body to see all of the options. He said he was asked to find a way to fund the gap without dipping into reserves, and if we don't do that, we will have to take some of these drastic measures. He said he also doesn't

want to impact youth, low income seniors, and health and safety – Fire and Police – are the highest priorities. He said he isn't advocating for any one of these, he is providing options.

- Councilor Trujillo asked if the Police Position savings would impact the 7 federally funded positions.

Mr. Romero said these are vacant positions which include a Captain and an administrative position – as well as asking existing personnel for a slight increase to cover the work. He thanked the Chief for offering these positions.

- Councilor Trujillo, regarding using Parks Bond fund to pay for project management, asked how this will impact Parks.

Mr. Romero said, regarding the Parks & Trails Bond, there were estimates, and there is a 25% contingency, and some of the projects are coming in lower than anticipated. He said it is a legitimate expense and we might have to adjust the entire \$30 million by \$600,000. He said this is a way to help the General Fund, and staff believes we can absorb it, although there may be a small cut in a park here or there.

- Councilor Trujillo asked, regarding closing the Library on Saturday, if there has been research as to whether Saturday or Sunday is more utilized.

Mr. Romero said he understands from Mr. Pino and Ms. Hodapp that Saturday is the least utilized day.

Councilor Trujillo said, regarding the increase in the Summer Program Fees, he agrees with Councilor Bushee that we need to look at the surrounding communities. He said his children have been in the program for the past five years. He said it is a great price, but we probably do have to increase that fee.

Chair Ortiz said Mr. Romero has said there will be a flat budget, with no expansions. However, we are still short \$4 million, and because we approved the use of \$6 million from reserves last year, there is still a gap of \$10 million.

Mr. Romero noted that the shaded items are those he would recommend and which could be implemented quickly. He said these are ideas which aren't politically charged and won't impact the community as much as some of the others. He said these are things which he would recommend which aren't tough decisions to him. He said those not in gray are the tougher decisions. He said he will look at the numbers more closely to be sure they are realistic and conservative.

*Chair Ortiz asked the Committee if there are items which are shaded about which they have questions, disagreement or objection, to voice those now, before going forward..*

- Councilor Bushee wants more detail on the savings from Police Positions, and to see what we're talking about. She wants more details on contracts he is considering eliminating, noting she doesn't necessarily care, she just wants to be aware. She wants more information on what "Youth Services" means. She is pretty happy with the rest of the shaded items. With regarding to helping the schools, she wants to know the impact of that. She said this has been one of the better exercises in terms of the City Manager bringing creative options. She wants to know about the impacts of long term options, such as eliminating Police positions, for example, and wants to hear from the Police Chief.
- Chair Ortiz assumes the positions offered by the Police Department are the same ones on the vacancy list.

Mr. Romero said this is correct. He is not asking to eliminate these positions, but just not to fund them this year. He said these positions will be filled once the economy improves, reiterating it is admirable of Chief Wheeler to offer not to fill these positions.

- Councilor Wurzbarger agrees with Councilor Bushee on clarifying the police position. She said she would be comfortable with doing all of the items in gray, and once the \$3 million for the water payback balance is included, we are now at \$7 million. She said she is comfortable with the \$900,000 from Service Reduction Attrition, assuming that happens, and if you add that amount there is only a \$2 million problem with which to deal. She said there are some really viable options to deal with that gap, and said she appreciates the work done by the City Manager.
- Councilor Bushee agreed with moving the \$3 million to gray for Water Payback Balance.

**It was the consensus among the Finance Committee to move the \$3 million for the Water Payback to the gray column, with an accelerated payback plan for the future.**

*Chair Ortiz asked the Committee, if there are items which are not shaded which they would like to advocate for or to strike, or have additional questions not previously asked, to voice those now, before going forward..*

- Councilor Wurzbarger said she believes the best way to find the revenue is to consider a 50% increase in the GRTs which goes across the board and affects all kinds of people and not just people who live in Santa Fe. She said, with regard to looking at salary savings, she believes we have pushed the City very hard in this category over the past two years, and her personal priority is to look at revenues, rather than continue to impact staff or services. She believes property tax is more of a problem because it is a long term issue and people react strongly to additional taxes on their homes. This is the reason she suggests looking at the GRT option. She would like to express her concern about eliminating seminars, and wants more information because she doesn't

have a clear understanding of what training the City provides or doesn't provide. She believes it is a problem just to eliminate training. She isn't sure what the out-of-state travel is, and if it is travel to training, so she needs clarification. She does not want to use reserves. She said we can bridge the gap with the GRTs plus the service reduction attrition, and we can avoid hurting services or staff further.

- Councilor Bushee wants another discussion on health fund issues. She believes the minimal increase in summer program fees could be moved to the gray, although she still wants staff to do a cursory study of fees charged by other communities. She said the property tax will generate a lot of money, but she needs to know what that costs people annually, because it could have less impact than an increase in the GRT. She said she would need to seriously study any increase in GRTs and for what it will be used, before making a decision. She would consider, for the short term, eliminating out-of-state travel and training which is \$200,000. She would not consider closing the Library on Saturdays because families use the facilities on Saturdays. She is unsure about the reduction of hours at Salvador Perez. She said she would rather look at increases in fees in some areas, rather than cutting services. She said we need to total where we are now, before looking at the worst case of furloughs and salary cuts.
- Councilor Dominguez said we need to look at an increase in the summer program fees, but believes we need more analysis. He wants to look at what we can do to supplement some of the costs associated with the programming. He said it is difficult for him to consider the increase in the GRTs and wants to see more work on that. He would support eliminating training, out-of-state travel and such, but doesn't support closing libraries or recreation facilities. He said these are some of the only equitable services in the community, and people should be able to use those facilities at a reasonable cost, especially in these economic times. He said the elimination of the Fire Cadet class doesn't sit well with him right now. However, he likes having these options, although some are tough to consider. He thanked Mr. Romero for his courage in proposing some of these options. He would like to discuss Service Reductions Attrition with Mr. Romero personally at a later time.
- Councilor Romero said she is in agreement with the increases in revenue we're considering. She said, with regard to the overtime for special events, she agrees with Mr. Romero. She also agrees with the increase in the Summer Recreation Program as well as taxes. She said she assumes the special events on which people make money could include, for example craft fairs. She would like consideration to "moving" that increase.

Mr. Romero said he will do that, but cautioned that people from the Indian Market, Fiestas and such will be calling that they can't afford to pay. He said, if we go there, we need to be very clear which events are to be charged. He has that information and he will bring more detail on that.

Councilor Romero said she agrees with the elimination of the out-of-state travel for everyone.

- Mr. Romero said he asked Mr. Pino, in terms of recreation, to look at increasing fees so we don't have to reduce services. He said, for example, the charge is 35¢ for a child to swim at the

Bicentennial pool, and said perhaps those fees should be doubled or tripled. He said the GCCC rates are fair, but need to be increased at other facilities, without hitting low income seniors and such.

- Councilor Trujillo said we need to look at increasing the fee for the Summer Program, and believes people can pay a little more. He isn't keen on imposing property tax. He agrees that we need to look at increasing GRTs. He supports eliminating out-of-state travel, at least for two years. He said our employees do need training, and he wants to be sure in eliminating seminars employees get the needed training which is the most productive and usable to the City.

Mr. Romero said he proposes to keep training which employees need to be certified and/or licensed, and it is a great opportunity for employees to have the tuition assistance and said he doesn't propose to eliminate that. He said he doesn't want to be in the position of saying which seminars employees attend, and would prefer a solid decision.

Councilor Trujillo said he doesn't support closing libraries, and believes we need to rethink this. He wants to make sure that we do everything we said we would do is done, in terms of parks and that no park gets cheated.

Mr. Romero believes we can do everything and still get this revenue reduction,

Councilor Trujillo said if the Police Chief is okay with those positions it is okay with him. He is totally against eliminating the Fire Cadet Classes. He said he is not too keen on pay reductions or furloughs.

- Mayor Coss thanked Mr. Romero for removing AFSCME workers off the work reduction. He said the furloughs and pay reductions are the last place we want to go, because we have eliminated hundreds of jobs, so all City workers are working a lot harder now. He wants to know more about Service Reductions Attrition because the \$500,000 to transit looks big to him, and he is unsure he wants to see transit curtailed any more. Eliminating out-of-state travel is a small savings, and he thinks about things such as Sister Cities, Creative Cities, U.S. Conference of Mayors, National League of Cities and so many things that help us stay connected, and he is concerned about doing that just to save \$60,000.

Mayor Coss is glad to hear the Council call for revenue increases versus cuts to staff, because that differs from what other governing bodies have done. He said we now need to close about a gap of about \$2 million, and he wouldn't rule out using reserves. He said we need to look at what we want to do in 2011 and in 2012 and put a property tax increase or a GRT increase in that. He said since the budget is flat, we're not hiring the police officers we wanted to hire, or the firefighters, or preparing for the annexation and the human services and public safety we want to do. He said when we are running flat, and the gap is down to \$2 million, he would suggest using reserves and then look to what to do in 2011 and 2012. He said if we had a miraculous 2% increase in economic activity, it would produce \$2 million. Or an increase in GRTs of 2%, would

cover that as well. He is not opposed to tax increases, but believes we need to look at them for the future and what we will be doing over the next few years.

**CHAIR ORTIZ SAID THE COMMITTEE WILL NOW BEGIN ITS NEXT ROUND OF COMMENTS.**

- Councilor Bushee said, with regard to the revenue side and tax increases, she doesn't think we're "out of the woods." The estimation is that Santa Fe was slower to go into the recession and will take longer to come out of it. She wants to reserve financial resources and reserves for that. She doesn't understand the Service Reductions Attrition, and needs more detail, commenting that she doesn't want to curtail transit, particularly in hard times where people use transit more.

Mr. Romero said that wouldn't happen this year. However, if things became very dire and we had to reduce services we might have to look at this, stressing that he doesn't want to lay off any permanent employee. He can look at each area and develop a plan in this regard. He said this is only for a worst case scenario. He said this could be done as part of the restructuring work. He said the \$600,000 is 10% of the budget. He said Mr. Bulthuis has done some work and this would mean reducing routes and/or service. However, he would prefer not to layoff full time employees if we decide to go this way, and this would be done over a year so he can find positions for impacted employees. It isn't something he would recommend, but he felt this is an option to be considered in the future if things get worse. Mr. Romero said, for example, Senior Transportation services are provided 8:00 a.m. to 5:00 p.m., and perhaps that could be done 10:00 a.m. to 3:00 p.m. instead

- Councilor Bushee said she serves on the RPA and if there are gaps, we need to look for other resources.
- Councilor Bushee would like to include the RPA in the gray column at \$85,000, and add tentatively the Summer Program fee increase.

Chair Ortiz said we will be doing another round of comments, and once the Committee seems to be coalescing around a consensus, then we can go through and add the items and the reason he is asking for a second round. He is keeping track of the comments and can give those to Ms. Helberg for the record.

- Mr. Romero said, with regard to the out-of-state travel, it is important that Keith Toler and staff travel, because they are trying to bring in business. So, there is some travel which makes sense, and he agrees with the Mayor that eliminating \$60,000 out of an \$80 million General Fund may or may not be worth it. He wants to make it clear that all out-of-state travel isn't eliminated except in the General Fund. He said for example, this impacts an accountant who wanted to travel to San Antonio for an Accounting Conference, but attendance isn't required to keep a license, then that travel would be denied. He said he encourages people to get the necessary training/schooling in-state to save costs.

- Councilor Bushee believes the out-of-state travel and seminars should be eliminated, which saves another \$200,000.
- Councilor Bushee reiterated she is totally against eliminating hiring of the fire cadet class.
- Councilor Bushee said she is still interested in knowing the cost of policemen to commute in City Police cars for policemen who do not live in Santa Fe and live in Albuquerque or Rio Rancho. She would like to look at an incentive to get policemen to live in Santa Fe, but she doesn't know the numbers. She would like to add this for discussion as a possible cost savings. Mr. Romero said this has been a tool used in recruiting officers, and to change this would take union negotiations. He can provide the cost of this benefit.
- Councilor Bushee questioned whether the signing bonus and other incentives to get officers to live in our community are working. Mr. Romero will work with the Police Chief and the unions to evaluate this possibility and present that next week.
- Councilor Romero asked, rather than a blanket no use of reserves, she would like the Committee to consider the conditions/criteria under which we would use reserves.
- Councilor Wurzbarger said she views the use of reserves for a "really, really rainy day tornado" which could happen in the next two years. This is the reason she is pushing generating revenues in every way possible. She said she would like to look to the future and no flat budget, and the use of reserves is tied to funding things as we move forward so we are more financially solvent. She isn't looking for miracles. She said the Council needs to do a more pro-active contingency plan. This is the reason she is comfortable with a marginal increase in the GRTs, which could get us beyond a flat budget, and getting back to considering those things which will move the City forward economically and socially.

Councilor Wurzbarger referred Councilor Bushee to the McCune study on affordable housing which pointed out the money we actually lose when people don't live here, because they don't spend their dollars in Santa Fe, noting this costs the City millions of dollars each year. She would like to continue that discussion. She said we could solve our current economic problem by requiring people who work for the City to live in Santa Fe.

Councilor Bushee said they also aren't participating in the community, such as coaching Little League.

- Councilor Wurzbarger said once we close the budget gap, she would like time to discuss what we would be willing to do to build this up and do things better, whether that's property tax, GRTs or even reserves.
- Councilor Wurzbarger suggested a new source of revenue. She said there have been discussions with the County on areas which could be merged, and revenues which could be shared, such as the CVB marketing as well as housing and economic development. We need to look at what

possible resources we can combine. For example, the County has \$7 million for affordable housing, and we have used all of our money. This could be part of the efforts for next year.

- Councilor Wurzbarger said the City needs to move to multi-year budgeting particularly in terms of revenue with, for example, taxes, such as property tax.
- Councilor Dominguez said he has some of the same concerns about tax increases and using reserves which have been articulated. He sees reserves as something we don't want to use just to balance the budget, but he isn't completely opposed to using reserves and it depends on the amount and what it will be used for. He said he has mixed feelings about tax increases, because there is a certain demographic which is more impacted than others, regardless of the tax. He isn't necessarily opposed, he thinks we need to take a very careful look at it and what it means to the public.
- Councilor Dominguez said he is getting mixed responses from Mr. Romero. On one hand, he feels Mr. Romero has done a good job in making sure he's not taking away the opportunity to keep people accredited and licensed, but he is taking away some of the things he doesn't see to be beneficial to the City. He said he would be willing to move some of that to the gray area if Mr. Romero is comfortable that we aren't going to impact the level of service and that we will keep people trained, especially in the customer service area. He is not motivated to move the summer program to the gray area yet and he wants to look at the analysis first. He said, although it isn't that much of an increase, impacts a certain demographic element more in hard times.

Councilor Dominguez said with regard to Mr. Romero's comments in terms of increasing revenue, such as at the recreation centers, the reason we did the internal reorganization last year, was so that we could anticipate something like this year. He would like that analysis as quickly as possible. He said he won't support eliminating the Fire Cadet class, nor the overtime for special events. He said some organizations use the funds to provide the services the City is not providing. He would not support furloughs or a pay reduction unless things are really bad, and looks forward to a discussion on that as well.

- Councilor Trujillo said we discussed tapping reserves to get workers off the furloughs, and believes we need to look at that. He said he definitely wants to look at an increase of the GRTs. He is not ready to approve the summer program increase at this time, because we need to look at that, noting to send 3 children to the program at \$160 would be \$480. He said he said he supports out-of-state training for certification and licensing, but not for other reasons. He does not support closing the libraries on Saturday and he is against the elimination of the Fire Cadets. He said he believes the 3% pay reduction and furloughs should be taken off the table for consideration.

Chair Ortiz said there was no discussion or mention by the Committee on the property tax option which is presented.

- Councilor Bushee said she asked for more information as to what it would mean and the dollars it would generate.



- Councilor Wurzbarger said she took a position that the property tax would be her last option, because it impacts the family home.

Chair Ortiz said he heard from staff that the Service Reductions Attrition is really part of the restructuring work that doesn't have a direct fiscal impact, and should be moved to the restructuring list on page 22 of 56 [Exhibit "1"].

Chair Ortiz said he has heard a consensus building around no reductions in the recreation facilities and the closing of libraries.

**It was the consensus among the Finance Committee that there will be no reduction of Recreation Facility hours, and there will be no closing of the libraries on Saturdays.**

Chair Ortiz said he has heard a consensus on not eliminating the Fire Cadet Class, noting he heard from three members, and he has not heard any support for that action, nor any requests for additional information.

- Councilor Romero said she would like more information on eliminating the Fire Cadet Class and doesn't want to remove it from the table at this point.

Chair Ortiz said, with regard to things that could be moved into the gray area, he has heard support for the elimination of seminars/training and out-of-state travel as it relates to the General Fund. He has heard a consensus building around those two line items with requests for clarification from Mayor Coss and Councilor Wurzbarger that it doesn't impede the ability of enterprise funds to continue its operations, so these items can move into the gray area.

- Responding to Councilor Dominguez, Chair Ortiz said it is his understanding that what Mr. Romero said in response to questions from Mayor Coss and Councilor Wurzbarger, was that these relate to General Fund uses – this is the amount which would be saved in the General Fund, and if it is an enterprise fund, noting this really is the CVB, is that travel would remain because it is an enterprise fund. Mr. Romero said this is correct.
- Councilor Wurzbarger said she has spent 4 years on the Creative Cities effort which is having an impact on the City, and would be opposed to the City withdrawing from the Creative Cities Network with UNESCO, so she needs clarification on that, as well as Sister Cities. She said she is opposed to moving any item to gray which relates to economic development, pointing out that CVB isn't all of the travel. Mr. Romero said most of it is Special Revenue, so it isn't in the General Fund.

Councilor Wurzbarger wants the City Manager to clarify this to make sure this is the case.

Chair Ortiz said there seems to be consensus on removing consideration of furloughs and pay reductions under any circumstances, at least 3 members have indicated a willing to do this.

- Councilor Wurzbarger said she is comfortable with that so long as we balance it with income and revenue.
- Responding to the Chair, Councilor Wurzbarger said we are starting to say "pick this," without solving the problem, and she would agree with removing these, as long as we don't get to Round 3 or 4 and there is a \$3 million deficit and we have no solution. She said the whole area of salary savings is her lowest priority.
- Councilor Bushee said she would like to know that we're talking about a gap of about \$3 million. She is interested in more discussion on reserves, but she has never wanted to tap into reserves, noting the reason we are here today dealing with part of the gap is because we used \$6 million reserves last year.
- Councilor Bushee said the Health Fund reserves look healthy, but she wants to know how much of those reserves comes from City employees paying in, and she wants to know how much of the GRT reserves needs to be paid back to the General Fund – what really is the balance. She said if we are dealing with only a gap of \$2 million dollars, it is a gamble, because we could just be pushing it into another budget cycle.
- Councilor Bushee said, with regard to Furloughs and Pay Reductions, "I would go there if it were healthy enough before I would go to... and I'm not one who really likes to push off the problem, but if we reduced it enough... but I don't know that. You said something about paying back the General Fund. How much are we talking about, and where does it come from."

Mr. Romero said staff can analyze that. He said there were times in the past when the Health Fund was in bad shape and we used the General Fund. He said generally the City pays 75% and the employee pays 25%. He said on top of that, there were times in past years where, even with the City's portion and the employee's portion, we had to supplement it from the General Fund. He said he can calculate exactly how much, and it is up to the Governing Body to decide whether to use that as revenue.

- Councilor Bushee said, with regard to the Health Fund, she sees nothing but increases in the future, and we may have to look at reducing benefits, noting we have a really premium plan and we may not be able to afford it into the future.
- Councilor Bushee said taking from reserves is a very short term, stop-gap measure – "robbing Peter to pay Paul."
- Councilor Bushee said the revenue side isn't an option, because we may have a very serious concern and then she is willing to look at GRTs and she wants to know more about property tax. She would like to remove the Furloughs and Pay Reductions from the table, noting we have asked more than we ever have of our employees. She said at this juncture to go back and say we're taking some of their pay isn't beneficial to delivery of services we've promised to the City.

Mr. Romero agreed, saying the employees are doing a lot extra.

- Councilor Dominguez said the Furloughs and Pay Reductions are last on his list, and it depends on how much we can close the gap before he is willing to look at reserves and an increase in taxes. He said these are things we need to analyze and on which we need more information. He said we need to make sure we are prepared for the time when, or if, we ever hit bottom, and he wants to be sure we have funds in reserves and that we have an opportunity to increase taxes for that time, if it ever happens.
- Councilor Romero said she wants to talk about criteria and under what conditions reserves would be used, before we discuss using reserves.
- Mayor Coss said Furloughs and Pay Reductions are at the bottom of his list as well. However, in the Chair's summary, there is still a \$2.3 million gap, and we eliminated every way of closing it. He said we are either going to have to raise taxes, use reserves or cut employees salaries, and cutting salaries is last on his list.

Mayor Coss said he likes Councilor Wurzbarger's idea about multi-year budgeting, noting this isn't the first year she or any of us have talked about multi-year budgeting. He thinks we are trying to look at this. He said everything we put in the gray or said we would accept. He said using the \$3 million water payback is, in a sense is like using reserves, because the water payback will be exhausted eventually. He said of the \$7.1 million we've found so far, about \$4 million is non-recurring revenue. He said in looking forward to 2011 and 2012, we will be doing \$9 million in cuts again and again without the revenue enhancement from economic growth or tax increases.

Mayor Coss said the \$3 million annual payback from the Water Fund to the General Fund can be done for 5 years to repay the \$15 million, which is a good thing. He said Santa Fe is in better shape than a lot of cities. He said multi-year budgeting is important if and when we would decide on a tax increase and establishing how those funds will be used.

Mayor Coss said, "If we say we don't want to do furloughs and pay reductions, which I agree with, then we're either going to raise taxes or we're going to use reserves, but using \$2 million of tax increases and reserves is a lot better than we were last year when we used \$6 million, so we're moving in the right direction. And I think if we keep looking out in front of us, we can do a better job."

- Councilor Trujillo reiterated that the Pay Reductions and Furloughs are off the table for him.
- Councilor Wurzbarger asked Ms. Raveling to clarify if the reserves, the \$12 million, are over and above the reserves that we have elsewhere which are required by the State. She wants clarification as to whether we have other reserves which meet the State mandated reserves. Or, are these all of the reserves that we have.

Ms. Raveling said the State mandated reserves are related to the General Fund which is 10% of the General Fund Expenditures which is in the General Fund.

Mr. Romero said the money is in the General Fund, but staff isn't proposing to use those funds, because we need it in the General Fund.

- Councilor Wurzbarger said then we have \$12 million in reserves in these two categories – \$5 million in CIP reserves and \$7 million in Health Fund Reserves – which is over and above the State requirement. Ms Raveling said this is correct.
- Councilor Wurzbarger said, regarding Councilor Bushee's concerns about insurance costs, if we don't solve the issue of increased insurance costs, then the increase would come from the Health Fund Reserves.

Mr. Romero said we either raise the fees or use the reserve funds. He said staff is looking for ways to keep the increase down for two years by making changes to the program.

- Councilor Bushee said we are jumping to the conclusion that we have to find all \$2 million in a large category, but we haven't gone through the contractual services list.

Chair Ortiz said then his understanding is that the only items we can move into the gray column are the elimination of the seminars and the out-of-state travel, with some questions still to be answered. He said there still are three large discussions which we need to have which are the increase in the GRTs, the questions on an increase in property tax, and the discussion on reserves and the criteria for using the reserves, and the policy in terms of the use of those reserves, and the elimination of pay reduction and furloughs from consideration. He said the two secondary discussions are the proposed increase in the Summer Program fees and the charge for overtime on special events.

Chair Ortiz said his opinion is, in seeing this budget and the way Mr. Romero presented the information from fiscal year to fiscal year, we are collecting revenues at a pace which equals that of FY 2004-2005. He believes it is in some ways an illusion for us to believe that we can continue to absorb 80% of our costs in personnel and benefits. He thinks it is an illusion to say that we can continue to sustain the amount of 5 years of raises we have given, based on the current revenues. He said taxes, for him, in this environment are his last resort. He believes we need to begin discussions and continue the work we've been doing to reorient this organization to think about flattening some of the recurring costs – 80% of which are salaries and benefits. He said he realizes this is unpalatable to some people, especially in a room of the employees, to say this needs to be considered. However, every business in the private sector has gone through this, and contracted or reduced employees. However, we are going to that community, those who pay our wages, and tell them we are going to increase taxes.

Chair Ortiz said we are going to increase the Stormwater fee from \$1 to \$3. He said there is still a proposal to increase Solid Waste fees. He said, regarding the Water Fund payback, that was done because the City was in bond default because we drained the reserves, and we had to put money from the General Fund into the Water Company to make it solvent and bring things current. We are now in the

position of going to the taxpayers with a rate increase, a possible tax increase, without doing the hard work of cutting the expenses to operate serves. He believes this is worthy of consideration and discussion. If it is to be discussed, he hopes it will be discussed across the board, noting some departments haven't gone through the exercise. He said it is a good first step that the Police Department has stepped up the plate.

Chair Ortiz said in this environment, the Health Fund Reserves possibly could pay some of the gap to buttress the blow to employees on health premiums. He said this is a nice, short term solution. He said we need to make the decision to cut at this point, which is the same as we were 5 years ago.

Chair Ortiz said his suggestion is that as we go through the different Department budgets, we need to realize that at the end, we will have to come back to the larger decision – use reserves, increases, property tax or cuts.

- Councilor Bushee said we could still whittle away \$1 million in contractual services, and we haven't considered raising fees at some of the recreational facilities.

Chair Ortiz said he is setting the discussion, noting we aren't asking for direction now. He said once we go through the departments, we can see if we can shrink the budget further or eliminate items from contracts. He said we can get there with a decision on any of the larger items.

Councilor Bushee said we're looking for \$2 million which is doable without drastic measures, and she wants to find a way to do that, noting Mr. Romero put us on a great track today to get to \$2 million quickly. She believes we can get into the "nitty-gritty" or some combination of that and looking at reserves. She is concerned his speech came so soon in the discussion.

Chair Ortiz said he wanted to put that speech out there so she could hear it.

Responding to the Chair, Councilor Bushee said this is her first time on the Finance Committee with Chair Ortiz, but she was previously on Finance for years.

*There was a break from 12:10 to 12:40*

## **6. DEPARTMENT REVIEWS:**

### **A. TRANSPORTATION DEPARTMENT**

Chair Ortiz said we have the City Manager's budget which differs from any of the fiscal year reviews we have done. These have the line items for the departments.

Jim Montman said he hasn't done work as the Department Director or any Department type operation at this point, because he is still waiting on approval of the organization. He said the budgets in these three enterprise funds are supposed to be flat, noting he can speak to the differences between his proposal and that of the City Manager. He said the differences may be based on grant funding or lack of

grant funding, and there is an issue in parking as to whether or not to close one or two parking lots which Mr. Hon will explain.

Chair Ortiz said the City Manager has said the budgets are flat and the funds requested are the same as for the previous budget. He asked the Transit Director to present information. He would then like to get a recommendation from the Committee to move forward on the budget.

### **1) TRANSIT – pages 191-198 [Exhibit “4”]**

Jon Bulthuis, Division Director said the budget is flat, much like last year, and line items may be somewhat different, although the total is the same, and reported as follows:

- They will be closing an engine rebuild program shortly after the end of the FY, and some of the expenditures for that program have been moved into other line items.
- The Division is proposing to take the advertising program in-house, noting currently a contractor does that and retains 50% of the revenue from the ad sales, and it is believed this will earn an additional \$50,000 of revenue to the City.

Mr. Romero said it requires an expansion, but it will cost \$50,000-\$60,000 and still generate \$50,000 in additional revenues to the City.

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

- Chair Ortiz asked if there is a public relations/sales person already in Transit. Mr. Romero said that position was eliminated two years ago. He said this person will be able to do other things as well.

Mr. Bulthuis said staff is moving forward cautiously with this idea, and will be hiring this person for one year as an exempt employee, so we can have a one year trial period. If it doesn't work, then the project will be put out to bid again.

Chair Ortiz asked if this includes inside as well as outside advertisements.

Mr. Bulthuis said this is correct, noting the only revenue ads which are sold are on the outside of the bus, although a lot of public service ads are done inside the bus which is done at no cost to non-profits.

- Councilor Bushee asked if the division charges other departments for services it performs for that department or division.

Mr. Bulthuis said yes, there is a reduced rate for City-placed ads. He said the 50% which the contractor takes is waived for the City.

- Councilor Bushee asked if the position will remain an exempt position.

Mr. Romero said it will be exempt for one year and perhaps longer.

- Councilor Bushee said in the past the City generally went to contracts because it was thought to be cheaper because the City didn't pay overhead and benefits.

Mr. Romero said a contractor makes a profit, and if we can do this in-house more cheaply, this is a fair way to do it.

- Mr. Romero said he asked the division and department directors to list only critical equipment needed. He said during these difficult time, we haven't been able to replace equipment, so when the economy turns around and we close the gap, it will be necessary to purchase equipment before we begin expanding again.

- Councilor Bushee asked Mr. Bulthuis if he felt he was receiving sufficient regional funds for the services long-term.

Mr. Bulthuis said yes, but we know for certain that more Rail Runner stops will be coming on line in the City in the future, and at that point we will need funds to provide connections to the stations. He said, as of today, the funding is reasonable, but he cautioned that spending money on services may not be as productive as the connections to the Rail Runner will be when they come on line.

- Councilor Bushee said she is worried about the "whole other side of town that's growing and expanding such as the Pavilion we just approved and Soleras down the road." She wants to see reasonable funds to pay for it.

Mr. Bulthuis said there is no future growth for the system for the next year, other than connectivity to the Rail Runner which is funded through the regional PACs. There will be service to the new #599 station which will begin July 1, 2010, and the only growth in the budget. He said that particular expansion is being paid with federal funds.

- Councilor Bushee asked who covers the pickup services. Mr. Bulthuis said that is Mr. Hon in Parking. Councilor Bushee said that doesn't make any sense.

Mr. Bulthuis said the reason it was split off is because the Transit Division uses all federal monies to purchase the equipment, and the reason there are no fleet replacement costs in the budget. He said the federal dollars have restrictions in terms of routes, notifications, and we can't do charters.

- Councilor Romero said at the RPA she and Mr. Bulthuis advocate not spending all of the funds, and to look at the needs in the future. She said they are trying to provide the regional services,

including the Rail Runner and the funds are sufficient at this time, but we really need to consider the future needs. She hopes the RPA advocates saving some of the money.

Mr. Bulthuis said the Rail Runner stations will open at some point in the future, but when they do open, the commitment has been made by the RPA to make those connections, so there needs to be some reserve to do this.

- Councilor Romero said Councilor Calvert is concerned about serving the new projects and who is going to pay for that.

Mr. Bulthuis said we have been very successful in meeting capital needs through federal grants in the past, and we continue to work with our Congressional Delegation. However, the word from Washington is not to rely completely on the federal funds in the future as we have in the past.

- Councilor Wurzbarger asked, during the budget process, if consideration was given to consideration of the relatively inefficient routes, those not as heavily used, and asked him to comment.

Mr. Bulthuis said the City Manager asked each department to cut its operating budget by 10%. He said they were able to do this last year internally without major service reductions, although they did eliminate the 24/7, 365 days in Paratransit and some evening service. To meet the 10% target this year, it is necessary to look at eliminating routes. The routes being considered for elimination by the Transit Advisory Committee are the least productive, cutting routes which impacts the fewest number of people. The two routes are Route M which serves Museum Hill and Route 21 from the Community College to Santa Fe Place.

Councilor Wurzbarger asked how that is tied to the budget, noting there are no decisions about this yet.

Mr. Bulthuis said his understanding is that we will look at that process over the coming year, but there was no directive from the City Manager to move forward with immediate cuts.

- Mr. Romero said all Transit employees are permanent employees. So, if you want us to look at this now we can. He said his intent is, hopefully, not to lay anybody off. He said the Governing Body can direct him to do this, noting discussion was to add it to the restructuring process, and he can bring that forward soon.

Councilor Wurzbarger said she has had inquiries from St. John's College.

Mr. Romero said it already is being considered by the Transit Advisory Board, these are the two options, but he can pursue this idea as well.

Mr. Bulthuis said the other two options are a service day issue, and the Committee discussed eliminating evening hours and eliminating all Sunday service.



Chair Ortiz asked the dollar savings for these two options.

Mr. Bulthuis is unsure of the dollar amount, but it would eliminate 65 hours of service per week. It would also mean the mechanics and supervisors wouldn't work that day. He said he would guess it is roughly \$125,000 in savings.

- Councilor Romero said when and if services are cut, she hopes the staff and Governing Body develop consistent messages for cutting these services, so we are saying the same things to our constituents.
- Councilor Wurzburger asked what is proposed to do about this.

Mr. Romero said it could be brought piece-by-piece to the Committee as part of the restructuring, and that can be done within the next month or so.

- Councilor Wurzburger suggested adding another column "Additional Possible Savings." Mr. Romero reiterated that the savings wouldn't be realized for some time because of the permanent employees
- Councilor Dominguez asked the Chair if it is intention to bring questions regarding contracts as we move through the various budgets.

Chair Ortiz said we can approve these budgets and ask for more discussion, and ask them to come back to the Committee.

- Chair Ortiz said as he understands it, the issues of inefficient routes, maintaining efficiencies, perhaps cutting service and routes, is a part of the restructuring work which is going through the Transit Advisory Board, which will come back to this Committee at mid-year, for a recommendation.

Mr. Bulthuis said Transit can come back by mid-year. He said it would be helpful to know the dollar amount of services he needs to delete. He said this will allow him to get the federal guidelines and to notice the public before bringing a proposal back to the Committee.

Chair Ortiz said mid-year is 8 months away, and believes we can comply with federal notice provisions. However, with regard to providing a specific dollar amount for cuts, that is something which Mr. Bulthuis and the Advisory Committee can look at where it is best to reduce services or routes, or to move those savings into the regional efforts to help fund or offset some of the cuts.

Mr. Bulthuis said it is difficult to separate the region from the City, but he can report on the weakest operations.

**MOTION:** Councilor Romero moved, seconded by Councilor Bushee, to approve the Transit Division Budget as recommended by the City Manager, with follow-up as noted by other Councilors.

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

## **2) PARKING – page 161**

Bill Hon said over the past two years he has made efforts to reduce the budget by 15%, and this year he applied it straight across. He said revenues are reduced because they didn't receive the projected amount, and by reducing revenues it was necessary to trim more from expenses to ensure that the budget stays flat.

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

- Chair Ortiz asked if there are expansion items in the budget and Mr. Hon said no.
- Chair Ortiz, referring to page 161 [Exhibit "4"] on the revenue side, said he understands Mr. Hon proposes to eliminate collection of revenue from Montezuma Lodge Lot 6 and Masonic Temple Lot 7, which would lose almost \$59,000. He asked the reason those contracts are being eliminated.

Mr. Hon said an analysis of the costs of those rental and upkeep on the lots, and the costs outweighed the revenue produced, so the recommendation is to eliminate the contracts on the lots.

Chair Ortiz asked the rent to offset the costs.

Mr. Hon said it is on page 165 [Exhibit "4"] in line item 562550. The rent is \$250,000, and the actual cost in 2008/2009 was \$353,000. He said by eliminating the rent we are eliminating expenses, as well as eliminating revenue.

- Mr. Hon understands there has been a request from Senator Phil Griego to consider keeping at least one of those lots, and he will be meeting with him tomorrow. He said he has looked at it and they can increase the revenue under 51150 by approximately \$30,000, but in doing so, we have to increase the cost of rent on the property from \$250,000 to \$320,000. He said the rent on the Montezuma property is approximately \$70,000.

Councilor Wurzbarger asked Mr. Hon why he is doing this, and Mr. Hon said he is not doing it.

Chair Ortiz said the cost is \$70,000, and we are making only \$59,000 on the Montezuma property.

Mr. Hon said the only reason we did this is the past was to create a level of service, and that is the only reason, because the City didn't have the available inventory for parking.

Chair Ortiz asked Mr. Hon if we do have the available inventory, and Mr. Hon said yes. Chair Ortiz said he has never heard this before.

- Councilor Wurzbarger said we are very busy, and she doesn't know why we are doing an analysis of options which aren't financially feasible for the City.

Mr. Hon said over the past 20 years, we have lost money renting properties, but it always has been done because those losses could be offset through the collection of the on-street meter level, and to provide the level of service and the inventory for the general public. He said now that we have increased our inventory, and the revenue from parking revenue to offset the properties is declining, he is starting to look at properties he may not want to continue to lease which are a burden on the division.

Councilor Wurzbarger said the proposal before the Committee considers this and we shouldn't be negotiating further on other options that we don't need, commenting that there may be other things happening here that she doesn't know about.

- Mr. Romero said as he understands, the City will no longer rent those properties and can absorb the people leasing space to give the garage more revenue, so it saves the cost of the rent. He said there may be a point in the future when the garage doesn't have capacity when we will need to rent again. He agrees with Mr. Hon that the City should charge enough to cover its costs if it is done in the future.
- Councilor Wurzbarger asked the cost of the pickup and if there are any issues around that purchase.

Mr. Hon said on the bottom of page 166 and top of page 167 [Exhibit "4"], line item 52157 is the Transportation line item, the cost of operation of the pickup is under Communications – diesel, gasoline, tires, uniforms, noting these are the costs for the Santa Fe Pickup which is approximately \$250,000 including the cost of the shuttles. He said he has received requests from several special interest groups requesting use of the Santa Fe Pickup, to places such as the Tesuque Flea Market and other venues outside the City limits. He said they have refused to do it because the City is funding it just for the City of Santa Fe. However, he has used the shuttles for groups who want to go to specific venues within the City on days when we aren't running the Pickup tied to the Rail Runner. He said we are going to start collecting revenue based on overtime, fuel, and such, to put back into the new budget line item he is establishing for that purpose. He reiterated Mr. Bulthuis's statement that the reason it is divided from Transit is due to its federal funding and Parking's hands "aren't tied."

Mr. Romero said the \$250,000 comes from the 1/8 GRT through the RPA to cover these costs.

- Councilor Bushee asked if the request from the Tesuque Flea Market was under the auspices of regional transportation.

Mr. Hon said the call came directly to his office, and through the In-Touch Program, from the Director of the Tesuque Flea Market asking why the City couldn't operate the shuttle from the Rail Runner stop at the Railyard.

Responding to Councilor Bushee, Mr. Hon said they weren't offering to pay.

**MOTION:** Councilor Wurzburger moved, seconded by Councilor Romero, to approve the Parking Division Budget as recommended by the City Manager, with follow-up as noted by other Councilors

**DISCUSSION:** Councilor Wurzburger asked if there is anything new on Railyard parking.

Mr. Hon said there have been questions about the Railyard parking, and he has several ideas which can be implemented at the Railyard to satisfy some people. He said he is looking at the idea of an ambassador at the Railyard. He has an employee he can transfer to the Railyard in an ambassador type position. He said this position was on hold at the request of the City Manager to possibly transfer an employee from another division into that section. However, that didn't happen, so he has moved forward to transfer an employee into that position to start tomorrow. The person will be given a 4-seat electrical vehicle and will be patrolling parking areas, helping people, answering questions and helping with parking issue.

Mr. Hon is running into a problem with the on-street marking meters which are new and a lot of people don't like them. He said they lease the property at the Archdiocese parking lot and the Archdiocese wants the City to control parking 24-hours a day, so he is looking at moving those meters from the Railyard to Archdiocese, so the City can collect revenue 24-hours a day, and going back to the single meter spaces at the Railyard. He also has developed reduced rate parking for seniors and handicapped. .

Responding to Councilor Bushee, Mr. Romero said staff is looking at the parking structure, and will be coming to the Committee with recommendations. He said suggestions have been made to allow free parking on Saturdays, and only ticket from 9:00 a.m. to 3:00 p.m. He said staff is looking at the revenue impact.

Councilor Bushee asked about things we have discussed such as electric cars, bicycles and such.

Mr. Hon said currently he doesn't have the funds to move forward with most of these suggestions, but he has moved forward on downtown motor scooter parking.

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

### 3) AIRPORT – page 153 [Exhibit "4"]

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

- Chair Ortiz said in the general discussion, we approved the City Manager's recommendation that the Airport will receive an additional \$300,000 in Airport revenue, and asked Mr. Montman if he is comfortable with that projection.

- Mr. Montman said he is. He said it isn't revenue to the General Fund as much as it is a reduced subsidy to the Airport from the General Fund. He said it is because the Airport is starting to charge American Eagle and American Eagle passengers effective June 1<sup>st</sup> for things they previously weren't charged to this point. The Airport will also begin to charge for the ground support equipment purchased at \$250,000, and only \$27,000 went to the Airline, and he got the rest of the equipment. He will begin to lease the equipment back to the Airline. He said the equipment was delivered over six months, and the agreement is for one year free use, he will be drafting an amendment to the Lease Agreement indicating when the Airport starts charging.

Mr. Montman said nothing has changed, noting the previous budget isn't listed. The actual expenditures are there, but those don't match to the City Manager's approval last year. He said the Division Directors will bring any differences to the Committee's attention.

- Mr. Montman said his budget at the Airport is 82.7% out of his control, which has to do with firefighter costs which are more than his staff costs, and other charges which the City takes from the fund to operate. He said when you take 82.7% of a \$1.4 million budget, there isn't much to budget for gasoline for vehicles and do other things.
- Mr. Montman said he wants to be clear that there are two new vehicles in the budget. He said he is driving a 1994 Bronco, which is the newest vehicle on the Airport. He said Airport support vehicles were needed. He said the number was cut to \$62,000, and believes he can purchase the two vehicles for that price.

Chair Ortiz said asked Mr. Montman the line item showing that increase.

- Mr. Montman said it is on page 153 [Exhibit "4"], Business Unit 52800-570950. He said the \$67,500 was reduced to \$62,000 because the vehicle was downsized to reduce the cost. He said the BARs are changed at mid-year, so you need to look at the first numbers. Mr. Romero said he will consider adding another column to the detail.
- Councilor Bushee said she understands Mr. Montman will be taking on more work.

Mr. Romero said Mr. Montman has agreed to assume the additional duties without additional compensation or staff.

- Chair Ortiz said at some point the Committee needs to make a recommendation on the proposed reorganization for this Department which is in the packet and has been presented to the City Manager.

Mr. Romero noted the proposed Reorganization Chart is on page 23 of Exhibit "1."

- Councilor Bushee asked while each Department is here if the Committee will discuss each department and how its being rearranged.

Mr. Romero said the only difference is that Jon Bulthuis and Bill Hon will now answer to Jim Montman, who will pass the answer to him.

- Mr. Montman said he will now answer to Robert Romero or to the Governing Body if there is a major issue. He said the additional work will be primarily personnel, noting there is a good staff in both Parking and Transit.
- Responding to Councilor Romero, Mr. Montman said business unit 51800-490550 US-DOT, on page 151 [Exhibit "4"], is a line item used for federal grants when we want to put them in the budget.
- Councilor Romero said the Committee has discussed 5-year budgeting, and asked when there are one-time grants, if Montman is looking to plug in grants for the five years.

Mr. Montman said five-year budgeting can be done, noting the Airport gets \$1 million annually if it has 10,000 passenger enplanements, if not it gets \$150,000.

- Mr. Romero said on page 7 [Exhibit "4"], the total last year was \$218 million which sometimes goes up to \$280 million, depending on the projects and grants. However, the base is salaries, operating and such.

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Romero to approve the Airport Division budget as recommended by the City Manager.

**VOTE:** The motion was approved on a voice vote with Councilors Bushee, Wurzbarger and Romero voting in favor of the motion, no one voting against, and Councilor Dominguez absent for the vote.

## **B. PUBLIC UTILITIES DEPARTMENT – page125 [exhibit "4"]**

Chair Ortiz said the reorganization for the Public Utilities Department was approved previously.

Brian Snyder, Department Director, said he worked to keep the budgets flat. He said they looked at each division separately, and looked at the way we do business, the way we spend and such. He said over the past year 15% in cuts were made, and all of the divisions had considered rate increases.

Mr. Snyder said there was a reduction in the Water Division of about \$50,000. He said he recommended combining the Water Conservation and Water Resources into one business unit, and made that a section in the Water Division, and there is a small increase there. He said there was an increase in the Transmission and Distribution business unit, because of the recommendation from the restructuring group to purchase a water recycle unit, and they currently are entering a pilot program for that unit before moving forward with the purchase of that unit at an additional \$350,000.

Mr. Snyder noted several business units were combined into four units within the Solid Waste Division budget – administration, maintenance, commercial and residential. He said overall there is an increase because of two factors: installation of a groundwater monitoring well at the closed landfill which was required by NMED, and secondly the purchase of two vehicles in preparation for the annexation, and there is a one-year lead time so they will be available in the next fiscal, assuming we move forward with annexation as currently laid-out.

Mr. Snyder said there were similar approaches to budgeting in the Wastewater Division as was done in the Water and Solid Waste Divisions. He said the budget is largely flat, but there are several increases: additional chemical costs because of new processes at the Wastewater Treatment Plant, additional sampling as required by our permits, additional laboratory fees and sampling fees, and replacement for several outdated pieces of equipment which had become too expensive to maintain, so there is a request to replace those, as well as two pump stations lack redundancy and it is of concern to Bryan Romero. He said lastly the old, standby vehicles – the camera van which is outdated and often causes trouble in the standby period, noting he is requesting an inventory item to replace that vehicle.

Mr. Snyder said they looked at consolidating contracts, specifically in Water and Wastewater because of the similarities in what we do. He said 5 contracts have been identified which he hopes to consolidate and to realize savings – lab work, heavy equipment repair, chemical purchases for treatment process, on-call high voltage electricians and paving.

#### **1) WATER – page 132 [exhibit “4”]**

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

- Chair Ortiz noted the Water Division really whittled-down during the Peer Review process at a time in which the Peer Review process didn’t really require it, but it is an enterprise fund and staff took on that task. He noted on page 136 [Exhibit “4”], in the Water Division budget, three contracts were increased by 200-300% over last year, and asked if that is due to primarily to the BDD.

Mr. Snyder said the increases, FY 2008-2009 and 2009-2010, are largely in getting out of the Jicarilla Apache Nation contract. He said the last payment will be made out of that contract in the next fiscal year.

Chair Ortiz said then that is charged to professional contracts, and Mr. Snyder said this is correct.

- Chair Ortiz asked the reason for an increase in grants and services from \$1.8 to \$3 million, noting in 2008-2009 it was \$2.3 million.

Mr. Snyder said it is largely the Water Division’s contribution to billing. Ms. Raveling said it is the billing for the billing software, collections and Peter Ortega’s salary.

- Chair Ortiz asked about the increase in legal services from \$90,000 to \$300,000, noting he thought the City approved funding two lawyers, and asked if this is in addition to the two lawyers.

Mr. Snyder said two lawyers and one paralegal are funded from the Water line item. He said all legal contracts were consolidated which currently are under the Legal business unit to bring all contracts related to water which were separated into legal contracts and professional contracts.

Mr. Romero said in previous years, the water funds were moved to Legal from the Water Company, so now those contracts will stay in Water.

Chair Ortiz said then we will pay the salaries and benefits for employees in the City Attorney's office.

Mr. Romero said there are contract attorneys in addition to those.

Mr. Snyder said this is correct, and believes expenditures in 2008-2009 were in the range of \$300,000, noting he doesn't recall increasing that line item a lot, but he will look into this.

- Councilor Dominguez asked if the 5 contracts proposed to be consolidated are included in this list, or removed in anticipation of consolidation. Mr. Snyder said they are included on the list.
- Councilor Dominguez asked him to identify those contracts, noting there are two new contracts..

Mr. Snyder said those are on pages 6 and 7 [Exhibit "3"] under Wastewater Management: Heavy Equipment Repairs, EPA Mandated Pollutant Analysis which is lab fees at \$59,700, the last two Lab Analysis line items on Page 7, and under Water Division, Electrical Services line item High/Low Voltage Electrical Services and under Regulatory Compliance for Lab Analysis is the MIOX Chemical Services.

- Councilor Dominguez asked if this change is reflected in the proposed budget.

Mr. Snyder said it is reflected in the proposed budget, and Wastewater will pay for its portion, but there will be a cost break.

- Councilor Bushee asked how long it will take to pay the JAN Water Lease. Mr. Snyder said the last payment will be in FY 2011/2012.

Councilor Bushee said then, conceivably at that point, the payback from Water to the General Fund could be increased.

Mr. Snyder said that already was considered in the Finance Plan, and the payment will not be included after 2011/2012.



- Councilor Bushee asked if any of the legal services contracts is for the BDD or anything like that, and Mr. Snyder said no.

- Councilor Bushee said, "And we've already decided that it had to be on top of the two lawyers."

Chair Ortiz said it already is, noting they get to \$297,000 with the first 5 line items under the Water Division, plus \$30,000 for the lobbyist.

- Councilor Bushee said, "You have to split the lobbyist cost, so we are paying \$60,000 for our lobbyist overall, and there's no money in sight really. Robert. There was no consideration to reducing our lobbyist services. I mean he didn't make any recommendations on that, given that we can't really, probably get any money for the next..."

Mr. Romero said he didn't consider that, but it is something we could consider.

Councilor Bushee said, "So, I'd like to throw that in the mix."

- Councilor Bushee asked the balance in the Santa Fe River Fund, and what has been generated into that fund.

Maya Martinez said it roughly is \$50,000, including the match by the Water Division, and she will have to get back to her with the balance in the fund.

- Councilor Bushee said there is an automatic cost of \$20,000 annually for the River Fund, and we've generated overall about \$25,000, which doesn't sound like a winning combination. Mr. Snyder said he understands this is in the ballpark.

Councilor Bushee wants to take a deeper look at what we're doing there.

- Councilor Bushee asked if Public Communications is related to that [River Fund?]. Mr. Snyder said he will have to get back with her on that.

- Councilor Bushee asked about the SF River Management Plan/Long-Term Water Planning at \$155,000, and if this is the Jemez de Sangre.

Mr. Snyder said that is to develop a Santa Fe River Management Plan, which is a one time expenditure for developing the Management Plan as set out in 40-year plan.

Councilor Bushee asked about grants or other funding available to offset the cost, and Mr. Snyder said he has not been able to find additional funds.

- Councilor Bushee asked if the Council voted on doing the SF River Management Plan, and Mr. Snyder said he doesn't know.

Councilor Bushee would like to look at whether or not to do the Plan.

- Councilor Romero said there is a Watershed Plan and a spill-over into other grants. She said the CFRP paid for the Watershed Plan.

Mr. Snyder understands the Watershed Plan is funded by a \$1.5 million grant over 5 years. He said it is in combination with that and the 40-year plan done years ago. He said in that Plan we identified how we will be allocating water to the River, and this Management Plan would develop a plan for doing that.

- Councilor Bushee asked if this is mandated in the 40-year plan. Mr. Snyder said it is identified in the 40-year plan. He said once BDD goes on line, we will allocate up to 1,000 afy to the River, and this Plan will identify how we go about doing that and develop a plan for working with the various interest groups along the River.

- Councilor Bushee said that is a policy, and wants to look at that expenditure at this time.

- Councilor Romero asked staff about the lobbyist, and because it is one lump sum, it is not all about lobbying to the State Legislature, commenting since there are less dollars, there should be less lobbying. She said this category also funds looking at regulations that impact the departments.

Mr. Romero said, with regard to the lobbying effort, one area where we still have been successful is getting money from the Water Trust Board.

Councilor Bushee wants to look at a proportional relationship to what services are needed in these times.

Councilor Romero said it seems as if this is for the grantwriter, and this isn't the time to reduce our grantwriting capabilities.

- Mr. Romero said, with regard to lobbying in general, the City has barely lost anything, and it is something he nor staff can do because the lobbyist has such a close connection with what is happening at the Legislature. He said we can look at reducing the cost, but he believes the lobbyist is important because he has generated \$30-\$40 million since 2004, and we wouldn't have done this without the lobbyist.

Councilor Bushee said it isn't personal, and the lobbyist does a fabulous job, but believes perhaps the services could be cut proportionately, reiterating there won't be money to lobby for during the session. She understands the policies and the Water Trust Fund. She said we grew this account when times were "fat."

Mr. Romero said he will evaluate the contract, but he feels it is a very important effort.

**MOTION:** Councilor Romero moved, seconded by Councilor Wurzbarger, to approve the Water Division Budget with follow-up as noted by other Councilors.

**CLARIFICATION:** Councilor Wurzbarger would like clarification of what contracts for planning are in place, that we might want to look "this \$155,000," so we have a clear understanding of what we're getting for a Plan at a time when there may not be any resources.

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

Chair Ortiz reminded the Committee if there is a line item you would like moved from one line item to another, or decrease, or add, we have that ability because we have the line items here.

## **2) WASTEWATER – page 143-150 [Exhibit "4"]**

Bryan Romero said he has submitted a flat budget except for the plant, which was due to the cost of chemicals and laboratories. He said we just received a new permit from EPA on a proposed permit, and he is working with them on frequencies of sampling as well as what we're sampling for. So, the monitoring requirements are unknown at this time, and those could go down or up. He said he is sending a response letter to the EPA relative to that, but he wants to anticipate those costs in the budget. He said issues come up with the type of sampling we do, such as clean water sampling, techniques, products we have to use to sample, so there is an increase at the Lab level. He said in line item 52455 Collection Section, there is a request for two replacement vehicles. One is a vactor truck which is used to clean the sewer lines and a major piece of equipment. The other is a truck to replace a van which used for standby and during the work day we need a truck, noting it was an old Astro van.

Mr. Bryan Romero said the Engineering/IP/Compost section stayed the same. They consolidated the plant in line item 52452 and moved money around in it so there is more compliance with procurement, and we don't do as many BARs, noting Robert Rodarte advised doing this. He said utilities were "all over the place" within the sections, and that was moved under the plant for the most part, with exception of the collection which uses water in the vactor trucks and they purchase it by the meter and they need that water to clean the sewer, noting \$10,000 is allocated for that.

Mr. Bryan Romero said there was a 34% increase, effective January 2010, and they are looking at the revenues generated which, hopefully, are per Mr. Mumm's projections. He said revenues were down somewhat, but the revenue from the last 3 months of the FY isn't included. He said the 34% increase is in the last 6 months of the year, so he hopes that is okay. He said he requested in Jason's plan to purchase a vactor truck to do \$1.5 million in replacement of sewer lines annually. He needs to be sure those funds are forthcoming so we don't overspend, and capitalize things we just can't afford at this point. He wants to wait to see how those funds come in before spending money, noting it would be necessary to bond to make up the difference and he doesn't want that to happen. He said all of those projects would be in-house, so there would be no outside engineering costs. He said the Division continues to do more in-house, and will go outside to procure services that can't be done internally, such as electrical work things out of our expertise.

Mr. Bryan Romero said there will be an increased cost for electricity, and during the next year he will be looking at ways to reduce these costs. He said a major issue is that he has to add air to the treatment process and we can't do it whenever we want and it has to be done timely, and he can't do it when rates are the cheapest. He said with the new permit, there are compliance issues in terms of how and when they sample. He said it is a balancing act at the Wastewater Treatment Plant – either adding air or not adding air, which is done with ammonium nitrates, and they are asking for more frequent testing. He doesn't know how that will impact the electricity costs.

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

Councilor Bushee noted there was a considerable reduction in gas costs.

Mr. Bryan Romero said there have been mislabeled accounts where we were paying another department, and they are cleaning this up. He said they will be using some of the methane gas received from the digester, but that isn't reflected in these line items. He hopes there will be a reduction there as well. He has been working with Mr. Schiavo on the solar panels which should help with electrical costs.

**MOTION:** Councilor Romero moved, seconded by Councilor Wurzbarger, to approve the Wastewater Division Budget as submitted by the City Manager.

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

### **3) SOLID WASTE – 125 [Exhibit “4”]**

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

- Chair Ortiz said this has been heard by the Public Utilities Committee. He believes that the proposed increase is reflected in the budget.

Regina Wheeler said it is, but it is reflected at 4.2%, so this will have to be updated with the final rate increase decision which is now 3.1%.

Chair Ortiz said then the numbers on page 125 reflect the rate increase at 4.2% which has been modified by Public Utilities to 3.1%.

Ms. Wheeler said it was modified based on the assumptions of the modeling of the new players and with the assumption that we will do phase 2 annexation, if not, the rate increase will be higher.

- Councilor Bushee said she understands an increase would not be necessary if SWMA were accepting outside waste.

Ms. Wheeler said the Public Utility packet has information that if outside waste were to be accepted, SWMA might not need to raise its rates.

- Councilor Bushee asked if that would mean the City wouldn't have to raise its rates, and Ms. Wheeler said this is correct, and rate increase just covers the SWMA increase.
- Councilor Bushee asked if accepting outside waste is up for consideration.

Councilor Romero said, "I guess the question is, what are the considerations for not increasing tipping fees at SWMA. What we are doing right now is reviewing the modeling. The modeling is accurate. We are reaffirming the modeling that has been done by Randall Kippenbrock with affirmation of that, because I think there was questions about the modeling that Jason Mumm will affirm those. And yes, we are looking at looking how to reduce the fees by bringing in waste from outside of the region which would include Los Alamos and North Central Solid Waste. So, those are consideration, but I would hesitate to say that we're not going to raise rates. We're looking at those, and certainly receiving outside waste will be a consideration for keeping things flat. And, the budget is flat from last year. But increased costs from EPA and regulations, which we've heard from other departments has increased the cost, so we're still looking at that."

- Councilor Bushee noted there is no hazardous household waste in the budget. Ms. Wheeler said there is not, and the SWMA budget is part of the budget packet today, which includes the construction of a permanent facility and the operation of a regular weekly collection.
- Chair Ortiz thanked Ms. Wheeler for the proposed budget from SWMA and the requested information. He said Councilor Romero said the recommended increase from \$32.50 per ton to \$37.50 per ton, is due to the increase in regulatory requirements or mandates coming from outside entities that caused an increase in SWMA's operational budget.

Councilor Romero said that is one part. There also are increased costs to blast and remove the debris to create the cells, noting it is a difficult site. She said there is an increased cost on the methane, noting they don't get enough methane to reuse it. She said there increase in the facility operational costs.

Councilor Bushee said the question about methane was to the Water Division.

Councilor Romero understands, but there isn't enough methane produced to create a revenue stream.

- Councilor Bushee asked about the SWM budget for financial audit, and asked if the City participates in that, or does the City pay for all of it. Ms. Wheeler said SWMA pays for its own audit.

Councilor Bushee asked why this is in the professional services contracts on page 8 [Exhibit "3"] for Solid Waste Management. Ms. Wheeler said this is for the City's audit.

- Councilor Bushee asked where the Hazardous Waste Facility is included. Mr. Snyder said the SWMA budget is on page 109 [Exhibit "4"]
- Councilor Bushee has heard a lot of constituent concern about stopping the collection of Household Hazardous Waste. She said she has talked with Ms. Wheeler about the difficulty in running a "great giant big" facility. She wants to get to offering the service at the lowest cost possible, and not necessarily building something we might not be able to support.

Ms. Wheeler said \$650,000 is budgeted for the capital improvement for that facility. She said SWMA puts funds into reserves for capital investments, and that \$650,000 is not coming out of next year's budget.

Councilor Bushee understands, but it has to be operated in the future, and she is concerned about increasing fees to operate the facility.

Ms. Wheeler said operating costs are almost the same as an annual event.

- Councilor Bushee said she understood Ms. Wheeler managed one of the only hazardous household waste facilities in the state and it was a big pain.

Ms. Wheeler said it is a challenge, and there is a lot to learn. She and Randall spoke yesterday about some of the recommendations she would make about startup and training, and suggested going to Los Alamos to look at its facility and talk about the challenges. She said it isn't up to her, and is unsure this is the correct forum to decide SWMA's plans.

- Councilor Bushee said she just wants to control future costs. SWMA is an entity which deals primarily with City rates. It is surprising that the operation of such a facility would be the same as a one-day collection, noting it is necessary to dispose of the waste.
- Councilor Romero said Mr. Kippenbrock has been attending Committee regularly to discuss the purview of SWMA which is through a JPA. She said the Public Utilities Committee has not heard the full presentation from Randall which is on its Agenda tomorrow. She said Councilor Bushee can ask specific questions and Mr. Kippenbrock will bring the answer to that meeting. She said we can give directions to Mr. Kippenbrock to answer questions he can better answer, specifically around household hazardous waste. She said there will be a presentation on the costs and benefits to the community. She respectfully suggests these questions could be better answered by Mr. Kippenbrock.

Councilor Bushee said she is just talking about finances and trying to find a way to avoid another rate increase while we're talking about raising taxes.

- Chair Ortiz said Councilor Bushee said she is willing to consider to consider an increase in taxes.

Councilor Bushee said she is not willing to consider tax increases, and wants to see the numbers on property tax first.

Chair Ortiz recommended that the Committee take no action on Solid Waste Division budget until we hear the presentation tomorrow at PUC by SWMA, and we can ask questions. He said it is clear that our tipping rates are staying the same and the County is taking a cut. He said the other, commercial, is taking a huge hit. He said the City is burdened with more than its share. However, we can ask Mr. Kippenbrock and the Solid Waste Division of the City these questions tomorrow at PUC. He said the City Solid Waste Division budget and rate increase is wholly condition on a decision to allow out-of-County waste at SWMA and/or increasing our rates to pay for the fee increase.

Chair Ortiz said this Committee will take no action on the Solid Waste Division budget at this time, and requested that Ms. Wheeler come back next week when we will have some of these items fleshed out on Solid Waste.

Responding to Chair Ortiz, Councilor Bushee said she verified with the City Clerk that she served on the Finance Committee from 1994 to 2002, which is ½ of her tenure on the Council.

Chair Ortiz said he has served on the Finance Committee for 11 years.

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Romero, to approve the portion of the Public Utility Department budget only as listed on pages 124-125 of Exhibit "4," as recommended by the City Manager.

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

*Councilor Romero departed the meeting at this time*

### **C. SANTA FE COMMUNITY CONVENTION CENTER – page 38 [Exhibit "4"]**

Keith Toler said the Lodger's Tax is down, and he tried to keep the budget with the Lodger's Tax revenues with no subsidy from the General Fund.

Mr. Toler said within the budget there are three different areas – the CVB budget, the Convention Center Budget, and a \$200,000 recommendation for the 400<sup>th</sup> Anniversary Celebration which they do not control, but which comes from the Lodger's Tax area.

Mr. Toler said the CVB budget, the sales and marketing arm for the City, is \$2.3 million, which is \$500,000 less than in 2008-2009. He said the budget for the coming year is \$2.2 million, leaving a balance of \$80,000. He said the major cuts are: \$8,000 professional contracts, \$7,000 in general liability assessment, \$1,000 in-state travel, \$12,000 out-of-state travel, \$214,000 advertising, \$14,000 familiarization tours and items. He said the only increase will be in OTAB funding which last year was at a 15% cut. He said OTAB has been restored from the \$59,000 to the usual \$70,000 for the OTAB Board.

Mr. Toler said there is \$1.5 million budgeted in operations for the Community Convention Center.

Mr. Toler said to address concerns about the Convention Center, they looked at 7 different convention centers in the southwest and in California, to compare their pricing and structure with ours. It was determined that the ballroom rental cost is "right on target." He said we are really overshooting in the meeting rooms.

Mr. Toler said the price of the meeting rooms has been reduced, and the meeting room rental downstairs for a local is now \$250 instead of \$350. The rental for the rooms upstairs is \$100. Mr. Toler said there is a 30% discount to the rate if they are using it for only a ½ day room.

Mr. Toler said weekends are prime time to rent the ballroom, and to encourage people to use the ballroom during mid-week, Monday-Thursday, there is a 20% discount on the ballroom rate, day or night.

Mr. Toler said he met with Legal and Risk Management because insurance has been an issue. He said Barb Boltrek is looking at ways to waive the \$2 million insurance for just meeting groups, because of the additional expense. He also is looking at other laws which impede their ability to provide good customer service. For example, how they handle business licenses for groups which have trade shows, and how we handle the silent auctions for the non-profits.

Mr. Toler said these things will come back to the Governing Body for a final decision once legal has looked at those.

Mr. Toler also is working with Economic Development to streamline the business licensing process.

Mr. Toler said the policies and procedures have been completely rewritten and organized to make them more simple to understand, and to divide the policies and procedures by event. For example, if someone is having a meeting doesn't need to know requirements for trade shows.

Mr. Toler said the estimated revenue for the Convention Center for 2010/2011 is \$420,000, which is the same as last year, and with reduced rates it is hoped the difference will be made up in volume.

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

- Chair Ortiz said, regarding the City Manager's breakdown of the uses of the resources in this FY, page 7 [Exhibit "1"] it indicates \$490,000 in fees/charges/interest/miscellaneous, and he assumes this is the amount for this year.

Mr. Toler said that combines the two budgets – \$419,000 revenue generated for the Convention Center, and the balance was revenue generated by the CVB – \$50,000 from the Visitor's Guide and from the sales and cooperative programs they do.



- Responding to Chair Ortiz, Mr. Toler said the amounts page 38 [Exhibit "4"] there is \$500 for film permitting, \$10,000 which is to leverage public/private partnerships when hotels attend trade shows with us, \$50,000 which is paid to us to issue the contract for a private company to produce the Visitor's Guide. He said it wasn't thought there would be much of a grant from Tourism this year, because their budget has been cut, so there is no budget for the grant we normally receive.

Mr. Toler said the budget for the Convention Center is on page 40 [Exhibit "4"] for \$420,000.

- Chair Ortiz asked Mr. Toler if he is confident he will receive the \$420,000.

Mr. Toler said when they did the annual report for 2009, which was a calendar year, that amount was \$419,000 which included rental, catering fees, equipment fees and another category.

- Chair Ortiz asked the difference between line item 439650 Facility Rentals at \$231,097, and the new line item 460350, and asked why there are two different line items.

Mr. Toler said when the budget was developed last year, all of the different fees were broken out by category, and that was just the rent on the building. This year he put it all into a facilities line item which covers everything.

- Chair Ortiz said then the Facilities line item will encompass or take over all of the other line items that go before it. Mr. Toler said this is correct.

- Chair Ortiz asked if the contracts listed on page 2 [Exhibit "3"] are incorporated into the budget. Mr. Toler said yes.

- Chair Ortiz noted the Lodger's Tax is down, and there is an increment which is dedicated to pay the Convention Center debt, and asked what amount of the fund balance/reserve will be needed this year to cover the shortfall, and where does that leave us for next year.

Ms. Raveling said she doesn't have the actual amount, noting the Lodger's Tax is significantly short. She said in reviewing the budget, there were other Lodger's Tax moneys on the [inaudible] side of it, and some of those funds were moved to cover operations for the proposed budget.

- Councilor Bushee referenced page 42 [Exhibit "4"], which shows Services of Other Departments more than doubled, which she doesn't understand.

Ms. Raveling said the \$61,000 for just for a partial year, and the \$151,000 would be the actual from now on.

- Councilor Bushee referenced page 40 [Exhibit "4"] noting Professional Contracts increased from \$292,704 to \$814,972, and asked what contracts are covered. Mr. Toler said it is for the 400<sup>th</sup> Anniversary Celebration.

- Councilor Bushee asked what will be covered by those funds.

Mr. Romero said it will cover the remainder of the events for this year, noting they won't be bringing in much more additional funds.

- Responding to Councilor Bushee, Mr. Toler said the advertising budget is down to \$214,000 which is the total advertising budget. He said the \$800,000 had to be cut because of the Lodger's Tax revenue being down, which was the only place where he could cut that much.

Mr. Romero said if we were to spend that much, we could go further into fund balance if that is the Committee's direction.

- Councilor Bushee wants to be sure we are still targeting the appropriate markets.

Mr. Toler said when the economy took a downturn the marketing strategy was to stop trying to advertise nationally, and focused on campaigns in Denver and Dallas, primarily because the budget would not allow them to do much more and achieve any kind of frequency. He is looking in the future to shift the advertising dollars to an on-line advertising campaign, and putting more money into the PR contract so we are generating more earned media as opposed to paid advertising. He said it is still necessary to have some print advertising.

- Councilor Bushee asked Mr. Toler if he feels the bookings are keeping up.

Mr. Toler said yes and he is seeing a turn in the meetings travel and we are getting more inquiries. He said one problem is that hotels are unable to give us room blocks, and if they are, they can't give us the room blocks at the rates the meeting planner wants. He spoke about the Adventure Travel Trade Association who is seeking a rate of \$145 per night for a peak week in October 2011, and he is having difficulty doing that. That group is looking at Cerrillos Road properties and provide transportation to downtown.

Councilor Bushee asked if this is because the downtown hotels are fully booked. Mr. Toler said he hopes this is the case, noting the Eldorado couldn't give us the rooms because they already had an in-house group, although they offered 25 rooms at \$245 per night. He hopes this is a good sign.

- Regarding permit fees, Santa Fe is way under what other cities are charging, and he is reevaluating that, and will be meeting with Romero after the budget to talk about what we want to do where film is concerned. He is proposing to waive all fees for student films, and a maximum of \$500 for film crews. He said we don't have the staff or expertise in-house to be able to handle all the demands for film locations we get.
- Councilor Bushee said the Convention Center was built for conventions, to have people come here and to serve the local community.

- Councilor Wurzbarger believes this is an area where we are cutting ourselves unnecessarily in ways that will hurt us. She said now is the time to take advantage of more marketing, rather than cutting \$200,000. She asked Mr. Toler to address the opportunities in the travel market in China right now.

Mr. Toler briefed the Committee on the idea of a film tour from China, noting that 36% of outbound travelers from China are to the United States. He said Melbourne, Australia invested \$496 million in the Chinese market to bring visitors to Melbourne. He believes we can work with Los Angeles, San Francisco and west coast cities to bring the Chinese to New Mexico as part of a package tour. He said the Familiarization Tour line item which would be used for this purpose, was cut by \$14,000.

- Councilor Wurzbarger would like to find the \$14,000, because it would provide a large impact for a very low cost.
- Councilor Wurzbarger asked about the vacancies during the week, saying she appreciates what Mr. Toler is doing to encourage local use of the Convention Center.

Mr. Toler said his concern is about paying full staff costs and overtime for only a day or a ½ day. He said locals are getting a 40% discount off the top, and another 30% for only a ½ day, with a 20% reduction for use of the ballroom.

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Dominguez, to approve the budget for the Civic Center and Visitors Bureau as recommended by the City Manager, with direction to look for additional resources for advertising and marketing, and to follow up with the Committee regarding the reserves.

**DISCUSSION:** Councilor Wurzbarger said she would like Mr. Toler to come back next Tuesday with some additional ideas if we are able to find funds in other areas, but she is uncomfortable with “where it is.”

**VOTE:** The motion was approved unanimously.

## 7. ADJOURNMENT

Chair Ortiz said next Tuesday we will be doing more Departments, and then get back to the discussion of the follow-up items we asked the City manager to bring as a part of his recommendations.

The meeting was adjourned at 2:45 pm.

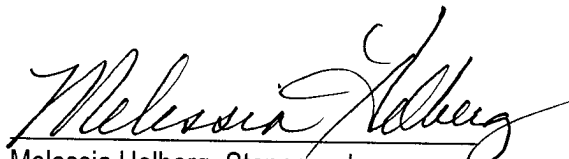
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Matthew E. Ortiz, Chair

Reviewed by:

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Kathryn R. Raveling, Acting Director  
Department of Finance



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Melessia Helberg, Stenographer