



Agenda

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**SPECIAL FINANCE COMMITTEE STUDY SESSION
FY 2012/2013 OPERATING BUDGET REVIEW
CITY COUNCIL CHAMBERS
APRIL 30, 2012 – 9:00 AM – 4:30 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. QUESTIONS AND CLARIFICATION
5. CONTINUATION OF FISCAL YEAR 2012/2013 OPERATING BUDGET REVIEW:
 - A. DEPARTMENT REVIEWS:

9:00 a.m. to 10:00 a.m.	Transportation (Airport, Parking, Transit)
10:00 a.m. to 11:00 a.m.	Police
<ul style="list-style-type: none">• Request for Approval of a Resolution Directing That the 2012/2013 Fiscal Year Budget Include: Salary Incentives for Commissioned Police Personnel who Reside within the Corporate Limits of the City of Santa Fe and a Program for Commissioned Police Personnel to Reside on City Property; and Implementing a Mileage Distance of 15 Miles for New Commissioned Police Personnel to take Home Police Vehicles (Councilors Dimas, Bushee, Calvert, Trujillo and Wurzbarger) (Melissa Byers) (Police Chief Raymond Rael and Dr. Melville Morgan)• General Budget	
11:00 a.m. to 12:00 a.m.	Fire
1:30 p.m. to 4:30 p.m.	Public Works <ol style="list-style-type: none">1. Streets2. Facilities3. Roadways4. Traffic5. Recreation6. Parks



Agenda

B. DISCUSSION:

- Health Insurance
- Annexation
- CVB
- GAP
- Wrap-Up

6. REQUEST FOR APPROVAL OF CITY MANAGER'S RECOMMENDED OPERATING BUDGET FOR FISCAL YEAR 2012/2013 (ROBERT ROMERO AND DR. MELVILLE MORGAN)
7. ADJOURN

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

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SPECIAL SANTA FÉ FINANCE COMMITTEE
April 30, 2012**

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MINUTES OF THE
CITY OF SANTA FÉ
FINANCE COMMITTEE
MONDAY, APRIL 30, 2012

1. CALL TO ORDER

A special meeting of the City of Santa Fé Finance Committee was called to order by Councilor Calvert on April 30, 2012 at approximately 9:00 a.m. in the City Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fé New Mexico.

2. ROLL CALL

Roll Call indicated the presence of a quorum as follows:

MEMBERS PRESENT:

Councilor Carmichael A. Dominguez, Chair [arriving later]
Councilor Christopher Calvert
Councilor Bill Dimas
Councilor Peter N. Ives

MEMBERS ABSENT:

Councilor Patti J. Bushee

STAFF PRESENT:

Dr. Melville L. Morgan, Director, Finance Department
Ms. Yolanda Green, Finance Division Staff
Mr. Robert Romero, City Manager

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

3. APPROVAL OF AGENDA

Councilor Dimas moved to approve the agenda as presented. Councilor Ives seconded the

motion.

Councilor Calvert asked to move item 4 and section 5B to this evening's meeting.

Mr. Romero agreed that it was Chair Dominguez's intention to talk about 5-B last but his intention was to go through the flat budget and all of it would be flat except the police issue so the Committee could approval all but that part.

Councilor Calvert felt they should wait until he arrived before discussing them.

The agenda as amended was approved on a unanimous voice vote. Councilor Dominguez was not present for the vote.

4. QUESTIONS AND CLARIFICATION

This section was postponed to the evening meeting.

5. CONTINUATION OF FISCAL YEAR 2012/2013 OPERATING BUDGET REVIEW

A. DEPARTMENT REVIEWS

Transportation (Airport, Parking, Transit) – 9:00 a.m. to 10:00 a.m.

Mr. Romero said the Airport budget was on page 167 in the yellow book. Jim Montman was not able to present it because he was out with surgery. The airport budget was \$1 million and half of that went to the fire fighters at the airport and the rest was for airport staff. With the revenues from jets now the budget was covered. The City received about \$1 million from the federal government to do capital and CIP was used for a match. There were not a large number of employees. CIP provided about \$200,000 per year and the airport's revenues were increasing and if they cover the match with their funds we can use CIP for something else.

Councilor Calvert said they might want a reserve fund for emergencies. He asked if CIP was for operations.

Mr. Romero said it was just for capital expenditures but it was a good point if they had a surplus. We could have the fund pay back the General Fund.

Councilor Calvert suggested at some point to consider the airport budget as an enterprise fund.

Mr. Romero said it was very close right now but not quite there yet.

Councilor Calvert thought they should have a plan for getting there. Mr. Romero agreed.

Councilor Ives referred to page 170, last line and asked if he could clarify those numbers.

Mr. Romero said in the third column, when the revenue was balanced out with expenses there was only \$56,000 at the bottom. So the City spent \$56,000 more than was collected. They covered that through their reserves. The revenues were on page 167 shown with parentheses around them. Page 182 showed their total revenues for everything. Expenses started on page 168.

Councilor Calvert said for these discussions a summary like that for some of these topics would be helpful. The Councilors didn't know what all these lines meant so a summary would help.

Mr. Romero said the pink book under tab 5 had the summaries. Until the revenues were received they didn't put them into the budget. So the summary showed the estimation based on last year's revenue.

Councilor Ives moved to approve the airport budget. Councilor Dimas seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

PARKING

Mr. Romero said it was on page 5. \$249,000 was from NCRTD for the Rail Runner. On this one, they hadn't done a lot with fees over the years.

Mr. Gurulé handed out a five year history for parking fines.

Mr. Romero noted that in 07-08 the account had a cash balance of \$2.1 million and going forward it had diminished. This fund had to pay the debt service on the Railyard garage for 2 years. Until 2011 we paid on the Railyard and since then paid on the garage at Railyard. It was lower the first two years in the payment schedule which was back loaded.

Next were some ideas for raising more revenue. They were adding cameras in all parking lots because of handling cash. These were to help it stay solvent or fees would have to be raised. A cash balance was needed to cover maintenance in the garages.

Councilor Calvert said it looked like a zero cash balance at the end of next year. Mr. Romero agreed.

Councilor Dimas asked what was in accounts receivable for parking fines. He had heard about \$6 million.

Mr. Sevastian Gurulé agreed that it was over the last ten years.

Mr. Romero said last year the City collected 12% and this year about 20%.

Mr. Gurulé explained that the Parking Division waits until \$500 was owed before putting on a boot. They were trying to not be too punitive. If they could cut the total AR in half it would help greatly. They were planning to use high use meters to accept credit cards.

Councilor Dimas asked if the City could hire a part-time judge to hear parking citations. With \$6 million sitting out there, it was a lot of money to collect. These were civil citations; not criminal so the City could use a collection agency like Pojoaque does with their travel court.

Mr. Romero said they did consider that.

Mr. Gurulé said last year the City looked into an administrative adjudication process. Right now parking citations were criminal citations and must be processed through municipal court. With a hearing officer they could process it through district court.

Judge Yalman had some suggestions. She sends out a criminal summons from the court. After 15 days from the first notice, the fine was doubled. There was not too much attention paid to a summons from the Parking Division. Then the judge acts and people pay more attention to that.

Right now \$500 aggregated fines made the vehicle eligible for boot and tow. Enforcement didn't find many vehicles that were boot eligible and the City was using the latest technology.

Councilor Dimas thought Judge Yalman might still want to bring in a part-time judge to help collect. It should more than pay for itself.

Councilor Calvert was open to hiring someone if they more than paid for their way. Also they had a resolution coming through on collections. They could use other agencies who might take a cut but 50% was better than nothing.

Mr. Gurulé said they added three court days in July to help.

The Railyard garage was not being filled so they wanted to add a business employees' monthly discount rate to get their vehicles off of surface parking. He estimated about \$85,000 extra for that.

He went through the potential revenue from the increased rates and new equipment. A meter rate increase could bring \$545,952. Credit/Debit Card payments could mean a 14% increase for \$215,335. Replacing 100 coin meter heads would cost \$74,500 and add revenue of \$25,750 so it would take 3 years to pay those off. These meters could provide text notifications to cell phones to warn of an expiring meter.

Councilor Calvert asked where the cost of replacing meters would come from.

Mr. Romero said they would have to be from a loan to be paid back.

Mr. Gurulé listed locations for new parking meters.

There were some on-line solutions listed that would allow people to purchase and renew permits on line, make citation payments and submit appeals of citations at a cost of \$44,150 and would not increase revenue.

Councilor Calvert pointed out that saving staff time meant there should be something on the revenue side.

Mr. Gurulé thought that probably would amount to about \$15-20,000 annually. These were all one-time expenses except annual support fees (\$3,650).

Mr. Romero felt once they got on-line more people would pay. They needed to look at some empirical data for that.

Councilor Calvert agreed it would make it easier to pay the fines.

Mr. Gurulé said the Parking Garage Access Revenue Control software modules available for the gate equipment would be \$140,000 total one-time cost. It would allow more efficient communication and recognize a patron that might have a large fine balance and deny access until they took care of it. It would enable better tracking of transactions, special rates for events, etc. validating of conference guest passes, and better tracking of revenue losses.

Councilor Calvert suggested a trial run at one of the facilities to determine if it was worth the cost. Mitigating losses was like revenue. He asked if these were all one-time expenses.

Mr. Gurulé agreed but it might take \$1,000 in annual fees to keep the software operational.

Councilor Calvert thought that needed to be investigated further to determine the cost/benefit. He asked if it could also flag those with huge outstanding parking tickets. Mr. Gurulé agreed.

Councilor Ives asked over what period of time the violations were.

Mr. Gurulé said it was back to 2001.

Councilor Ives said the categories didn't appear to be mutually exclusive. Mr. Gurulé agreed.

Councilor Ives asked if he had any charts how those potential revenues would play out.

Mr. Gurulé said he could figure out what was possible to collect.

Councilor Ives said if that system had penalties that were not operational; it wouldn't be a usable system. The City needed a system to collect 95% of the citations. He wanted an assessment on what was

collectible and what was not and go capture them as much as possible.

Councilor Calvert thought an aging report would be helpful. What was ten years old was likely not collectible. So an estimate of what was collectible would help with strategies.

He added that if the City wanted to go to civil collections, it might be helpful to show what that line might look like compared with these. The Committee would need more information on these before voting on the budget. It might be okay this year but needed to figure out how it would affect the future. He didn't think that had been factored into the proposal.

Mr. Romero said the employee discount at the Railyard had been but not the rest. The City could implement boot and tow at a \$250 fine level with no cost to the budget.

Councilor Calvert felt the utilization at the Railyard garage was not like the other parking garages although maybe at the convention center garage. Maybe lowering the garage rates in order to fill them up would help. The City should have lower rates at the garage compared with parking meters and could still get more revenue that way.

Mr. Romero agreed that most cities had on-street rates twice as high as garage rates.

Councilor Ives understood balancing rates for streets vs. garage. But for the person who didn't pay parking tickets it wouldn't matter. The City needed to get serious about parking ticket collections. If those were collected they might not need to raise any rates.

Councilor Calvert agreed. Until we get a better handle on tickets, it probably would only get worse. That wasn't fair to the people who were paying at the meters. The City might be able to get garage rates in line and lower them to put the system in proper perspective and still come out ahead.

Mr. Romero agreed they wanted to make it easier. He recommended doing 1, 2, 5, 6, 8 and 9 on the list as very worthwhile. He thought they could experiment with #9. He would work on it today and bring it back tonight for approval.

Councilor Dimas asked if they kept statistics for unpaid out of state fines. There must be a big number of them.

Mr. Gurulé said about 20% were out of state and 80% were from New Mexico.

Councilor Dimas suggested they might as well write off what was uncollectible.

Mr. Gurulé said they were working with the court on it now.

Councilor Calvert asked if they could some not as a criminal matter.

Councilor Dimas didn't think they could be separated that way.

Councilor Calvert thought they were probably using AR to balance the budget. Dr. Morgan agreed.

Councilor Calvert said if they were not collectable it gave a false balancing. So the sooner they got a realistic picture the better off they were.

Councilor Dimas thought changing the ordinance to make it civil rather than criminal would make it easier to collect on.

TRANSIT

Mr. Romero reviewed the revenues for transit that totaled \$8 million. He noted that in the past the feds helped the City with bus purchases.

Mr. Bulthuis said they hadn't given up on federal funding and he was coordinating with their delegation. Since they hadn't seen much in current years the City had been doing capital acquisitions through CIP. The Congress had extended the expired appropriation and without that the City would get no federal money.

Mr. Romero said if it went away the City would have to cover \$2.3 million.

Mr. Bulthuis said they got about \$1.5 million in operating funds. The rest of it was grants saved to help purchase capital.

Councilor Calvert asked if the NCRTD allocation was in there.

Mr. Bulthuis said it was not yet. They showed historical payments there under intergovernmental grants and loans. That was used as a place mark. The NCRTD would deal with that in their meeting this coming Friday. There was some fear that revenues were dropping but they have tightened their operations and were finding money to keep operating.

Councilor Calvert surmised if the allocation was a flat amount to the county then the City would have to negotiate with the county on it. If the e\Edgewood route costs more it might cost the city.

Mr. Bulthuis said there was a presentation to BCC and they recommended a flat budget but wanted to add a route down 14 to Golden. Some councilors wanted to add to the Museum Hill route also. So there would be horse trading on those and it was about \$40-50,000 on the budget. The County was working on a resolution now and bringing it here.

Councilor Calvert asked if there would it be an MOU with the County since RPA was out of the process. Mr. Bulthuis agreed.

Mr. Romero said this was found on 176ff.

Mr. Bulthuis explained that the Transit Division had four sections - fixed routes, paratransit, maintenance and also a grant funds category. Capital funds could be distributed through a formula and that would be helpful year to year with budgeting.

Councilor Calvert asked if Santa Fé Place was moving forward.

Mr. Bulthuis agreed. It was funded already and he would present a BAR to do property acquisition. The construction budget was already approved.

Councilor Calvert asked if Sheridan was on hold.

Mr. Bulthuis agreed that construction was on hold but design was funded.

Councilor Dimas moved to approve the Transit budget. Councilor Ives seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

Police – 10:00 a.m. to 11:00 a.m.

- **Request for Approval of a Resolution Directing That the 2012/2013 Fiscal Year Budget Include: Salary Incentives for Commissioned Police Personnel who Reside within the Corporate Limits of the City of Santa Fé and a Program for Commissioned Police Personnel to Reside on City Property; and Implementing a Mileage Distance of 125 Miles for New Commissioned Police Personnel to take Home Police Vehicles (Councilors Dimas, Bushee, Calvert, Trujillo and Wurzbarger) (Melissa Byers) (Police Chief Raymond Rael and Dr. Melville Morgan)**

Mr. Romero said the Police Department budget was on page 98 in the yellow book and page 5 in the pink book. It was a \$25 million budget with \$19 million from the General Fund. There were some fees to collect on citations like false alarms, forfeiture. \$76,000 was from grants and \$1.7 million was the GRT increment and \$1.2 million from property tax revenue.

There was a police fund and last year the City did dip into that fund to balance the General Fund. Some of it could be used for vehicles. That cash balance had been used for vehicles in the past.

The organization chart was on page 7.

Councilor Wurzbarger was welcomed to the meeting.

Chief Rael said they reduced the categories in the budget to eight to make it more manageable. It would remain flat and the amount should meet the department's general obligations for this year.

Mr. Romero said this year they had the reverse 911 system and software so dispatch could work with GPS and the County requested the City to help pay the annual maintenance costs for the new software - \$40,000 from Police and \$40,000 from Fire. The County took it over in 2008 and the budget stayed flat except for these new costs.

Councilor Wurzbarger said there was discussion on the impact of annexation and concern from staff and Councilor Calvert about that negotiation.

Mr. Romero said that was a separate issue. He felt they should participate in this software because it would benefit both City and County.

Councilor Calvert said it was also their foot in the door and wondered what they would ask for later. To be clear, the County now had a whole new revenue source since last year. Under the RPA the City at least had input on the joint GRT but no longer had that. That dwarfed this greatly.

Mr. Romero said they wanted to get the City to pay for half of all the O&M for the capital that we split.

Councilor Calvert thought the Committee needed all the facts on the table for the participation in this account.

Mr. Romero said the City did have to pay half of capital costs but for anything else they would have to negotiate the agreement again.

Councilor Calvert didn't think the Council would commit without renegotiation.

Councilor Ives didn't know how it was handled in the past but obviously it was a shift in the relationship with the County so taking on other matters should be in the context of that discussion.

Councilor Dimas agreed it was a good idea.

Mr. Romero added that the joint GRT was approved by the voters for RECC and the County was using it for their fire fighters. So they were trying to undo that agreement.

Councilor Calvert asked what Mr. Romero had heard about having discussions on annexation.

Mr. Romero said the discussion would be in June. They were not against waiting a little longer. That meeting in June or July would help answer those questions.

Councilor Calvert said the City needed some legal statement of their inclinations. That the schedule would have to be changed in order to approve the budget.

Mr. Romero said the County didn't make the agreed upon road improvements so he was not sure they

had to address annexation this year.

Councilor Calvert asked for comment from Mr. Zamora on it.

Councilor Wurzbarger said they needed to put in the record what was and what was not in our budget. The City needed to identify exactly what we were not going to do and then from a policy perspective we would know.

Councilor Calvert asked Mr. Zamora if the Council approved a budget that didn't include annexation, where the City would stand legally.

Mr. Zamora said annexation was the result of a settlement agreement and both parties wanted to comply with the agreement. There might need to be an extension of time- because the county had not finished their obligations and the city's desire to delay implementation. So all of them were negotiable.

He deferred on the question of not budgeting for that because he didn't know how to modify it during the year.

Mr. Romero said he had been working with staff on the annexation issues and had made contact with the County but they had not finished their commitment so there was no agreement on public safety. They hadn't fixed the roads and there was lots of work yet to do. They would discuss later on what it would cost the City.

Councilor Calvert asked if that meant beginning not with the beginning of this fiscal year but the next one. Mr. Romero agreed.

Mr. Romero noted they put the tax implications over three years. Dealing with the fire station was one issue and there were many others to talk about.

Councilor Calvert asked if that meant the City was not budgeting anything this year.

Mr. Romero said the Fire Department needed 8 staff and that would count toward annexation. The water was complicated. The City was supposed to evaluate the value of the system. They used consultants who appraised water systems. The agreement said waste water would go to the County but the City had the treatment plant. And for solid waste they had to talk about vehicles.

Mr. Zamora was comfortable with the detail he gave. Marcos Martínez from his office was memorializing all the elements and they were having monthly meetings with county legal staff to see how they would develop over time.

Councilor Ives hoped Mr. Zamora could inform the Council, perhaps in closed session, that the county's improvements were precedent for the annexation.

Mr. Romero said they were working on the resolution inventory and maybe some should be discussed in executive session.

Councilor Dimas thought the County was waiting for elections before doing that. They might have different ideas about the annexation and incorporate new commissioners into those meetings.

Mr. Romero thought newer commissioners had unfounded fears of revenue loss. We do have to honor our current agreements.

Councilor Calvert added that the County Commission didn't have as much institutional memory like what went into funding RECC.

Councilor Wurzbarger thought it would help to have conversations with Commissioner Vigil and Commissioner Stefanics on it since they had the longest tenure.

Councilor Wurzbarger asked Chief Rael, since they had an article on the plaza, if there was something new in the structure that would help with plaza enforcement.

Chief Rael said they were looking at 2 new bike officers for downtown who would cover both plaza and Railyard. It was in the budget. He also had to purchase equipment for them.

Councilor Calvert said the Mayor spoke in favor at last Council meeting to have a dedicated police presence on the plaza like we used to. He asked if the Chief's plan would be that or something close.

Chief Rael said they would have an extended bike patrol and were looking at the feasibility of full-time foot patrols. Upcoming meetings would address the funding issues. It would really help.

Councilor Calvert said for the Railyard they identified financial resources but not personnel. He asked if it was more on allocation of personnel because they were in shorter supply.

Chief Rael agreed. With increased burglaries, it was difficult to pull officers from that patrol. Once the vacancies were filled, they could then utilize them for that function.

Councilor Calvert asked if that meant not 24/7 on the plaza. Chief Rael agreed.

Mr. Romero said they would find the most critical items for police presence on the plaza. If they could supplement with security or a safety aide, they would do that.

Councilor Calvert felt it was critical now during the day on the plaza.

Councilor Wurzbarger was concerned that they were now at the beginning of tourist season and needed to do something quickly. Council talked about red shirt young people as ambassadors. She didn't think they could wait. She wanted to see a plan for this summer.

Mr. Romero said they would look for that quickly and look at options.

Councilor Dimas remembered they used to have horses on the plaza. He wondered if some retired officers might like to be back on the plaza with horses. They might even be willing to volunteer their time. With horses they could also be at the Railyard.

Chief Rael understood the liability was the issue.

Councilor Wurzburger thought they still needed to move forward for this summer.

Councilor Calvert didn't see much difference between a stagecoach going through and police patrol.

Councilor Calvert recalled when Council reactivated the false alarm ordinance they decided to bring that function in-house. He asked for the Chief's comments.

Chief Rael said it was only recently passed and he needed a little more time before saying what they would need to run it in-house.

Councilor Calvert said the contract would end in October and would need to decide by then whether to re-contract or bring it in-house so the analysis needed to begin soon.

Chief Rael agreed to do it ASAP.

Councilor Wurzburger said at this point there was no incentive in the budget to get people to live here and asked if cadets in cars would be covered today.

Councilor Dimas said it was part of the resolution that was next on the agenda.

Councilor Calvert offered the POA president time if he wanted to speak before the discussion. He didn't.

Councilor Dimas briefly explained the resolution. The intent was not originally to limit it to the city limits but within 15 miles of police headquarters. He explained the purpose of the resolution. That was one of the changes. The major change was for police personnel who lived with that 15 mile radius.

He said a 15% incentive would cost too much to fund but was a starting point. He had asked Mr. Romero to put together a \$300/month, 350/month or 400/month option.

Councilor Calvert added that it was separate from their salary.

Councilor Dimas agreed but it was added to their salary on a monthly basis.

Councilor Dimas said \$300/month for 57 officers would cost \$162,000 per year. He asked if benefits pertained.

Mr. Romero agreed that the option would not affect salary base or benefits.

The Committee took a break at 11:08 until 11:22.

Mr. Romero said among the officers, 44 were within 15 miles and 44 were outside. A \$350 monthly incentive would cost \$189,000 and a \$400 monthly incentive would cost \$216,000. The last sheet of his handout had benefits added in.

Councilor Dimas asked Nick Schiavo to outline the costs for those living outside 15 miles to figure out vehicle costs.

Mr. Schiavo prepared a spreadsheet with an officer doing 60 mile trip with gasoline and wear and tear and calculated the cost was about \$5,000.

Chief Rael used those calculations to detail what it would cost for each officer and distributed a handout for that detail. The calculation used just the mileage over the 15 mile radius.

Councilor Wurzbarger clarified that the true cost in terms of economic leakage when someone lived way from Santa Fé was greater.

Mr. Schiavo didn't have that calculation.

Councilor Wurzbarger it was about \$30,000 per employee annually. This was an incentive that should bring some people back but the City needed to do more and now was the time to do it.

Chief Rael said in his calculations the total cost for officers using vehicles outside was \$160, 867.74. That includes wear and tear based on a study conducted based on mileage and included gasoline and estimated maintenance costs.

Councilor Calvert said the economic leakage would add another increment of people on page 2 for lost spending in the community.

Councilor Wurzbarger asked to hear from POA on what would convince people to come back.

Councilor Calvert wondered how much their living expenses would increase GRT for the City. They could plug that in right now.

Councilor Wurzbarger suggested trying it and seeing if they got ten people to relocate to Santa Fé. It was not just the money but the social fabric. She understood the need to be specific but would argue for trying it and see what happens.

Councilor Calvert understood the other benefits and qualitative things but they needed to figure out the economics.

Chief Rael estimated about \$2,600 per year per officer.

Councilor Dimas said there was a survey done in 2011 that he had questions on for staff. He referred on the survey to question 26 on page 4 that showed that an overwhelming answer that an incentive would make them change their mind.

Ms. Melisa Dailey said Q 27 dealt with the incentive amounts. The average was \$407 per month and \$482 per month on the responses. This summary had the most interesting questions but the whole survey was over 40 questions so there was more information available. The additional information showed that 140 of the 126 police owned their home so she wondered if they would be able to sell their homes or if they had children in school. If they bought in 2007 they would be taking a loss.

Councilor Wurzbarger said Mike Loftin gave an amazing report that Santa Fé homes were more affordable than other places now.

Councilor Calvert said on Q 27, he assumed people gave levels to result in the average.

Ms. Dailey agreed. She couldn't say how many responded in each incentive range. She agreed to look it up.

Councilor Calvert thought they needed to know if they were going to choose an option.

Ms. Dailey agreed to that bring back this afternoon.

Councilor Ives said they just needed to know where the trigger point was.

Ms. Dailey agreed to provide the median.

Councilor Dimas noted that they obviously wouldn't get the officers back over night but the attempt in hiring was to require them to live within the 15 mile range. Eventually everyone would live within the 15 mile radius. If they could get 10-12 back it would help.

Councilor Calvert said they were looking at \$320,000 to \$470,000 for this year and the \$160,000 on page 2 would continue but it was not something they would recover.

Councilor Dimas asked for POA president Adam Gallegos for input.

Mr. Gallegos said the officers needed to live in the community because they do a lot of community things. If the decision was made today they might not get many officers moving back but would surely keep

the officers who were here now. People were already gone and spouses had jobs and children were in school but this was for the future to have police with more buy-in because they lived in the community they protected. We have a lot of dedicated officers who didn't live here but they had more pride in their work if they lived here.

Councilor Calvert asked if there was any other aspect of the budget he might want to comment on.

Mr. Gallegos said they reached a tentative agreement and, compared with the recruitment brochure, everything was cut in half. The Council would have to add something else to that brochure. All the current incentives were taking a hit in the recruitment brochures. They had to offer something more for people to stay here.

Councilor Wurzbarger asked if a bonus for signing would help.

Mr. Gallegos thought it might but not much. They did \$10,000 a few years ago and the vacancies were filled quickly.

Councilor Wurzbarger asked if rental subsidies would help. About 87% of folks said they were happy where they were.

Mr. Gallegos thought it might if they did assisted living like a mobile home in the park. That would have to have a limit of 3-5 years to transition over.

Councilor Wurzbarger asked if it would help to expand the range on the affordable housing policy for police officers.

Mr. Gallegos agreed they might make too much money and then would get a matchbox house if they did.

Councilor Wurzbarger asked if a bonus of \$15,000 to move back would that help.

Mr. Gallegos said he certainly would not say no to that.

Councilor Wurzbarger explained they set aside \$1 million for down payment assistance so the bonus was above that.

Councilor Dimas asked how many of the ten officers hired with the \$10,000 hiring bonus were still with the force.

Chief Rael was not sure because it happened before his time.

Mr. Gallegos said about half of them was probably an accurate estimate.

Councilor Dimas asked if a signing bonus had a requirement to stay a certain length of time.

Chief Rael was not sure but agreed they should have tenure requirements and not give the incentive until after probation and maybe half three years down the road.

Councilor Dimas wasn't sure he agreed with that. The reason was to keep them here. It would help them in relocating here.

Chief Rael said generally speaking an officer that stayed 4 years was likely to stay their career. The Department had several hired who didn't make it through their probation period.

Councilor Calvert agreed with the chief. Certain people were in it for the money and would find the best deal they could. He didn't want to support just coming for the bonus and leaving for another bonus somewhere else.

As part of recruiting they talked about moving up the cadet on initial hire pay to meet regular officer pay. He asked if that was included in this budget. He didn't see it in the GAP.

Chief Rael said it was not included as a formal budget item but it would be an amendment or a resolution that he recommended. It would be a 20% increase in starting pay.

Councilor Calvert noted that the City's starting pay was less than most surrounding jurisdictions.

Mr. Romero said they would have a separate line item in GAP for that.

Deputy Chief John Scherfl said on the resolution the difference would be \$14.48/hour vs. \$18.73/hour and that would be \$6,500 per officer /year.

Councilor Calvert asked how many the Police Department anticipated hiring this year and if they could fill all existing vacancies.

Mr. Romero said they had been hiring about 13 per year.

Mr. Scherfl said they had offered employment to about 13-14. Historically, it was about 60% cadets vs. 40% experienced.

Mr. Romero suggested assuming 20 new hires so that would be a \$130,000 increase.

Councilor Wurzbarger asked Mr. Gallegos if there was anything more Council could do to make the marriage stronger of Police and Affordable Housing to provide support. We were talking about 10 people. We should be able to do more.

Mr. Gallegos said there had to be an education component along with that in order to be clear with our

expectations on what was required of them in such a program. It needed to take them by the hand.

Councilor Wurzbarger wondered if they could set up one-on-one sessions with Homewise to do that.

Chief Rael said the answer was not one on one. The officers were informed of HomeWise but it was up to them to go after that information. Providing down payment assistance would be good. Officers generally didn't qualify for a lot of assistance.

Councilor Wurzbarger concluded that they did need to look at the structure for the programs. City staff could be used to provide education for them too.

Councilor Calvert said if the new hires made too much to qualify the City was in trouble. That was who Council wanted to target the most.

Chief Rael said new hires generally couldn't qualify.

Councilor Calvert asked if there was a formal process as part of recruitment to track what worked and didn't work in the past and now. They needed to start tracking that if they hadn't already.

Chief Rael said the recruiting division had done that and bonuses were helpful but the extended take home policy was the most helpful.

He added that regarding the anti-donation clause, the incentives had to have some connection to the services rendered so it was not just giving money and would be for having officers serve in their neighborhood.

Councilor Calvert pointed out that was the original purpose for the take-home vehicles policy.

Councilor Dimas agreed. It was to have that police presence in the neighborhood so he couldn't see any problem with anti-donation.

Councilor Calvert wondered if the new take home policy would affect their incentive. This incentive was tied to staying in the city but it didn't specify how the money was to be spent. It could be used to compensate for housing. That would give more flexibility. He preferred incentives not tied to one way to spend them.

Mr. Romero clarified that officers outside the 15 miles could be hired but they wouldn't have a bonus or incentive or a take home vehicle.

Councilor Calvert agreed and said it was still a recruiting issue.

Councilor Dimas said the take home incentive started in the 1980s and the initial point was to have police presence in the neighborhood. Prior to that, police drove their own vehicles to the station and picked

up a vehicle there. It started with 2 officers sharing a vehicle. It was now time to get back to that purpose. They needed far fewer vehicles then.

Chief Rael agreed but the vehicles didn't last as long since they were being driven around the clock.

Councilor Calvert said, in summing up, that they were not ready to approve this budget although they were fine with most of it. They would have to continue discussing GAP measures. They had options and one more was just added to the GAP line.

Chief Rael agreed with giving the officer a chance to live here. The only concern was the large number who now lived outside.

Councilor Calvert said they were trying not to penalize them for that but to incentivize the new people to live here. Whether the incentive worked, we would have to see what happens.

Councilor Dimas clarified that officers now in the program could still take their vehicles home - no change in that - it just affected new officers. He didn't know any other place that allowed employees to drive from Albuquerque or Rio Rancho and get a vehicle and gas to do so. They had a real advantage over the others who commuted.

Mr. Romero said there was supposed to be a 40 gallon per month limit.

Mr. Zamora said it was implied in the resolution that the funding of some incentives required staff to negotiate their implementation so if the Committee made amendments tonight it might be needed to negotiate those with the POA. The Council could put money into the budget but implementation needed to be negotiated.

Mr. Romero recalled the talked about compaction of lieutenants and officers. This number included management - all commissioned officers were in this list.

Councilor Dimas might have a problem with that.

Chief Rael said that was extremely important when supervisors made less than their staff.

Councilor Calvert asked if the Committee should start discussing Fire or take a break. He noted the Fire people had been sitting here patiently.

The Committee decided to continue.

Fire – 11:00 a.m. to 12:00 a.m.

Fire Chief Salas presented a summary of the budget. She referred to page 1 and clarified that other

than the expansion the request was kept flat. The total was \$14,730,000. \$16,635,000 was the total with grants. She went through the revenue sources and briefly discussed billing.

Councilor Calvert said on ambulance billing they tried to recoup the billing and went with a different contractor but it didn't appear much progress was achieved.

Chief Salas said they switched to a company that said they could recoup \$2 million but now said the billing for Medicare and Medicaid would take longer. They billed over \$4 million last year and collected only \$1,635,000. "The kinder, gentler Santa Fé doesn't allow them to collect."

Councilor Calvert asked Dr. Morgan if the remainder was carried as accounts receivable.

Dr. Morgan said no.

Councilor Calvert concluded that there was nothing to help like there was for parking. Dr. Morgan agreed.

Councilor Ives noticed in the chart for revenue in 2011 that the total was incorrect. Chief Salas agreed and said she would provide the correct total.

Councilor Dimas asked her what part of the ambulance billing was for indigent people.

Chief Salas didn't know but they have added a check box so in order to get those stats but right now didn't have any idea. It would take them some time to find out. They did serve a large transient population.

Councilor Ives asked what time period the AR figures encompassed.

Chief Salas said it was just for 2011.

Councilor Calvert asked what the fire fee was.

Chief Salas explained that when they went out on a fire call, they billed the insurance company. They billed for hazmat where they had to bring out special equipment.

Councilor Calvert asked what Wildland deployment was.

Chief Salas said they sent people out on deployments and later got reimbursed for the cost. After 2010 they were allowed to charge for personnel and equipment. They went to Alabama and Missouri last year.

Councilor Dimas asked how many fire fighters lived outside the city.

Chief Salas said about 100 out of 152 employees lived outside.

Councilor Dimas asked how important it was to have fire fighters living in Santa Fé.

Chief Salas said it was important - having a vehicle close by. In her neighborhood she was the local doctor and everyone in her neighborhood came to her for help. And some did coaching and little league. They eliminated take home vehicles last year for everyone. Everyone worked hard so she would like to see everyone get an incentive instead of just a few.

At a regional meeting recently, Los Alamos said all of their fire fighters lived in Santa Fé. Only the fire chief was required to live there. Albuquerque even had people who live here in Santa Fé. It was hard to pull people away from where they were established.

Councilor Calvert thought Fire didn't have a recruiting problem and asked if that had changed.

Chief Salas agreed that was still true. Last time they had 8 positions and had 260 applicants.

She went to page 2 on contracts and grants. Overall they had increased but had seen a decrease in grants and federal funding. She described the decreases that had occurred including the failure of the last bond. They would require funding from other sources. The priorities were on page 3. She requested 8 new staff positions and another ambulance out of Fire Station 7. She had a significant increase in calls - about 5%/year. They often run out of ambulances - an average of twice each day. So people calling 911 had to wait for their response.

Fire Station 3 was the busiest and Fire Station 7 and 1 were next busiest.

Pages 5-6 dealt with annexation obligations. They anticipated 14,639 calls without the usual 5% increase each year.

Page 7 was the phasing plan for annexation. County Fire Chief Sperling had not had a chance to review it or secure BCC approval.

Councilor Calvert told her the police had a settlement agreement that the County would continue for 3 more years and that was not the case with fire. He asked if that had been discussed with the county.

Chief Salas said they had an automatic mutual aid agreement. When they ran out of six ambulances last week, the county helped. They would continue to do that but had not talked about a 3 year settlement. They did discuss one year. The previous chief didn't agree for the City to move into their station but the new chief was going to allow them to move into the Agua Fria station but it would only hold 4 staff and.

Councilor Calvert asked if the estimates were the same as BBER on 5 and 6.

Mr. Romero thought so.

Chief Salas said BBER costs were first on 5 and on 6. But they were going to promote instead of have

new hires so her figures were more accurate.

Mr. Romero said the staffing with the new station would be 18 people. Chief Salas agreed.

She said the 27 FTEs were broken up in the phasing proposal for a gradual impact. 8 additional this year, 8 next year and 11 in the third year.

Page 8-11 was the justification for the new fire station proposal. Her biggest concern was that the location off 599 and South Meadows would border four other districts in the city.

In the BBER report there was concern about opening up the old station at Cerrillos and Airport. You could see how much overlap that would have. We would not be able to cover part of the Agua Fria district. Page 12 showed the MP coming up. They were going 5 years out with major renovations and lots of commercial, restaurants, gas stations and Presbyterian Hospital coming up in that area. That was about 5 years out. Five years was just down the road when it came to fire station construction.

Councilor Calvert recalled when they were considering Las Soleras they tried to exact the right fees for fire coverage there. At build out it would have significant structures and population. At that time, they thought current resources were sufficient.

Chief Salas thought they were but they needed access at Jaguar which was stalled on their construction so it seemed like a bad location. However, it would be ideal in the future when the roads were open. They also had access problems at the new Walmart and at NM School for the Deaf.

Councilor Calvert thought they might need to move up the time table for Station 8 and put conditions on the land to provide access to improve response times.

Chief Salas said their issues were not single sided. Call volume continues to increase and chances of wild land fire were increasing.

She provided the correct figure of \$2,155,256 for total revenue in 2011.

Councilor Calvert said at the beginning she said the budget was flat except for expansion but he didn't see the cost of another ambulance in it.

Mr. Romero explained it was covered in property tax or fire fund.

Chief Salas said they would purchase the ambulance in the following fiscal year.

Mr. Romero asked the Committee as they approved these to specify what to do with the RECC. They had a meeting with RECC on Thursday. They would only pay what was in the agreement.

Councilor Dimas moved that RECC obligations were only the ones in the present contract.

Councilor Ives seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

Councilor Calvert appreciated Chief Salas' work on the budget and explained they would hold off on approval until GAP was considered.

Chief Salas understood.

Councilor Ives commended the Chief on deployment, especially on wild land fire as well as her poignancy on the statistics and the impact statement that twice a day no ambulance was available.

Chief Salas agreed to put that in writing.

Councilor Dimas thought it was an excellent presentation and really clarified a lot.

Mr. Romero announced that Chair Dominguez was on the ground and on the way.

The Finance Committee recessed for lunch at 1:10 until 1:30 p.m.

The Finance Committee reconvened at 1:56 p.m.

Public Works – 1:30 p.m. to 4:30 p.m.

1. Streets

Mr. Romero said the Streets budget was on page 159.

Councilor Calvert asked Mr. Romero to start on the summary page on tab 5.

Mr. Romero said the budget was \$3 million, of which \$2.7 million came from gas tax and part of it from last year's increased fee for storm water so not much of it was out of General Fund.

Councilor Calvert didn't see that.

Mr. Romero went to page 159 and thought maybe the storm water fees went on to General Fund and then were allocated back out.

Dr. Morgan agreed. The numbers that started with 2 were impact fees and storm water funds.

Councilor Calvert asked if that was added to utility bills.

Mr. Romero agreed. They increased the fee by \$2 and added some parks because they did work in the

river and watershed. In the yellow book the revenues were on 161 in the middle. \$1.2 million was the storm water drainage and below that the road fund (gas tax) and it didn't have a total.

Dr. Morgan explained that it was not budgeted yet.

Mr. Romero said the gas tax was at the bottom of page 162 for \$550,000. Road Fund was \$855,000. So that totaled \$2.77 million. They probably used a little General Fund for administrative. The 151 was probably for street cut permits.

They had Streets listed on the GAP sheet. They got hit hard in 2009 with CIP money to hire temps. But that would catch up to the City. They had some (4-5) retirements this year and wanted to fill those quickly.

Councilor Calvert asked if they wanted to net three more people. Mr. Romero agreed.

Councilor Calvert said the three were not in the current budget. Mr. Romero agreed.

Mr. Romero said they might live without those for now but it would catch up with them.

Councilor Calvert asked if it would catch up with them half way through the year.

Mr. Romero wasn't sure. They hadn't had as much problem with potholes. We used to have 3-4 crews to take care of them.

Mr. Catanach said now they partnered to either fill potholes or do concrete but the list was getting longer and longer. They had 5 employees coming near to retirement and needed to replace them quickly.

Councilor Calvert said when they got into discussion of GAP they needed to put on the policy of whether the City Manager had to come to the Committee on positions that were included in the budget or not. He didn't need to go through the Committee to fill the retirees' positions.

He said he was getting a lot of complaints about conditions of streets. On the public list of priorities, the public had streets as a big priority.

Councilor Dimas moved to approve the Streets budget with the exception of the three additional positions in GAP. Councilor Ives seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

2. Facilities

Mr. Pino said the Facilities budget was on page 139 in the yellow book and page 10 in the pink book.

Mr. Romero said the budget was flat. The City had 64 facilities. In the past GCCC had their own

maintenance people and had no cover when someone was sick or a retirement happened. So they were combined with the others. They were going to move some custodians to their facility, one to courts, one to Ft. Marcy and they had custodians for the airport, waste water and water. If they have direct supervision it helps.

Councilor Calvert asked if that meant the City could shift people around as long as their job description didn't specify a facility.

Mr. Pino explained that there was only one day when they had 100% attendance. Often 15-20% were absent. They would keep a pool of 3 custodians who floated to fill in.

Councilor Wurzbarger used Ft. Marcy and received a lot of complaints. She hadn't seen a list yet of what the City needed to improve there. She asked if there was a list. It was the ongoing maintenance. She asked if anything was planned to improve Ft. Marcy in the near future.

Mr. Pino said Ft. Marcy was over 30 years old and Perez was over 60 years old and compared to GCCC they needed to be brought up to standards. In deliberation of CIP projects the Council should figure out what to do.

Councilor Wurzbarger asked if there were none for this year. Mr. Pino agreed.

Councilor Calvert asked if at the Railyard, the City was going to incur responsible of the condo with ownership. Mr. Pino agreed.

Councilor Calvert said that would increase our burden. Mr. Pino agreed.

Mr. Romero said it was included in the budget probably for another custodian.

Councilor Calvert asked if there were long-range plans to move anyone to the Siler property. In light of the decision at the Railyard they needed to update the Siler plan or at least the time line. He understood there were lots of variables but they had an obligation to continue to look at Siler.

Mr. Pino said the present plan contract would close at the end of this year.

Councilor Calvert thought if there was money left on the contract they should update the plan.

Councilor Ives moved to approve the Facilities budget. Councilor Dimas seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

3. Roadways

Mr. Romero said the budget was on page 158. This was the staff that builds all of our roads and trails

and oversees their design. They did project management on Cerrillos Road as well. They have built a lot of projects around the city.

Councilor Calvert asked if it was all funded through CIP. Mr. Romero agreed.

Mr. Romero said they hired temps to do project management and would have to pay 2-3 times that amount if they went to private contracts. They were trying to find people this year to do those. They had a lot of projects that they were working on.

Councilor Calvert asked if there was no Cerrillos Road construction this year.

Mr. Pino said it was just design this year. For trails they had a lot of things to do downtown and the Alameda underpass.

Councilor Dimas moved to approve the Roadways budget. Councilor Ives seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

4. Traffic

Mr. Romero said this was the group that maintained traffic signals, striping, signs, school crossing guards and all traffic issues during development.

Councilor Calvert asked if tab 5 showed the total budget.

Mr. Romero said there was something wrong there. Page 167 showed \$2.8 million of which a portion was CIP, but mostly it was General Fund. Schools paid for half of crossing guard costs.

Councilor Calvert asked where the City was with the LED street light project.

Mr. John Romero said they were looking to move forward with it now. They would be done on meters because PNM didn't support LEDs on street lights. He listed the locations.

Councilor Calvert asked how they would get the adjusted rate structure with PNM if some were not metered now.

Mr. Romero said when they were metered they get pulled off the flat fee structure and added to a meter account.

Councilor Calvert asked if this budget was flat too. Mr. Romero agreed.

Councilor Calvert asked if there were new or unusual responsibilities this year or business as usual.

Mr. Pino said the categories were the same but they had a big job load. There were lots of pavement

markings to catch up on.

Councilor Wurzbarger asked what was happening on Palace with the new construction being done by a private contractor.

Mr. Pino explained it was part of PNM's upgrade and would be ongoing for the next three years. There was a permit issued for that work.

Councilor Wurzbarger said they did a poor job on it.

Councilor Calvert asked if there were inspections.

Mr. Pino agreed - inspections were done throughout the project. If not done correctly they would have to come back to fix it.

Councilor Calvert said he would forward Mr. Pino's memo about the Washington/Peralta intersection because the state schedule in his estimation was not satisfactory. He would write his state legislator about moving that up. It had been in bad shape for a long time. People think the City was neglecting its responsibility but it was hard to explain it to people.

Councilor Ives moved to approve the Traffic budget. Councilor Dimas seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

5. Recreation

Mr. Romero said the summary was on tab 5. The budget was \$7 million for operations and the City collected \$200,000 at facilities besides GCCC. They were closing the gap that was now down to \$400,000. They were using staff across the division where needed and it was a flat budget.

Councilor Calvert noted there was a proposal about fees for use of recreation.

Mr. Pino clarified that was a proposal that was included in the Parks budget. There were two proposals - the league fees and the recreation fees.

Mr. Romero said they wanted to look at the fee structures among the facilities so they would have a base walk-in rate for daily, weekly or monthly and was flat in revenues but had some consistency.

Mr. Martin Luján said it was a way to have more consistency. They had a fee committee within Recreation and started looking at realignment and could not find out what the fees were based on. They now have implemented a new active system in all facilities with a more workable menu. .

Councilor Calvert asked if the system allowed for capture of information to evaluate changes over time

based on the data.

Mr. Luján agreed. They could see what kind of membership the customers had when they walked in.

He went through the spreadsheet. Within that they analyzed the membership type.

Councilor Ivy clarified that they had \$3, \$4 and \$5 walk in fees so they put them all at \$4. The youth would be \$3 and the child would be \$1. At GCC it was \$5, youth at \$3 and child at \$1.50.

Mr. Luján said in the review they came up with a percentage that would help across the division so that they could raise it across all facilities by a percentage. He believed these were still very affordable and have found many baseline areas as they went.

Councilor Wurzbarger asked if at the bottom line change the City would make money.

Mr. Romero said they adjusted the walk in fee so that the monthly rate would be 55% of the cumulative walk in rate.

Councilor Wurzbarger asked if they did a FIR on it. She understood they had equity worked out but wondered what the impact on revenue to the city would be.

Mr. Luján said at this point they believed it would be neutral.

Councilor Calvert had not had a chance to look it over. He asked if the Committee was being asked to approve this now or if staff were doing it administratively.

Mr. Romero said they could do it administratively but wanted the Council to see it. He didn't see any signs that were major. They might get a couple of complaints but it was fair and consistent.

Councilor Calvert urged members to look at it and bring back concerns or questions.

Councilor Wurzbarger was interested to see the extra fees on one page. She asked about handball or racquetball fees.

Mr. Romero said at Ft. Marcy there was a fee just for swimming or just for basketball and they were trying to have one fee for full facility use.

Councilor Wurzbarger liked having a single fee and do whatever the facility offered.

Mr. Pino agreed. The fees were interchangeable between Ft. Marcy and Perez but not GCCC. The fee at GCCC was good for all three facilities. In the active system they track everyone's use of the facility.

Councilor Calvert asked how they could track what part was being used within the facility.

Councilor Ivy said they could do that with a drop in fee because staff asked but not with monthly memberships.

Councilor Calvert thought the new tracking system would help find out who was using which part. If they didn't know then they didn't know where to allocate within the facility. He understood people could use more than one part of the facility.

Councilor Calvert asked if MRC was under Parks. Mr. Romero agreed.

Councilor Ives moved to approve the Recreation budget. Councilor Dimas seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

6. Parks

Mr. Romero referred the Committee to page 5 in the pink book and said the Parks budget was mostly out of General Fund but some was out of the half percent CIP and some from Parks bond projects. He couldn't tell how much was bond money in this summary.

There were a handful of permanent employees funded out of the parks bond through the next FY. A small amount was from the Quality of Life fund.

Councilor Calvert thought some of that went into Transit.

Mr. Chávez said it was in Tree money.

Mr. Romero said there was some Railyard GRT used to cover parks employees. The organization chart was on page 14. On the left side was Full Time and on the right side were temps hired either through parks bond or CIP bonds. MRC was on right side. The numbers of staff were on the GAP sheet. In the future they might need to supplement parks staff. The construction crews might still be funded out of GO bonds for the next 2 fiscal years.

Councilor Calvert asked if this was something that was essential this year or more crucial for the future.

Mr. Romero said Councilor Bushee had asked if we needed to hire more parks workers. It takes two temps for each permanent employee but it was not critical for this year.

Councilor Calvert asked Mr. Pino if he wanted to share anything.

Mr. Pino announced that Fabian Chávez was retiring at the end of May so they would have to fill his shoes.

Councilor Calvert said although they passed the bond for parks and trails and had some money to spend, this budget remained flat. Mr. Romero agreed.

Councilor Dimas moved to approve the Parks budget. Councilor Ives seconded the motion and it passed by unanimous voice vote. Councilor Dominguez was not present for the vote.

The Committee took a 15 minutes break at 3:01 p.m.

Chair Dominguez arrived during the break and chaired the rest of the meeting. He apologized for not being able to be present this morning and thanked Councilor Calvert for stepping in.

B. DISCUSSION

- **Health Insurance**

Mr. Romero said they looked at raising rates and/or lowering the benefit. The first sheet of the handout showed the current situation. Projections showed cash would be down to \$4 million and in the negative at 2014-2015 (Handout - Health Insurance Fund). Then they looked at various scenarios of raising the revenue and/or lowering benefits by different percentages. One would be to increase revenue by 10% and decrease benefits by 10%. The next was to increase rates by 15% and decrease benefit by 15%.

He said if they increased revenue by 10% per year it would help. The consultant was coming Wednesday to share considerations with the group. The bottom line was that there were a couple of ways to get through it.

Councilor Calvert said they wouldn't know about Obamacare until after this went into effect. Dr. Morgan agreed.

Councilor Calvert thought they would have to do something this year since it was clear where it was heading if the City did nothing. It was just a matter of how much you want to adjust this year in anticipation of what might happen in the future.

Chair Dominguez agreed and either way it didn't look good for four to five years out.

Councilor Calvert asked if there was something more systemic to do with the consultant.

Mr. Romero referred to tab 9. They wanted to keep the premium plan on the second page. Changing co-pay amounts for office visits to \$15 or \$20 and ER visits to \$150 would cut into the gap. Costs were increasing about 10% per year.

Councilor Calvert asked if there was something more fundamental. He guessed that was where the consultant came in.

Mr. Romero went to page 4 and said moving everyone to the core plan would save money each year. And using coinsurance would save money too. If they raised premiums by 10% the City's contribution would go from \$11.5 million to \$12.6 million. So it would increase revenues by \$1.1 million with a 10% increase. The reduction in benefits at 5% and increasing revenue by 10% was on the GAP sheet.

Chair Dominguez figured that would buy the City about a year and doing the 15/15 plan only buys about 4 years.

Mr. Romero suggested they could do 10% this year and 10% next year. Police and Fire contracts copay needed to stay at \$10 by contract. Then they could negotiate that out if needed.

Councilor Calvert thought some of the co-pays were not realistic. They didn't incentivize people to utilize the insurance appropriately. Zero for inpatient hospital was not realistic. His federal program was reasonable and the inpatient co-pay was \$500. Probably even more so with outpatient surgery. Having zero there was not an incentive. ER was too low and office visit was too low. His office visit was \$30 and a specialist was more. People needed some incentive to not do things because now it cost nothing out of pocket.

Councilor Wurzbarger felt this was the biggest issue they had faced in a long time. The insurance was going up. What were we able to afford vs. what was the most we could give ourselves. We have to make some hard decisions on it. There was nothing to indicate these numbers were going to go down in the future. It was a normative value choice.

Councilor Calvert thought unless the consultant had some structural change or showed things turning around they would have to look at a combination of changes to make it solvent.

Chair Dominguez asked how much the Committee wanted to work out now or wait for the consultant.

Councilor Calvert didn't think the consultant would have a magic answer to solve it. It would take a combination of ingredients to make it possible.

Chair Dominguez didn't think the consultant would change anything but would help educate everyone to the realities. This would take a long-term investment.

Councilor Dimas agreed with that. He asked if the City had looked at other sources of coverage such as the state plan.

Mr. Romero said the state plan cost a few million less but the co-pays were big numbers. The City was large enough to control its own destiny but it might be worth calling them again.

Councilor Dimas said what they were doing now was not working and they needed to explore other options quickly.

Councilor Ives felt it would be helpful to know what claims history had been over last few years. That might help to tailor a plan.

Mr. Romero understood our health was about the same as other municipalities but ER use was about 16% higher.

Ms. Gage said the utilization for inpatient surgeries was running normally but lower cost services were overused because of low co-pays. The City made an ER co-pay change and saw a drop but it was still too low. Regular office visits and some elective surgeries were overused because of low out-of-pocket costs. Everything else was very normal. The City had lots of diabetes, renal failure and cancers.

Councilor Ives referred to page 2 in the pink book where it looked at the increases in copays. He asked if those would bring the City up to the norm with other groups.

Ms. Gage agreed it would be more in line with other plans like the state plan. The City didn't have a formulary but covered generic and brand names and some of them required doctor approval. Nexium was a high cost driver.

Councilor Ives asked if the City could effect a reduction by going to a plan like the state plan.

Ms. Gage said the challenge there was that by not being self-insured, the City reduced its risk and long term liability but would be at the mercy of what the state decided to assess employees and if they went to a carrier, they would decide what employees had to pay. And the City wouldn't have had the \$9 million if they went with a fully insured plan.

Councilor Calvert said it would help to revisit those old options and lay them out over 4-5 years to see what it would like with the state or a fully insured plan. The insurance companies did want to make a profit. It might work out better for the city but probably not with the employee. Everything had to be on the table.

Chair Dominguez felt they probably should keep this on the Finance agenda for a while. The cost would get higher either for the City, the employees, or both.

Councilor Calvert said the cost share sounded like a salary reduction but it would be horrible if the City couldn't do anything for the employees.

Mr. Romero said he would share this with the committee on Wednesday. By the next Finance Committee they could come up with many options. They were getting close but had to approve the budget by June 1. Maybe they could call a special meeting on the 14th. The Council was May 30.

Chair Dominguez agreed they should meet on the 14th.

- **Annexation**

Mr. Romero handed out an annexation spreadsheet. In phase 2, it would start at the beginning of the fiscal year. Using civilian aides would help. From BBER it appeared they would need 9 officers and 5 cars. They might need 9 vehicles. Then they had to look at fire fighters, Public Works, Parks, and Land Use. They would need \$2.6 million to cover capital and operating.

They would phase in fire fighters and police and the next year it would include a fire station that would cost \$4.6 million. The new operating budget would be \$1.3 million so that would have to be added in 2014-2015. At the end of that year they would have all the staff and all the capital and be left with a gap of \$3.3 million in operating and \$3.9 million in capital. BBER was \$4 million. This provided a picture of what the City would have to invest over the next 2 years and not take over fire totally until 2016.

Chair Dominguez thought it was a good start. In order to improve the quality of life of people affected it would take long term investment. It provided the opportunity to start the discussion. In 2013-2014 they would need \$2.6 million.

Mr. Romero said those were the costs but collecting taxes meant they have \$512,000 for capital and \$178,000 for operating. It could increase incrementally. Capital in 2014-15 would be \$3.138 million for the fire station and \$1.3 million was for the 6 fire fighters.

Chair Dominguez said annexation wasn't as appealing as he wanted it to be. He was not sure what the next steps were. This was an attempt to grow into it gradually.

Councilor Calvert thought they were headed for budget planning to start at the beginning of the FY to make it work best and in conversations with the County to do something during the next fiscal year but not at the beginning of it. So they were not planning on much during this fiscal year. The earliest they would start budgeting would be the beginning of the next FY. Mr. Romero agreed.

Councilor Calvert thought the fire fighters on the GAP sheet were not all related to annexation.

Mr. Romero said those 8 could be used toward annexation.

Councilor Calvert reminded him that Chief Salas said they needed them now. If they decided to fund those this year, they could take them off the gap down the road. In this year's budget they had to look at the two gap items - police personnel and fire personnel - 8 civilians and 8 fire fighters.

Mr. Romero said the civilians could reduce the number of police officers needed.

- **CVB**

Mr. Romero referred to the CVB handout. It showed where the fund balance would be. The ending fund balance on the top part would go down. In 2013-2014 it would be only \$500,000. He reviewed the expense items that totaled \$8.8 million and revenue totaled \$7.8 million.

So basically they needed to find a million dollars. He explained that the bottom number was the CIP funding used for construction of the Convention Center. They had not touched the fund balance there since 2009-2010.

Councilor Calvert suggested to make the City more attractive to businesses perhaps they could complete the original grounds plans.

Mr. Romero agreed to get an answer on that quickly.

- **GAP**

Mr. Romero provided a GAP budget handout.

Chair Dominguez noted that Mr. Romero was recommending the minimum wage adjustment and the police adjustment.

Mr. Romero agreed. He changed the incentive from \$600 to \$408 and increased cadet pay to PO1 level on the high end. That was the maximum case. Everything else was the same.

Chair Dominguez asked what the Committee wanted.

Councilor Calvert thought there were things they could eliminate to narrow the discussion. He would delete the 5 new parks workers for this year.

Councilor Calvert moved to eliminate the five proposed park workers from the Gap sheet. Councilor Dimas seconded the motion and it passed by unanimous voice vote.

Councilor Calvert said on the revenue side he would proposed to use some of 1/16 GRT that was used last year. He didn't know about Las Campanas but that could be done without affecting rates.

Chair Dominguez asked if they could still go 3 years without raising waste water rates.

Mr. Romero said they could but it was reduced \$300,000 because of Las Campanas.

Councilor Calvert asked Bryan Romero about no rate increase until 2015 but quicker because of Las Campanas. He asked how they would utilize this without an increase in the 4th year.

Mr. Bryan Romero said whether they did \$1.7 million or used a stepped down approach it would affect

2017. There was an overall decline in revenue and they were looking at a 4% increase in 2016-17.

Councilor Calvert asked if there was a schedule that would not impact rates at all.

Mr. Bryan Romero said he could run the analysis to figure that out and could have it by the PUC meeting.

Councilor Calvert felt that was a candidate that was available to augment the money available. They had \$800,000 now.

Chair Dominguez added that right now the electric franchise fee was \$500,000.

Mr. Romero said this would raise it 1/3.

Councilor Calvert said they were operating under an old arrangement.

Mr. Romero thought PNM seemed to be okay with that.

Councilor Calvert said the sticking point in the past was access to open space and parks. The other question was for what term the City would be committed. This was essentially a tax because they would just pass it along. If the City availed itself of it, he wanted to know if they could do on a short term basis of perhaps 2-4 years or on an annual basis and lock into it annually.

Chair Dominguez asked if 1% increments were allowed.

Mr. Romero agreed to find out by the 14th.

Councilor Ives said terminology was important. It was identified as an electric franchise fee and not as a tax.

Councilor Calvert said in effect it was like a tax because it was a pass through to the consumers.

Councilor Dimas asked what the water payback balance was.

Mr. Romero said the Water Division borrowed \$20 million in 2000 and have paid back \$7.5 million. If they were to pay back more they would have to raise their rates. They owed it to the General Fund. The Council didn't add their payback to this rate structure.

Mr. Brian Snyder agreed. They were in the fourth of five years of rate increases and it didn't include any payback. They paid back through cost-savings measures so they would need to raise rates.

Councilor Ives asked about the last item on cost allocation for city services and where that came from.

Dr. Morgan had a very involved spreadsheet that he offered to share. They worked for 3 months on a precise way of allocating for enterprise funds and got it worked out.

Before he came there was a fund called grants and services and there was no pattern to how it was taken. His formula was quite fair and it totaled \$1.1 million more.

Councilor Calvert had intended to discuss increased summer program fees when they discussed recreation and forgot. It was about increasing participation fees.

Mr. Romero provided the sliding fee schedule for low income.

Councilor Calvert said when they had leagues and participation fees and had a discussion. Last time they discussed it there was about \$30-40,000 collected.

Chair Dominguez said the question was whether the leagues even followed the ordinance when he came onto the Council. They were looking at revenues even before the first bond got approved. The reality was that some leagues were not providing the information needed and not paying their fees. It was not a part of this analysis anyway.

Councilor Dimas thought in reading the ordinance that it mainly pertained to the MRC. That committee was willing to see if there was a negotiating place where it could be rewritten. It wouldn't amount to much money anyway.

Chair Dominguez said if it was a league that provided scholarships to all participants, it would only be fair not to charge them if they were running an efficient organization and the money got to the users. He offered to work with Mr. Lovato on it.

Wastewater

Councilor Calvert said he was only zeroing in on waste water. All the rest were some sort of increase. That one didn't necessarily require an increase. He didn't see how they could avail themselves of solid waste because they were already asking for a rate increase.

Mr. Romero explained that he just brought forward stuff they looked at last year for this list.

Chair Dominguez asked if they wanted to continue the discussion after getting revised information or to deplete it.

Police

Councilor Dimas thought in the police incentive they could save a little bit in the resolution by using the \$350 per month incentive rather than the \$400 on gap now. It would lower it by \$53,400 to \$374,000. It was still a good incentive.

Councilor Dimas moved to amend the resolution to take out 15% and put in \$350 monthly incentive for police living within 15 miles of the city limits.

Councilor Calvert asked if it should amend the resolution or just the GAP sheet.

Chair Dominguez thought they should tie the resolution into the GAP sheet. The motion would put it into the GAP sheet.

Councilor Calvert asked that they wait on the resolution to the meeting tonight so they were all clear on what was being saved.

Councilor Dimas said Mr. Zamora was going to revise the resolution to include those amendments. One was within 15 miles of the city limits and change 15% to \$350/month and include that new hires had to reside within 15 miles of city limits. He asked if that could be ready for the Finance Committee meeting this evening.

Councilor Calvert said they could plug in \$374,000 now but hold off on passing the resolution until it was in front of them.

Councilor Dimas moved to amend the GAP total from \$428,000 to \$374,000. Councilor Calvert seconded the motion and it passed by unanimous voice vote.

- **Wrap-Up**

Chair Dominguez announced that the next Finance meeting on the budget hearing was set for May 14th.

Mr. Romero agreed.

6. REQUEST FOR APPROVAL OF CITY MANAGER'S RECOMMENDED OPERATING BUDGET FOR FISCAL YEAR 2012/2013 (ROBERT ROMERO AND DR. MELVILLE MORGAN)

This item was not considered.

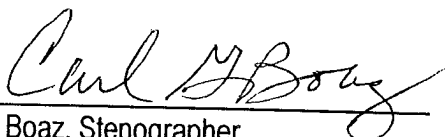
7. ADJOURN

The meeting was adjourned at 5:00 p.m.

Approved by:

Carmichael Dominguez, Chair

Submitted by:



Carl Boaz, Stenographer