

Ives/Dominguez Substitute	Maestas Substitute	Lindell/Dominguez Substitute
<b>WHEREAS</b> , the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and	<b>WHEREAS</b> , the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and	<b>WHEREAS</b> , the annual Budget of the City of Santa Fe is a critical document in the City's annual planning processes; and
<b>WHEREAS</b> , the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and	<b>WHEREAS</b> , the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and	<b>WHEREAS</b> , the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and
<b>WHEREAS</b> , the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and	<b>WHEREAS</b> , the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and	<b>WHEREAS</b> , the annual budgeting process should promote the ability of the Governing Body to make policy priority choices for programs and funding each fiscal year; and
<b>WHEREAS</b> , changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and	<b>WHEREAS</b> , changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and	<b>WHEREAS</b> , changes are required in the annual budgeting process to ensure that the budget is properly balanced and the goals set forth above are realized; and
<b>WHEREAS</b> , the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an <b>\$11,000,000 to \$15,000,000</b> budgetary shortfall, and needs to correct some <b>\$5,000,000 to \$6,000,000 in realignments within the budget, all of which have accrued over a series of years</b> ; and	<b>WHEREAS</b> , the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated <b>\$15,000,000</b> budgetary shortfall, and needs to correct some <b>realignments (inappropriate city labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued over a series of years</b> ; and	<b>WHEREAS</b> , the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated <b>\$15,000,000</b> budgetary shortfall, and needs to correct some <b>prior practices (inappropriate allocation of City labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued over a series of years</b> ; and
	<b>WHEREAS</b> , the estimated budgetary shortfall does not include any additional, vital needs that have been deferred for many years and continue to increase; and	<b>WHEREAS</b> , the estimated budgetary shortfall does not incorporate any additional, vital needs that have been deferred for many years and continue to increase; and
	<b>WHEREAS</b> , these additional, vital needs are substantial and include public safety, community development, infrastructure, and quality of life facilities, services, and programs; and	<b>WHEREAS, meeting</b> these additional, vital needs is substantial and include public safety, community development, infrastructure, and quality of life facilities, services, and programs; and

	<b>WHEREAS</b> , these additional, vital needs are critical to establishing a thriving economy and community with a high quality of life.	<b>WHEREAS</b> , these additional, vital needs are critical to establishing a thriving economy and community with a high quality of life.
<b>WHEREAS</b> , preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and	<b>WHEREAS</b> , preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and	<b>WHEREAS</b> , preliminary analysis of City staffing levels suggests that those staffing levels are higher than in cities of comparable size, operation and structure; and
<b>WHEREAS</b> , the Governing Body needs to provide guidance on solutions to the budgetary <i>issues that have been identified to it</i> ; and	<b>WHEREAS</b> , the Governing Body needs to provide guidance on solutions to the budgetary <i>issues that have been identified to it</i> ; and	<b>WHEREAS</b> , the Governing Body needs to provide guidance on solutions to these budgetary challenges.
<b>NOW THEREFORE BE IT RESOLVED THAT</b> the annual City of Santa Fe Budget and the annual budgetary process shall be guided and governed by the following policies and reporting requirements:	<b>NOW THEREFORE BE IT RESOLVED THAT</b> the annual City of Santa Fe Budget and the annual budgetary process shall be guided and governed by the following policies and reporting requirements:	<b>NOW THEREFORE BE IT RESOLVED THAT</b> the annual City of Santa Fe Budget and the annual budgetary process shall be guided and governed by the following policies and reporting requirements:
1. The <b>Finance Department</b> shall, with policy guidance from the Governing Body, bring forth a three year plan to eliminate the estimated budget deficit, estimated at \$15,000,000, using a combination of spending cuts and revenue enhancements.	1. The <b>Finance Department</b> shall, with policy guidance from the Governing Body, bring forth a three year plan to eliminate the budget deficit estimated at \$15,000,000 using a combination of spending cuts and revenue enhancements.	1. The City Manager shall, with policy guidance from the Governing Body, bring forth a one year plan to eliminate the budget deficit estimated at \$15,000,000 using a combination of spending cuts and revenue enhancements.
2. In an effort to better understand City staffing levels, The City Manager, working with staff, shall identify ten to fifteen cities (the "Comparison Cities") within the Southwestern Region of the United States that have characteristics by nature of geographic size, population, economic structure, operation of municipal utilities, tourism, and such other factors as the City Manager believes justified in articulable measures, that are similar to the City of Santa Fe, or on the basis of which the City of Santa Fe can evaluate its staffing, expenditure and service levels. Some cities that might be utilized for these purposes are Las Cruces, New Mexico; Farmington, New Mexico; Flagstaff, Arizona; Tucson, Arizona; Colorado Springs, Colorado; Fort Collins, Colorado; Lubbock, Texas; Amarillo, Texas; Topeka, Kansas; Carson City, Nevada; and Boise, Idaho.		

	<p>2. The Governing Body shall identify and implement viable measures to sustainably improve operational and organizational efficiencies as permanent cost reductions before considering tax increases.</p>	
	<p>3. The City Manager shall fully implement Resolution 2015110, "A Resolution Requesting the City Manager Evaluate Possible Efficiencies Within City Operations That Might Help Close the Operating Deficit in Fiscal Year 2016/2017 Including Implementing a Conditional Hiring Freeze," approved by the City Council on December 9, 2015 and report results in 30 days.</p>	
<p>3. The City Manager shall analyze and compare the Comparison Cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. <b>Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable cities.</b></p>	<p>4. The City Manager shall analyze and compare comparison cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days to the Governing Body. <b>Future year budgets shall be prepared ensuring that City programs are competitive with the efficiency indicators derived from the comparison with comparable cities.</b></p>	<p>2. The City Manager shall analyze and compare comparison cities staffing, service and expenditure levels to those of the City of Santa Fe, on a department by department, division by division level, and present the findings of such a comparison within 45 days <b>of the adoption of this Resolution</b> to the Governing Body.</p>
<p>4. The Governing Body, on the basis of the comparison of efficiency indicators and the following guidelines shall evaluate staffing and expenditures and services levels for future budget years:</p> <ul style="list-style-type: none"> <li>a. Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget;</li> <li>b. The City's debt service will be maintained at a level not exceeding \$1,200 per capita;</li> <li>c. The City's annual capital investment shall exceed its total capital depreciation;</li> <li>d. One time revenue will be used for onetime costs, projects or initiatives;</li> <li>e. <b>City infrastructure and critical mission services shall be prioritized;</b></li> <li>f. <b>Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic, budgetary policy considerations.</b></li> </ul>	<p>5. The Governing Body, on the basis of the comparison of efficiency indicators and the following guidelines shall evaluate staffing and expenditures and services levels for future budget years:</p> <ul style="list-style-type: none"> <li>a. Within five years, the City's debt service will be maintained at a level of 10% of the total operating budget;</li> <li>b. The City's debt service will be maintained at a level not exceeding \$1,200 per capita;</li> <li>c. The City's annual capital investment shall exceed its total capital depreciation;</li> <li>e. City infrastructure and critical mission services shall be prioritized;</li> </ul>	<p>3. <b>Each City department and division will prepare and present performance indicators to be used to assess annually performance within the department or division and to allow for strategic budgetary policy considerations.</b></p>

<p>5. The City Manager, <b>working with the Finance Division, and other City departments</b>, shall identify and recommend specific cuts in expenditures and enhancements in revenues, resulting in attaining a balanced budget after three years, specifically considering among other matters, the following:</p> <ul style="list-style-type: none"> <li>a. Establishment of a reasonable charge to the City's utilities, similar in nature to a utility franchise fee;</li> <li>b. Any borrowing from fund balances shall be done at a rate of 2% APR;</li> <li>c. Any necessary cuts or realignments of staffing levels is done utilizing attrition and reassignment wherever possible;</li> <li>d. <b>Addressing the impact of the State's elimination of hold harmless payments to the City;</b></li> <li>e. <b>Addressing any negative impacts, e.g., taxes or penalties, that may be imposed pursuant to the Affordable Care Act;</b></li> <li>f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors;</li> </ul>	<p>6. The City Manager, <b>working with the Finance Division, and other City departments</b>, shall identify and recommend specific cuts in expenditures and enhancements in revenues, resulting in attaining a balanced budget after three years, specifically considering among other matters, the following:</p> <ul style="list-style-type: none"> <li>a. Establishment of reasonable, <b>defined, fixed utility franchise fees;</b></li> <li>b. <b>Borrowing from fund balances at an appropriate APR;</b></li> <li>c. Necessary cuts or realignments of staffing levels is done utilizing attrition and reassignment wherever possible;</li> <li>d. <b>The city's supervisor to employee ratio shall be identified and reduced relative to comparison cities;</b></li> <li>e. <b>Identify cost reduction opportunities in the procurement of equipment, products, services, and supplies that includes in-sourcing, more economical procurement instruments, outright elimination, etc.;</b></li> <li>f. Ensuring continued delivery of necessary services to those living in poverty, youth and seniors;</li> <li>g. <b>Identify additional, critical needs to create an efficient government, a thriving economy, and a high quality of life; and estimate the associated costs.</b></li> </ul>	<p>4. The City Manager shall identify and recommend specific cuts in positions, expenditures and enhancements in revenues and potential fee increases, resulting in attaining a balanced budget after one year, specifically considering among other matters, the following:</p> <ul style="list-style-type: none"> <li>a. Establishment of a reasonable charge to the City's utilities, similar in nature to a utility franchise fee;</li> <li>b. Necessary cuts or realignments of staffing levels utilizing attrition and reassignment wherever possible;</li> <li>c. <b>Cost reduction opportunities in the procurement of equipment, products, services, and supplies that includes in-sourcing, more economical procurement instruments, outright elimination, etc.;</b></li> <li>d. Continued delivery of necessary services to those youth and seniors living in poverty;</li> </ul>
		<p>5. Recognizing that based on preliminary work performed by the City Manager in evaluating its staffing levels and the fact that employee expense equals approximately 80% of the City's annual budget, reductions in the number of City positions and/or the expenses associated therewith will be a necessary part of the reduction and elimination of the budget deficit, the City Manager shall bring forward a plan for reasonable reductions in staffing levels, maximizing reductions through attrition, while ensuring that base services are maintained at acceptable levels of service. Said plan shall additionally look at early retirement incentives, and reductions in health plan coverage to ensure that health plan excise taxes are minimized by the City (based upon the last estimate given during the 2015-2016 budget process, such taxes will, absent changes to the City health plan, begin being imposed in the 2016-2017 budget year and will rise to \$5,000,000 annually after 7-8 years).</p>
<p>6. Core services to be maintained in the budget process are public safety (needed police and fire services), public utilities (water, waste, waste water), public infrastructure (streets, sewers, <b>critical public structures, e.g., the airport, city buildings</b>), social safety net for those in need within the City (homeless shelter, affordable housing, services to youth and seniors in need), <b>and maintenance and enhancement of the City's economy (broadband, entrepreneurship). In ensuring the delivery of core services, the City will maximize the use of sustainable processes, such as recycling of waste and water, utilization of renewable energy sources and energy efficiency, green infrastructure;</b> efficiencies from the use of updated IT systems, <b>promotion of health and community through land use policies.</b></p>	<p>7. Core services to be maintained in the budget process are public safety (needed police and fire services), public utilities (water, waste, waste water), public infrastructure (streets, sewers, critical public structures, e.g., the airport, city buildings), social safety net for those in need within the City (homeless shelter, affordable housing, services to youth and seniors in need), and efficiencies from the use of updated IT systems</p>	<p>6. Basic services to be maintained in the budget process are public safety (police and fire services), public utilities (water, solid waste, waste water), public infrastructure (streets, sewers), social safety net for those in need within the City (homeless shelter, affordable housing, services to youth and seniors in poverty), and efficiencies from the use of updated IT systems <b>and other technologies.</b></p>

<p>7. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> <li>a. Reduction of interest expense through pay down of City debt, such as the \$34,000,000 water bond;</li> <li>b. Explore opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks;</li> <li>c. Prepare and deliver to the Governing Body a report on overtime use across each department and division, identifying structural, scheduling or other changes that can be implemented to reduce overtime, in any and every form, to minimal amounts;</li> <li>d. Evaluate, report and make recommendations on leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave;</li> <li>e. <b>Identify and report on each position within the City that has been vacant for a period of one or more years or more and make recommendations on retention or elimination during the annual budget process; and provide a report to the Governing Body monthly on what vacancies have been filled; and</b></li> <li>f. Evaluate and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck to be dispatched with an ambulance to any call for service.</li> </ul>	<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> <li>a. <b>Reduction of interest expense through pay down of City debt ;</b></li> <li>b. <b>leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave and consequential financial liabilities;</b></li> <li>c. <b>Identifying possible incentives for early retirements and voluntary exits;</b></li> <li>d. <b>Evaluate and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck with an ambulance to any call for service.</b></li> </ul>	<p>7. Staff is directed to review, analyze and report to the Governing Body on the following potential expenditure cuts, along with others that they identify, some of which are currently in process based on other actions by the Governing Body and by staff:</p> <ul style="list-style-type: none"> <li>a. Reduction of interest expense through pay down of City debt, such as the 2006 \$34,000,000 water bond;</li> <li>b. Exploration of opportunities for greater efficiency and cost savings from updating or upgrading the City's IT infrastructure, recommending changes to City IT systems that would result in cost reductions within a 24 month period, including, by way of example and not limitation, systems that would allow and promote direct deposit of payroll checks;</li> <li>c. Preparation and delivery to the Governing Body of a report on overtime use across each department and division, identifying structural, scheduling or other changes that can be implemented to reduce overtime, in any and every form, to minimal amounts;</li> <li>d. Evaluation, report and make recommendations on leave policies throughout the City, focusing on reasonable limitations on annual accrual of leave and consequential financial liabilities;</li> <li>e. <b>Identifying possible incentives for early retirements and voluntary exits. Identify and report on each position within the City that has been vacant for a period of two years or more and make recommendations to eliminate it or bring forward compelling reasons for its retention or elimination during the annual budget process; and provide a report to the Governing Body monthly on what vacancies have been filled; and</b></li> <li>f. Evaluation and report on potential savings from changes to the City's practices on use of vehicles, including creation of a citywide motor pool, take home vehicle policies and practices, and including specifically protocols within the fire department to dispatch a ladder truck with an ambulance to any call for service. <b>This shall include an analysis of when passenger vans can be utilized in lieu of full size buses.</b></li> </ul>
<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> <li>a. <b>A two cents gas tax increase, which would raise an estimated \$950,000 in revenue for core services relating to public rights-of-way;</b></li> <li>b. <b>An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated \$3,800,000;</b></li> <li>c. <b>Modifications to the City's short term rental ordinance that will both make the application of the ordinance more equitable, but ensure that revenues due to the City are in fact collected;</b></li> <li>d. <b>Evaluate the City's additional efforts at collection of revenues due it from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies;</b></li> <li>e. <b>Evaluate and report on a potential increase in property taxes in the amounts of 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and</b></li> </ul>	<p>9. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> <li>a. Evaluate the existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and</li> </ul>	<p>8. Staff is directed to review, analyze and report to the Governing Body on the following potential revenue enhancement means, along with others that they identify:</p> <ul style="list-style-type: none"> <li>a. <b>An increase in gross receipts taxes of 1/8 of a percent pursuant to the authority granted to the City to raise gross receipts taxes in light of the State of New Mexico elimination of the hold harmless payments previously made to cities and counties; such an increase would raise revenues an estimated \$3,800,000; and</b></li> <li>b. <b>The City's additional efforts at collection of revenues due it from various fees, fines and penalties, identifying the amount in such fees, fines and penalties that exist and what steps need to be undertaken to ensure collection of those monies; and</b></li> <li>c. <b>A potential increase in property taxes in the amounts associated with 1-2 mil, and specifically addressing any means of lessening the impact of such an increase on those citizens within our community living in poverty or on fixed incomes, who have the least ability to absorb such an additional increase, and specifically addressing whether such a tax could be applied to luxury and/or second homes; and</b></li> <li>d. The existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account.</li> </ul>

<p>f. Evaluate the existing 411 funds in which the City has approximately \$220,000,000 to determine what funds are required to be maintained and what funds can be closed with any excess funds being transferred into the general fund account; and</p> <p>g. <b>Working cooperatively with the County of Santa Fe to evaluate and possibly implement a Santa Fe County Flood Commissioner program, ensuring that any funds raised through such a program from the residents of the City of Santa Fe, are utilized within the jurisdictional limits of the City of Santa Fe</b></p>		
<p>9. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle.</p>	<p>10. Evaluate and report on transitioning to performance based budgeting by mid-year in the 2016-12017 budgeting cycle.</p>	
		<p>9. In preparation for budget hearings and to the extent reasonably practicable, within the budget, and at a level that allows for policy priority making by the Governing Body, each department and each division within a department shall develop performance indicators and provide data on the effectiveness of the programs and expenditures of the City in the prior fiscal year as well as the current state of need in the area of the particular program; staff shall perform such functions and report to the Governing Body making program support and funding recommendations</p>
	<p>11. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the city.</p>	<p>10. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the City.</p>
<p>10. The following are adopted as necessary budgetary reporting processes and timeframes (as shown in the attached spreadsheet):</p> <p>a. In the last two weeks of each of the first two quarters, i.e., quarter 1 (July 1 through September 30) and quarter 2 (October 1 through December 31), and no later than the last day of each of the months of January, February, March, April, and May, and in the middle of June, of each fiscal year, the Finance Department shall provide a capital outlay and project tracking report (the "Capital Project Outlay and Tracking Report"), which shall list by department, and division within each department, by column, the following information for each capital project valued at in excess of \$25,000.00: Project Description, including a unique project identification number; funding source; Bonds Sold; Appropriation Amount; Total Amount Expended to Date; Total Amount Expended in Previous Fiscal Quarter, Current Balance, Milestones Achieved in the Last Quarter; Milestones Goal for the Next Quarter; Project Phase; Amount Obligated; Completion Date; Project Status including a best estimation of project completion; Progress Rating, which shall be in three categories: (1) Bond Sold/Grant Agreement/RFP, (2) Plan/Design, and (3) Construction/Renovation/Other; and the last section of said reporting, the Progress Rating, shall be colored coded according to the following parameters: Green – Project on Schedule, Yellow – Project Behind Schedule, Red – No Activity of Bonds Not Sold, White – Additional Funds Needed, Blue – Appropriate Expended or Project Complete; the purpose of color coding is to be able to easily identify the status of each particular project. The Capital Project Outlay and Tracking Report shall be completed by each project manager within the City assigned to a project identified in the Report, and submitted to the Finance Department for review and approval before submission to the Governing Body.</p> <p>b. Each capital project shall have a project plan ("Project Plan") that will be approved when the capital expenditure is approved; the plan will include the following elements:</p> <p>i. Statement of need;</p>		

<ul style="list-style-type: none"> <li>ii. Detailed timeline, including anticipated funding timing, timing of the design, bidding, construction and project completion phases;</li> <li>iii. Statement of anticipated results and public benefits of the project; and</li> <li>iv. The carbon neutrality impact report.</li> </ul>		
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