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CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-__

INTRODUCED BY:

Councilor Carmichael Dominguez

Councilor Signe Lindell

A RESOLUTION

PROVIDING GUIDANCE ON THE STRUCTURE OF THE BUDGET OF THE CITY OF SANTA FE AND CERTAIN REPORTING REQUIREMENTS.

WHEREAS, the annual Budget of the City of Santa Fe is a critical document in the City’s annual planning processes; and

WHEREAS, the annual Budget should promote transparency in the fiscal affairs of the City of Santa Fe; and

WHEREAS, 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

WHEREAS, 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

WHEREAS, the City Finance Department has advised the Governing Body that in the next fiscal year, 2016-2017, the City faces an estimated \$15,000,000 budgetary shortfall, and needs to correct some prior practices (inappropriate allocation of City labor charges, bridged expenditures, special fund carryover deficits, etc.) within the budget, all of which have accrued

1 over a series of years; and

2 **WHEREAS**, the estimated budgetary shortfall does not incorporate any additional, vital
3 needs that have been deferred for many years and continue to increase; and

4 **WHEREAS**, meeting these additional, vital needs is substantial and include public
5 safety, community development, infrastructure, and quality of life facilities, services, and
6 programs; and

7 **WHEREAS**, these additional, vital needs are critical to establishing a thriving economy
8 and community with a high quality of life; and

9 **WHEREAS**, preliminary analysis of City staffing levels suggests that those staffing
10 levels are higher than in cities of comparable size, operation and structure; and

11 **WHEREAS**, the Governing Body needs to provide guidance on solutions to these
12 identified budgetary challenges.

13 **NOW THEREFORE BE IT RESOLVED THAT** the annual City of Santa Fe Budget
14 and the annual budgetary process shall be guided and governed by the following policies and
15 reporting requirements:

16 1. The City Manager shall, with policy guidance from the Governing Body, bring
17 forth a one year plan to eliminate the budget deficit estimated at \$15,000,000 using a
18 combination of spending cuts and revenue enhancements.

19 2. The City Manager shall analyze and compare comparison cities staffing, service
20 and expenditure levels to those of the City of Santa Fe, on a department by department,
21 division by division level, and present the findings of such a comparison within 45 days
22 of the adoption of this Resolution to the Governing Body.

23 3. Each City department and division will prepare and present performance
24 indicators to be used to assess annual performance within the department or division and
25 to allow for strategic budgetary policy considerations.

1 4. The City Manager shall identify and recommend specific cuts in positions,
2 expenditures and enhancements in revenues and potential fee increases, resulting in
3 attaining a balanced budget after one year, specifically considering among other matters,
4 the following:

5 a. Establishment of a reasonable charge to the City's utilities, similar in
6 nature to a utility franchise fee;

7 b. Necessary cuts or realignments of staffing levels utilizing
8 attrition and reassignment wherever possible;

9 c. Cost reduction opportunities in the procurement of equipment, products,
10 services, and supplies that includes in-sourcing, more economical
11 procurement instruments, outright elimination, etc.;

12 d. Continued delivery of necessary services to those youth and seniors
13 living in poverty;

14 5. Recognizing that based on preliminary work performed by the City Manager in
15 evaluating its staffing levels and the fact that employee expense equals approximately
16 80% of the City's annual budget, reductions in the number of City positions and/or the
17 expenses associated therewith will be a necessary part of the reduction and elimination of
18 the budget deficit, the City Manager shall bring forward a plan for reasonable reductions
19 in staffing levels, maximizing reductions through attrition, while ensuring that base
20 services are maintained at acceptable levels of service. Said plan shall additionally look
21 at early retirement incentives, and reductions in health plan coverage to ensure that health
22 plan excise taxes are minimized by the City (based upon the last estimate given during
23 the 2015-2016 budget process, such taxes will, absent changes to the City health plan,
24 begin being imposed in the 2016-2017 budget year and will rise to \$5,000,000 annually
25 after 7-8 years).

1 6. Basic services to be maintained in the budget process are public safety (police
2 and fire services), public utilities (water, solid waste, waste water), public infrastructure
3 (streets, sewer), social safety net for those in need within the City (homeless shelter,
4 services to youth and seniors in poverty), and efficiencies from the use of updated IT
5 systems and other technologies.

6 7. Staff is directed to review, analyze and report to the Governing Body on the
7 following potential expenditure cuts, along with others that they identify, some of which
8 are currently in process based on other actions by the Governing Body and by staff:

9 a. Reduction of interest expense through pay down of City debt, such as the
10 2006 \$34,000,000 water bond;

11 b. Exploration of opportunities for greater efficiency and cost savings from
12 updating or upgrading the City's IT infrastructure, recommending changes to
13 City IT systems that would result in cost reductions within a 24 month period,
14 including, by way of example and not limitation, systems that would allow and
15 promote direct deposit of payroll checks;

16 c. Preparation and delivery to the Governing Body of a report on overtime
17 use across each department and division, identifying structural, scheduling or
18 other changes that can be implemented to reduce overtime, in any and every
19 form, to minimal amounts;

20 d. Evaluation, report and make recommendations on leave policies
21 throughout the City, focusing on reasonable limitations on annual accrual of
22 leave and consequential financial liabilities;

23 e. Identifying possible incentives for early retirements and voluntary exits.
24 Identify and report on each position within the City that has been vacant for a
25 period of one year or more and make recommendations to eliminate it or bring

1 forward compelling reasons for its retention or elimination during the annual
2 budget process; and provide a report to the Governing Body monthly on what
3 vacancies have been filled; and

4 f. Evaluation and report on potential savings from changes to the City's
5 practices on use of vehicles, including creation of a citywide motor pool, take
6 home vehicle policies and practices, and including specifically protocols within
7 the fire department to dispatch a ladder truck with an ambulance to any call for
8 service. This shall include an analysis of when passenger vans can be utilized in
9 lieu of full size buses.

10 8. Staff is directed to review, analyze and report to the Governing Body on the
11 following potential revenue enhancement means, along with others that they identify;

12 a. An increase in gross receipts taxes of 1/8 of a percent pursuant to the
13 authority granted to the City to raise gross receipts taxes in light of the State of
14 New Mexico elimination of the hold harmless payments previously made to
15 cities and counties; such an increase would raise revenues an estimated
16 \$3,800,000;

17 b. The City's additional efforts at collection of revenues due it from various
18 fees, fines and penalties, identifying the amount in such fees, fines and penalties
19 that exist and what steps need to be undertaken to ensure collection of those
20 monies;

21 c. A potential increase in property taxes in the amounts associated with 1-2
22 mil, and specifically addressing any means of lessening the impact of such an
23 increase on those citizens within our community living in poverty or on fixed
24 incomes, who have the least ability to absorb such an additional increase, and
25 specifically addressing whether such a tax could be applied to luxury and/or

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second homes; and

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.

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

10. Explore, in partnership with appropriate public and private entities; the feasibility of privatizing or regionalizing services currently provided by the City.

11. The City Manager shall place an emphasis on project management to ensure that projects are delivered on time, within budget and in accordance with Governing Body policy; and the City Manager shall ensure that regular annual performance evaluations are done on all appropriate staff including Capital Improvement Project Managers.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2016.

JAVIER M. GONZALES, MAYOR

ATTEST:

1 YOLANDA Y. VIGIL, CITY CLERK

2 APPROVED AS TO FORM:

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5 KELLEY A. BRENNAN, CITY ATTORNEY

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25 *M/Legislation/Resolutions 2016/Budget Guidance CD-SL Substitute*