



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
SEPTEMBER 29, 2014 – 5:00 P.M.

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

CITY CLERK'S OFFICE

DATE 9/26/14 TIME 10:10

SERVED BY [Signature]

RECEIVED BY [Signature]

Regular Finance Committee Meeting – September 15, 2014

CONSENT AGENDA

6. Request for Approval of Amendment No. 3 to Legal Services Agreement – Representation of the City Concerning the Northwest Well Application and Return Flow/Discharge Credit Application; Stein & Brockman, P.A. (Marcos Martinez and Nick Schiavo)
7. Request for Approval of Agreement – Direct Purchase of Services for Senior Services Division; North Central New Mexico Economic Development District Non-Metro Area Agency on Aging. (Ron Vialpando)
8. Request for Approval of Agreement – Nutrition Service Incentive Program for Senior Services Division; North Central New Mexico Economic Development District Non-Metro Area Agency on Aging. (Ron Vialpando)
9. Request for Approval of Amendment No. 3 to Professional Services Agreement – Lease and Operation of Restaurant Located at Marty Sanchez Links de Santa Fe; Northern Ventures, LLC d/b/a The Links Bar & Grill. (Jennifer Romero)
10. Request for Approval of Procurement under State Price Agreement – Water Meters and Supplies and Water Service Connection Equipment for Water Division. (Robert Rodarte)
 - A. Baker Utility Supply Corporation
 - B. HD Supply Waterworks, LTD
 - C. Santa Fe Winnelson Company
11. Request for Approval of Procurement under Cooperative Price Agreement – Fire and Law Enforcement Maintenance, Repair and Operational Supplies City Wide; Grainger, Inc. (Robert Rodarte)



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
SEPTEMBER 29, 2014 – 5:00 P.M.

12. State of New Mexico Severance Tax Bond (STB) Agreements for a Capital Improvement Project Funded by 2013 and 2014 New Mexico State Legislature; State of New Mexico Department of Finance and Administration. (David Chapman)
 - A. Request for Approval of Two (2) 2013 STB Capital Appropriation Project Agreements for a Total of \$100,000 for El Museo Cultural and La Comunidad de los Ninos Head Start in Santa Fe County.
 - B. Request for Approval of Five (5) 2014 STB Capital Appropriation Project Agreements for a Total of \$1,480,000 for Santa Fe Airport; Genoveva Chavez Community Center; MRC Complex; Santa Fe Parks Shade Structures and Salvador Perez Park Improvements.
 - C. Request for Approval of Budget Increase – Severance Tax Bond Fund
13. Request for Approval of Amendment No. 3 to Professional Services Agreement – Manage City's Adopt-the-River and Adopt-an-Arroyo Programs; Santa Fe Watershed Association. (Brian Drypolcher)
14. Request for Approval of a Resolution Recognizing the Unique Volunteer Services of I RIDE NM, a Nonprofit Dedicated to Maintaining the City of Santa Fe's Buckman MX Track; and Authorizing the City Manager to enter into a Professional Services Agreement with I RIDE NM to Provide Volunteer Maintenance Services at the Buckman MX Track. (Councilor Dominguez) (Isaac Pino)

Committee Review:

Parks & Open Space Advisory Commission (approved)	09/16/14
Public Works Committee (approved)	09/22/14
City Council (scheduled)	10/08/14

Fiscal Impact – Yes

15. Request for Approval of an Ordinance Relating to Sewer Service Charges – Amending Rule 8 of Exhibit A of Chapter 22 SFCC 1987 to Increase the Monthly Service Fee and Monthly Usage Fee for the Wholesale Rate; Relating to Extra-Strength Surcharges – Amending Rule 12 of Exhibit A of Chapter 22 SFCC 1987 to Increase the Mass Base Charge; and Making Such Other Changes as are Necessary. (Councilor Ives) (Bryan Romero)



Agenda

**FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
SEPTEMBER 29, 2014 – 5:00 P.M.**

Committee Review:

Public Utilities Committee (scheduled)	10/01/14
City Council (request to publish)	10/08/14
City Council (public hearing)	11/12/14

Fiscal Impact – Yes

16. Request for Approval of a Resolution Establishing Administrative Procedures Relating to Civil Penalties for Marijuana and Marijuana Paraphernalia Possession and Restating that Possession of One Ounce or Less of Marijuana is the Lowest Law Enforcement Priority of the City of Santa Fe Police Department. (Councilors Bushee and Lindell) (Kelley Brennan)

Committee Review:

Public Safety Committee (did not support)	09/16/14
City Council (scheduled)	10/08/14

Fiscal Impact – Yes

17. Request for Approval of an Ordinance Amending Subsection 20-6.1 SFCC 1987 to Clarify that it is Unlawful to Possess One Ounce or Less of Marijuana and Certain Marijuana Paraphernalia. (Councilors Bushee and Lindell) (Kelley Brennan)

Committee Review:

Public Safety Committee (did not support)	09/16/14
City Council (request to publish)	10/08/14
City Council (public hearing)	11/12/14

Fiscal Impact – No

18. Request for Approval of a Resolution Directing Staff, when Acquiring Fuel Powered Equipment, Including Vehicles, to Balance the Cost of the City's needs with that of Producing the Lowest Carbon Footprint the City Would Create When Using such Equipment. (Councilors Ives and Lindell) (Nick Schiavo & John Alejandro)

Committee Review:

Public Utilities Committee (scheduled)	10/01/14
City Council (scheduled)	10/08/14

Fiscal Impact – No



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
SEPTEMBER 29, 2014 – 5:00 P.M.

19. Request for Approval of a Resolution Declaring the Governing Body's Intent for the City of Santa Fe to Become Carbon Neutral by the Year 2040. (Councilors Ives and Lindell) (Nick Schiavo & John Alejandro)

Committee Review:

Public Utilities Committee (scheduled)	10/01/14
City Council (scheduled)	10/08/14

Fiscal Impact – No

20. Request for Approval of a Resolution Declaring the City of Santa Fe's Continuous Support for Immigrant Issues in Santa Fe, the State of New Mexico and Throughout the United States. (Mayor Gonzales, Councilors Bushee and Lindell) (Terrie Rodriguez)

Committee Review:

City Council (scheduled)	10/08/14
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Fiscal Impact – No

21. Request for Approval of a Resolution Supporting a Statewide and National Ban on Nontherapeutic Use of Antibiotics in Livestock Production and Supporting the Protection of Antibiotics for Medical Treatment Act and the Prevention of Antibiotic Resistance Act. (Councilors Bushee and Lindell) (Melissa Byers)

Committee Review:

City Council (scheduled)	10/08/14
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Fiscal Impact – No

END OF CONSENT AGENDA

DISCUSSION

22. General Budget Discussion (Please bring Annual Operating Budget Books).

A. Update on Finance Director



Agenda

FINANCE COMMITTEE MEETING
CITY COUNCIL CHAMBERS
SEPTEMBER 29, 2014 – 5:00 P.M.

B. Multi Year Budgeting

- 2 – 5 Year Projections
- No New Revenue
- Consider:
 - Hold Harmless
 - Healthcare
 - Annexation

C. Baseline Budgeting

- 63% = Personnel Services & Operating Expense
- Vacancies
 - Current Policy
 - Rate Trends
 - Proposed Policy

D. Un-Funded Mandates

- List provided by City Manager during budget hearings
- Fiscal Impact Report Discussion

23. OTHER FINANCIAL INFORMATION

24. MATTERS FROM THE COMMITTEE

25. ADJOURN

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

**SUMMARY OF ACTION
FINANCE COMMITTEE MEETING
Monday, September 29, 2014**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-3
APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE MINUTES – SEPTEMBER 15, 2014	Approved	4
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF AGREEMENT – NUTRITION SERVICE INCENTIVE PROGRAM FOR SENIOR SERVICES DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT, NON-METRO AREA AGENCY ON AGING	Approved	4
REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – FIRE AND LAW ENFORCEMENT MAINTENANCE, REPAIR AND OPERATIONAL SUPPLIES CITY WIDE; GRAINGER, INC.	Approved	4-5

ITEM**ACTION****PAGE**

STATE OF NEW MEXICO SEVERANCE TAX
BOND (STB) AGREEMENTS FOR A CAPITAL
IMPROVEMENT PROJECT FUNDED BY 2013
AND 2014 NEW MEXICO STATE LEGISLATURE;
STATE OF NEW MEXICO DEPARTMENT OF
FINANCE AND ADMINISTRATION

REQUEST FOR APPROVAL OF TWO (2)
2013 STB CAPITAL APPROPRIATION
PROJECT AGREEMENTS FOR A TOTAL
OF \$100,000 FOR EL MUSEO CULTURAL
AND LA COMUNIDAD DE LOS NINOS
HEAD START IN SANTA FE COUNTY

Approved

5-6

REQUEST FOR APPROVAL OF FIVE (5)
2014 STB CAPITAL APPROPRIATION
PROJECT AGREEMENTS FOR A TOTAL
OF \$1,480,000 FOR SANTA FE AIRPORT;
GENOVEVA CHAVEZ COMMUNITY CENTER;
MRC COMPLEX; SANTA FE PARKS SHADE
STRUCTURE AND SALVADOR PEREZ PARK
IMPROVEMENTS

Approved

5-6

REQUEST FOR APPROVAL OF BUDGET
INCREASE – SEVERANCE TAX BOND
FUND

Approved

5-6

REQUEST FOR APPROVAL OF AN ORDINANCE
RELATING TO SEWER SERVICE CHARGES –
AMENDING RULE 8 OR EXHIBIT A OF CHAPTER
22 SFCC 1987, TO INCREASE THE MONTHLY
SERVICE FEE AND MONTHLY USAGE FEE FOR
THE WHOLESALE RATE; RELATING TO EXTRA-
STRENGTH SURCHARGES – AMENDING RULE
12 OF EXHIBIT A OF CHAPTER 22, SFCC 1987,
TO INCREASE THE MASS BASE CHARGE; AND
MAKING SUCH OTHER CHANGES AS ARE
NECESSARY

Approved

6-8

ITEM**ACTION****PAGE**

REQUEST FOR APPROVAL OF A RESOLUTION
ESTABLISHING ADMINISTRATIVE PROCEDURES
RELATING TO CIVIL PENALTIES FOR MARIJUANA,
AND MARIJUANA PARAPHERNALIA POSSESSION
AND RESTATING THAT POSSESSION OF ONE
OUNCE OR LESS OF MARIJUANA IS THE LOWEST
LAW ENFORCEMENT PRIORITY OF THE CITY OF
SANTA FE POLICE DEPARTMENT

Failed to pass

8-14

REQUEST FOR APPROVAL OF AN ORDINANCE
AMENDING SUBSECTION 20-6.1 SFCC 1987, TO
CLARIFY THAT IT IS UNLAWFUL TO POSSESS
ONE OUNCE OR LESS OF MARIJUANA AND
CERTAIN MARIJUANA PARAPHERNALIA

Failed to pass

14-15

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION**GENERAL BUDGET DISCUSSION**

UPDATE ON FINANCE DIRECTOR

Information/discussion

15-16

MULTI-YEAR BUDGETING

2-5 YEAR PRODUCTIONS

Information/discussion

16-22

NO NEW REVENUE

Information/discussion

16-22

CONSIDER:

HOLD HARMLESS

Information/discussion

16-22

HEALTHCARE

Information/discussion

16-22

ANNEXATION

Information/discussion

16-22

BASELINE BUDGETING

63% – PERSONAL SERVICES

& OPERATING EXPENSE

Information/discussion

22-25

RATE TRENDS

Information/discussion

22-25

PROPOSED POLICY

Information/discussion

22-25

UNFUNDED MANDATES

LIST PROVIDED BY CITY MANAGER

DURING BUDGET HEARINGS

Information/discussion

26-28

FISCAL IMPACT REPORT DISCUSSION

Information/discussion

28

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
OTHER FINANCIAL INFORMATION	None	28
MATTERS FROM THE COMMITTEE	Information/discussion	29-30
ADJOURN		30

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE**
Monday, September 29, 2014

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Acting Chair Joseph M. Maestas, at approximately 5:00 p.m., on Monday, September 29, 2014, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Acting Chair Joseph M. Maestas
Councilor Ronald S. Trujillo
Councilor Signe I. Lindell
Councilor Christopher M. Rivera

MEMBERS EXCUSED:

Carmichael A. Dominguez, Chair

OTHERS ATTENDING:

Teresita Garcia, Acting Director, Finance Department
Yolanda Green, Finance Division
Melessia Helberg, Stenographer.

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

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

3. APPROVAL OF AGENDA

Ms. Garcia noted there are handouts on the Committee members' desks for Consent Agenda Item #15, and for Item #22 General Budget Discussion.

MOTION: Councilor Trujillo moved, seconded by Councilor Rivera, to approve the agenda, as presented.

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT AGENDA

6. **REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO LEGAL SERVICES AGREEMENT – REPRESENTATION OF THE CITY CONCERNING THE NORTHWEST WELL APPLICATION AND RETURN FLOW/DISCHARGE CREDIT APPLICATION; STEIN & BROCKMAN, P.A. (MARCOS MARTINEZ AND NICK SCHIAVO)**
7. **REQUEST FOR APPROVAL OF AGREEMENT – DIRECT PURCHASE OF SERVICES FOR SENIOR SERVICES DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT NON-METRO AREA AGENCY ON AGING. (RON VIALPANDO)**
8. ***[Removed for discussion by Councilor Lindell]***
9. **REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – LEASE AND OPERATION OF RESTAURANT LOCATED AT MARTY SANCHEZ LINKS DE SANTA FE; NORTHERN VENTURES, LLC D/B/A THE LINKS BAR & GRILL. (JENNIFER ROMERO)**
10. **REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – WATER METERS AND SUPPLIES AND WATER SERVICE CONNECTION EQUIPMENT FOR WATER DIVISION. (ROBERT RODARTE)**
 - A. **BAKER UTILITY SUPPLY CORPORATION.**
 - B. **HD SUPPLY WATERWORKS, LTD.**
 - C. **SANTA FE WINNELSON COMPANY.**
11. ***[Removed for discussion by Councilor Lindell]***
12. ***[Removed for discussion by Councilor Maestas]***
13. **REQUEST FOR APPROVAL OF AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT – MANAGE CITY’S ADOPT-THE-RIVER AND ADOPT-AN-ARROYO PROGRAMS; SANTA FE WATERSHED ASSOCIATION. (BRIAN DRYPOLCHER)**

14. REQUEST FOR APPROVAL OF A RESOLUTION RECOGNIZING THE UNIQUE VOLUNTEER SERVICES OF I RIDE NM, A NONPROFIT DEDICATED TO MAINTAINING THE CITY OF SANTA FE'S BUCKMAN MX TRACK; AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH I RIDE NM TO PROVIDE VOLUNTEER MAINTENANCE SERVICES AT THE BUCKMAN MX TRACK (COUNCILOR DOMINGUEZ). (ISAAC PINO). Committee Review: Parks & Open Space Advisory Commission (approved) 09/16/14; Public Works Committee (approved) 09/22/14; and City Council (scheduled) 10/08/14. Fiscal Impact – Yes.
15. *[Removed for discussion by Councilor Lindell and Councilor Trujillo]*
16. *[Removed for discussion by Councilor Trujillo]*
17. *[Removed for discussion by Councilor Rivera]*
18. REQUEST FOR APPROVAL OF BUDGET INCREASE – REFLECT PROPER MERGER OF ACCOUNTS FOR FY 2015 BUDGET PROCESS FOR TRANSIT DIVISION. (JON BULTHUIS) . Committee Review: Public Utilities Committee (scheduled) 10/01/14; and City Council (scheduled) 10/08/14. Fiscal Impact – No.
19. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE GOVERNING BODY'S INTENT FOR THE CITY OF SANTA FE TO BECOME CARBON NEUTRAL BY THE YEAR 2040 (COUNCILORS IVES AND LINDELL). (NICK SCHIAVO & JOHN ALEJANDRO) Committee Review: Public Utilities Committee (scheduled) 10/01/14; and City Council (scheduled) 10/08/14. Fiscal Impact – No.
20. REQUEST FOR APPROVAL OF A RESOLUTION DECLARING THE CITY OF SANTA FE'S CONTINUOUS SUPPORT FOR IMMIGRANT ISSUES IN SANTA FE, THE STATE OF NEW MEXICO AND THROUGHOUT THE UNITED STATES (MAYOR GONZALES, COUNCILORS BUSHEE AND LINDELL). (TERRIE RODRIGUEZ) Committee Review: City Council (scheduled) 09/23/14. Fiscal Impact – No.
21. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING A STATEWIDE AND NATIONAL BAN ON NONTHERAPEUTIC USE OF ANTIBIOTICS IN LIVESTOCK PRODUCTION AND SUPPORTING THE PROTECTION OF ANTIBIOTICS FOR MEDICAL TREATMENT ACT AND THE PREVENTION OF ANTIBIOTIC RESISTANCE ACT (COUNCILORS BUSHEE AND LINDELL). (MELISSA BYERS). Committee Review: City Council (scheduled) 09/23/14. Fiscal Impact – No.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE MINUTES – SEPTEMBER 15, 2014.

MOTION: Councilor Rivera moved, seconded by Councilor Lindell, to approve the minutes of the Regular Finance Committee Meeting of September 15, 2014, as presented.

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

CONSENT CALENDAR DISCUSSION

8. REQUEST FOR APPROVAL OF AGREEMENT – NUTRITION SERVICE INCENTIVE PROGRAM FOR SENIOR SERVICES DIVISION; NORTH CENTRAL NEW MEXICO ECONOMIC DEVELOPMENT DISTRICT, NON-METRO AREA AGENCY ON AGING. (RON VIALPANDO)

Thomas Vigil, Program Manager, City Senior Services Division, said they are requesting approval of the Agreement for the NSIP Program for Senior Services Division with the North Central New Mexico Economic Development District, Non-Metro Area Agency on Aging.

Councilor Lindell asked the number of meals which are served under this program.

Mr. Vigil said 199,762 meals will be served in this fiscal year, with a reimbursement rate of approximately 79¢, for 60 years of age or older.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve this request.

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

11. REQUEST FOR APPROVAL OF PROCUREMENT UNDER COOPERATIVE PRICE AGREEMENT – FIRE AND LAW ENFORCEMENT MAINTENANCE, REPAIR AND OPERATIONAL SUPPLIES CITY WIDE; GRAINGER, INC. (ROBERT RODARTE)

Councilor Lindell said she would like background and information on this price agreement.

Robert Rodarte said Grainger is a world-wide company which supplies just about “everything you can possibly think of, starting with fire, medical all the way to parks & recreation equipment and supplies and public safety.” He said this is the reason for the category listing on packet page 6, noting it is a very very competitive company.

Councilor Lindell asked if this is an open purchase order up to an amount, and we're not purchasing anything specific at this point of time with this amount of money.

Mr. Rodarte said, "No, this is a City-wide purchase order per transaction. All we're doing is asking for approval to use this cooperative contract. Each individual department is responsible for soliciting their own purchase order for each individual purchase. No big transactions out there."

Councilor Lindell asked how we came up with the numbers.

Mr. Rodarte said it is based on the history of sales. He goes into the software system and pulls all transactions for this vendor. In this particular vendor's case, there is only one vendor number for Grainger. He said he pulls what is on record per year from the system.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve this request.

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

12. STATE OF NEW MEXICO SEVERANCE TAX BOND (STB) AGREEMENTS FOR A CAPITAL IMPROVEMENT PROJECT FUNDED BY 2013 AND 2014 NEW MEXICO STATE LEGISLATURE; STATE OF NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION. (DAVID CHAPMAN)

- A. REQUEST FOR APPROVAL OF TWO (2) 2013 STB CAPITAL APPROPRIATION PROJECT AGREEMENTS FOR A TOTAL OF \$100,000 FOR EL MUSEO CULTURAL AND LA COMUNIDAD DE LOS NINOS HEAD START IN SANTA FE COUNTY.**
- B. REQUEST FOR APPROVAL OF FIVE (5) 2014 STB CAPITAL APPROPRIATION PROJECT AGREEMENTS FOR A TOTAL OF \$1,480,000 FOR SANTA FE AIRPORT; GENOVEVA CHAVEZ COMMUNITY CENTER; MRC COMPLEX; SANTA FE PARKS SHADE STRUCTURE AND SALVADOR PEREZ PARK IMPROVEMENTS.**
- C. REQUEST FOR APPROVAL OF BUDGET INCREASE – SEVERANCE TAX BOND FUND.**

Acting Chair Maestas asked if La Comunidad de los Ninos is a private entity, or a public entity.

Mr. Chapman said it is a non-profit organization.

Acting Chair Maestas said previously, there was an appropriation for a social service provider, and we ran into complications regarding the Anti Donation Clause since it wasn't a public entity. He asked, "Are we okay with the Anti-Donation in this appropriation."

Mr. Chapman said yes.

Acting Chair Maestas asked how we steer clear of the Anti Donation Clause.

Mr. Chapman said, "On non-profits we need to write up a Professional Services Agreement between the City and the entity, and the City doesn't own the facility such as in the instance of La Comunidad. And we write up the PSA to cover any kinds of contingencies that would conflict with the Anti-

Donation. So what we've done with La Comunidad, is draft a PSA which says that the City of Santa Fe will retain ownership of the playground equipment they will buy, that they will purchase the equipment using the City of Santa Fe's procurement policy or similar policy of procurement. They will manage the project with oversight from the project administrator, which is me, that they will provide the Department of Finance with a copy of the lease that we have with La Comunidad and a certificate of insurance they have naming the City of Santa Fe as an additional insured. So it met all the criteria for the Department of Finance to release this appropriation."

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve Items 12(A), 12(B) and 12(C) as presented by staff.

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

15. **REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO SEWER SERVICE CHARGES – AMENDING RULE 8 OR EXHIBIT A OF CHAPTER 22 SFCC 1987, TO INCREASE THE MONTHLY SERVICE FEE AND MONTHLY USAGE FEE FOR THE WHOLESALE RATE; RELATING TO EXTRA-STRENGTH SURCHARGES – AMENDING RULE 12 OF EXHIBIT A OF CHAPTER 22, SFCC 1987, TO INCREASE THE MASS BASE CHARGE; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILOR IVES). (BRYAN ROMERO) .**
Committee Review: Public Utilities Committee (scheduled) 10/01/14; City Council (request to publish) 10/08/14; and City Council (public hearing) 11/12/14. Fiscal Impact – Yes.

A Memorandum dated September 29, 2014, to the Finance Committee, with attachments, from Melissa Byers, Legislative Liaison, regarding this item, is incorporated herewith to these minutes as Exhibit "1."

Councilor Lindell asked Mr. Romero to provide a brief summary of the material in Exhibit "1."

Mr. Romero reviewed the Memorandum from Jason Mumm, MWH, which is contained in Exhibit "1."

The Committee commented and asked questions as follows:

- Acting Chair Maestas asked if there will be any changes to our debt within the horizon of the proposed wastewater rate increases.

Mr. Romero said they are going through master planning now, but will be okay through 3 years, because they will be using the cash reserves to pay for projects. He said at a certain point, it will be necessary to bond for additional CIP, but that will be determined as part of the master plan. He said the need for CIP is there, and he believes the master plan will show more need.

- Acting Chair Maestas said if we approve this request, and there are changes in revenues, we can always revisit this.

Mr. Romero said, "Every year we do a financial analysis, and it's nice to approve the \$4.9 million for 5 years to establish it, but if for some reason our financial plan next year shows us doing well, and as we've done in the past, the Council can cancel the rate increase.

- Acting Chair Maestas said we have to have 50% over the debt service level, that's our trigger.

Mr. Romero said yes, that's our target.

- Acting Chair Maestas asked if that is City policy, or a preference by the bonding companies – where did the 1.5% arise.

Mr. Romero said MWH, the Financial Analyst, has recommended the 1.5% to keep the best bond ratings, but it does discuss if you go below the 1.25% then there are some issues. He said, "By keeping it at 1.5% and for some reason you go below the amount of revenue you have that year, then you're not getting in that area that we don't like to be in."

- Councilor Trujillo said we have a reserve, right, and Mr. Romero said yes.
- Councilor Trujillo asked if that has been factored into covering this debt we're going to have.

Mr. Romero said, "You can't utilize it for that. It is operations versus revenue. And revenue is what you get every year, but it does help us because the CIP will be paid for that. If we didn't have that reserve, you would see this increase being a lot larger. It does come into play that if you didn't have that reserve or utilizing it for capital projects there would be a bigger increase at some point."

- Councilor Trujillo said, "What I hear you saying is we've lost a lot of revenue to Las Campanas. A lot of people have gone off line there, and other parts that we haven't got. What I want to ask is what about all of the parts that we did annex. How much more is that, and is that bringing anything into the City."

Mr. Romero said, "One of the things about annexation is they were already our customers, Councilor. So, even if the big area was annexed, the people that were already on sewer were already existing customers. So, in essence there is no change. But the positive side of that is that there is no change in the cost for maintaining or operations of it as well either, so it goes both directions."

- Acting Chair Maestas said there is a rate structure for within the City limits, and inside the presumptive City limits. And there were differences in the rates, and he guesses this proposed rate structure combines the two. He asked Mr. Romero to explain the difference between in-City limits and inside presumptive City limits, why they are different and the reason you want to make them the same.

Mr. Romero said, "The old rates had an outside of the City limits, because we hadn't come up with the Annexation Agreement, and the presumptive City limits really shows where we're going to be annexing in the future. When I saw that map, there's a very small portion of that is in the presumptive City limits, bear with me, I think it's on West Alameda, somewhere in there, that is still presumptive City limits. I was talking to Nick and he even asked that question, why do we even have presumptive since it's a small portion of that that is still there. So, in essence they are City limits. And then there's a wholesale rate that's the County rate, and that's developed based on the fact that they will be handling their own collection system. And the ones that have been approved to connect, the County handles their own collection system, and we will be handling the system where they connected from, and those rates are adjusted as well for that. And those are all determined by MWH, the Financial Analyst, to make sure they are equitable and defensible."

- Acting Chair Maestas said this is a significant increase, and this is not a public hearing. He said he doesn't know if Public Works or PUC Committees will be having a public hearing, or even if you feel its needed. He said this is an Ordinance and we will have a public hearing at the full Council.

Mr. Romero said this will go to public hearing, and it will be moving forward to the PUC as well. He said, "We were trying to get it in before the January 1st deadline, because all of these rates are established to try to get it in before then."

Councilor Rivera said this is just a request to go to public hearing, and Mr. Romero said that is his understanding.

MOTION: Councilor Rivera moved, seconded by Councilor Trujillo, to approve this request.

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

- 16. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING ADMINISTRATIVE PROCEDURES RELATING TO CIVIL PENALTIES FOR MARIJUANA, AND MARIJUANA PARAPHERNALIA POSSESSION AND RESTATING THAT POSSESSION OF ONE OUNCE OR LESS OF MARIJUANA IS THE LOWEST LAW ENFORCEMENT PRIORITY OF THE CITY OF SANTA FE POLICE DEPARTMENT (COUNCILORS BUSHEE AND LINDELL). (KELLEY BRENNAN) Committee Review: Public Safety Committee (did not support) 09/16/14; and City Council (scheduled) 10/08/14. Fiscal Impact – Yes.**

The Committee commented and asked questions as follows:

- Councilor Trujillo said this is a request for a Resolution to establish administrative procedures and asked how it correlates with Item #17.

Kelley Brennan said, "The Ordinance that was adopted by the Governing Body, there was a memo where I opined about the legality of the proposed Ordinance. And in that opinion, I noted that the prohibition against the use of one ounce or less of marijuana was not explicitly stated in the text. It was in the title, and that I felt it should be included in the text of the Ordinance. So all this does is add a sentence saying that the possession or use of one ounce of Marijuana or less, or Marijuana Paraphernalia is prohibited. And it makes it clear. Otherwise it just says marijuana is prohibited in the heading, I think. So this just clarifies that it's prohibited."

- Councilor Trujillo said, "This just clarifies for that amendment."

Ms. Brennan said, "Correct."

- Acting Chair Maestas said, "But we're talking about Item #16 which are the administrative procedures."

Ms. Brennan said, "So, then the administrative procedures are adopted pursuant to the Ordinance to give the City a way to administer it."

- Councilor Trujillo said that "answers what I needed to find out."
- Councilor Rivera noted 4-3.1 provides, "In accordance with the Marijuana Ordinance making possession of one ounce or less of Marijuana is the lowest law enforcement priority." He asked if that is an attempt to take the decision-making authority away from the Police Department.

Ms. Brennan said, "No, Councilor. The Police Department still has police discretion and I expect that it would exercise that it is simply a restatement of what is already in the Ordinance, that it's the lowest enforcement priority, and how the Police, individually or as a group, decide to administer that, is a matter of police discretion."

- Councilor Rivera asked for what would the hearing officers be used.

Ms. Brennan said, "The hearing officers would be used if someone is cited for violation of the Ordinance, and given a civil violation notice, they get a ticket essentially. And just as you can on parking tickets, they can elect to just pay it and then it's gone. Or they can elect a hearing, and if they elect a hearing, then there will be a hearing before the Hearing Officer. And the Hearing Officer makes the decision about whether they were found with an ounce or less of Marijuana, or Marijuana paraphernalia based on a preponderance of the evidence. And we use the preponderance of the evidence for a specific reason. That is, we didn't want to create liability under State law if there was none under our Ordinance, although they can be cited under State law, that would be a criminal action and they would have a different and more stringent burden of proof."

- Councilor Rivera said, "And that part isn't subject to a Hearing Officer's authority."

Ms. Brennan said, "No. That goes to Magistrate Court as a criminal citation."

- Councilor Rivera said, "It says 4.5 Administrative Hearing Officers. Who are those officers."

Ms. Brennan said, "We honestly didn't anticipate there would be a lot of request for hearings, but there may be. This is modeled on the STOP program, and we have had a couple of hearing officers under contract who heard those cases, and we anticipated basically, using the same model. And to the extent some of our parking changes where things that are now criminal violations become civil violations, they will be very similar and we just thought we would eventually try to have the same administrative procedures for all of these things."

- Councilor Rivera said, "So all of our administrative hearing officers are contract employees."

Ms. Brennan, "Think there are only 2 or 3. Yes."

- Councilor Rivera said it says, "The Hearing Officer's decision may be done immediately or up to two days following. What cases could a Hearing Officer approve and give something in writing immediately."

Ms. Brennan said, "I think that it would be if the preponderance of the evidence made it very clear that they could make a finding that they had been in violation of the ordinance, orally. I don't know if they typically issue long, written decisions, or just issue findings. And I think you can make a decision that quickly, and I think this is talking about the basic decision."

- Councilor Rivera asked if the decision of the Hearing Officer can be appealed to the First Judicial Court.

Ms. Brennan said, "Yes. That's correct. And this works very similarly to the vehicle forfeiture ordinance also."

- Councilor Rivera said the total of \$16,160 in the FIR is for this fiscal year, and what is that specifically for.

Ms. Brennan said she believes it is for the cost of having civil violation booklets printed and they go into some kind of holder for each officer.

Nancy Jimenez, Fiscal Administrator, Santa Fe Police Department, said, "That is correct. Also, we would need to purchase additional scales for each officer to be able to measure whether it is less than one ounce."

- Councilor Rivera said then the \$3,700 for the next fiscal year is just maintenance for that part of the program.

Ms. Jimenez said, "Correct, either more printing of forms, whatever you might need for the next year."

Ms. Brennan said, "We had talked about developing a form that would be sort of a civil violation citation, and it would have a number of things that are civil where there could be just checkboxes and not have separate ticket forms for busking, parking, or those kinds of things. And we could have one form where they could be checked and the specific Code reference noted."

- Councilor Rivera said the Public Safety Committee was unanimously against this Resolution, and asked if we know why, noting the minutes weren't in the packet.

Ms. Brennan said, "I gather that, and I did look at the minutes because I heard about that. And I gather they didn't approve basically of the Ordinance which has been enacted as you know. This is really about administrative procedures necessary to carry out the Ordinance – you need those ticket forms, the process, you certainly need the due process hearing. I don't know why anyone would object to clarifying the Ordinance language expressing the prohibition. Because I understand that no matter how many times we say it, people do misunderstand that we have not legalized marijuana, that its use and possession is still prohibited."

- Councilor Rivera asked if that is clear in the Resolution.

Ms. Brennan said, "The Resolution is just adopting the administrative procedures relating to the Ordinance, so I don't know if it is specifically stated. The first whereas is, 'On August 27th, the Governing Body adopted Ordinance No. 2014-29, which established that the possession of one ounce or marijuana and possession of marijuana paraphernalia are civil infractions and established a fine of \$25'."

- Councilor Rivera said, "My guess is that the vote for this is going to go the same way it did for Council, and the same people that support it, are going to be the same people that need to support this part of the Resolution as well, and probably #17, I'm guessing. So, since this does have to go through the Committee process, if we decided to vote against it, there still has to be an administrative process done. Correct."

Ms. Brennan said, "Yes Councilor. I would recommend that the City Manager could put matters of necessity on the Council agenda, even if it has not been approved by a Committee. And I would recommend that because of the due process requirements associated with this, and it come as part of the administrative procedures and also for the clarity in the Ordinance."

- Councilor Rivera asked if that would be for both this one and #17, and Ms. Brennan said yes.
- Councilor Trujillo said we're talking about establishing administrative procedures. He said, "The question I have is for the Police. How are they going to cite if you have one ounce of Marijuana. Are you going under City law, or are you going to cite under State law. Because I read an article today, and it was interesting, because they said an officer could be wanting to cite a person, but

who's to say if a person badmouths an officer and gets in their face, and they say, you know what, I'm going to charge you under State penalty. So, being these are administrative procedures, are we going to mandate to the Police Department that they follow City law, or State law, or leave it up to them to decide under what they are penalized, State or City."

Ms. Brennan said, "The Police Officers, as I opined, still have the discretion to make that choice, and it's a choice they make every day in carrying out their duties. And this really doesn't differ a lot and I think they..."

- Councilor Trujillo said, "I would think under administrative procedures that we as a Council are conveying to our Police Department, this how we want you to follow this law. This is how we want you to do it, not State, but City. It's our law, the City, this is how we want you to do it."

Ms. Brennan said, "It's expressing that it's the lowest law enforcement priority which is in the Ordinance. So this is really restating something that's already in the Ordinance. And it doesn't mean there aren't other priorities. I think this is something the Police have to consider in balancing the situation in which they find themselves. And I saw some statistics that I believe Councilor Maestas obtained that indicated that the Police Department doesn't keep statistics on less than 8 ounces of marijuana, and that those statistics even indicated that there are not a lot of arrests for those, and that many of those are sort of aggravated cases where there is a car accident and marijuana in the car. I think that those decisions are already guiding the Police Department essentially in where they put their resources."

- Acting Chair Maestas said in the proposed procedures, he didn't see any kind of training in enforcing the State Statute, just to make that differentiation between enforcing the local Ordinance or charging someone under State Statute. He asked Ms. Brennan if this is something she feels might be necessary.

Ms. Brennan said, "Councilor, we anticipate doing training with the Police on what the Ordinance now provides and how it can be administered. And I think the Police will probably have some thoughts, and may wish to establish guidance for officers in this and we would work with them on that. In terms of how the State law is enforced, they make a charging decision."

- Acting Chair Maestas asked our process for identifying any shortcomings, particularly in the due process aspect of it. He asked if the City Attorney's Office will be evaluating the administration of these procedures and identifying any fixes that are needed.

Ms. Brennan said, "Yes, we would, and we are responsible for a number of things under the Resolution and the procedures, including administering all functions of the Ordinance, except for those which specifically are described as responsibilities for others, essentially. I think the due process is important to our Department and we would always be monitoring that, and do so now under our current programs where we have hearing officers. Again, those are administrative hearings which have a lower standard of proof and can be appealed to the Court."

- Acting Chair Maestas said then the Ordinance is in effect, and Ms. Brennan said this is correct.
- Acting Chair Maestas asked Ms. Brennan, in the absence of adopting these procedures and the clarifying language that possession is unlawful, to tell him what liability could be presented to the City.

Melissa Byers, Legal Department, said, "I just wanted to clarify, and I'm sorry, I didn't give Kelley a copy of this, but there is an amendment sheet in your packet that says there will be a 45-day implementation period from the effective date of the Ordinance. If that helps. That way, once it's adopted, if it's adopted on the eighth, the administrative procedures will get adopted before the Ordinance that clarifies. So the administrative procedures will get adopted on the eighth, if that is the wish of the Council, and so there will be 45 day implementation from September 10."

Ms. Brennan said, "Yes. And I think, as you know, we were somewhat taken aback and have been catching up here. If I understand your question, I would be concerned about not having general rules that need to be followed for the administration of this Ordinance, because it does create due process concerns, perhaps some equal protection concerns. There are a number of issues that we want to be clear that these are the procedures if you get a ticket for this, and this is what you can do. You can pay the fine or you can have a hearing. If we don't have that, I would be extremely concerned."

- Acting Chair Maestas said, "I'm an engineer and I hate hypothetical scenarios, but I can't help but ask you. Let's just say we don't adopt the proposed administrative procedures within the 45 day delay in implementing or enforcing the Ordinance. What would we fall back on, in terms of due process, and any process."
- Ms. Brennan said, "I can't really predict that Councilor, but I would say that in any circumstance where you don't have at least an outline of the basic rules that you can build on in terms of your everyday practice, there is confusion on everyone's part and sometimes unequal application."
- Acting Chair Maestas asked Ms. Brennan if she would say that if people are cited under the new Ordinance, in the absence of the administrative procedures that a Judge would throw it out for lack of due process and administrative procedures.

Ms. Brennan said, "I can't say that, because it would have to get to the Judge and there wouldn't necessarily have to be a process by which it would get to the Judge."

- Councilor Rivera said the Ordinance states that "people carrying less than an ounce will be fined \$25." He asked if there are fees associated with that if you go to Court, if you do have a Hearing Officer.

Ms. Brennan said, "I understand that the administrative procedures do not apply any charge to a hearing. However, if the hearing officer were to decide against someone who had requested a hearing, and they appealed to the Court, there would be the usual Court charges."

- Councilor Rivera asked, "Should that be specified, because it really only says just a \$25 fee."

Ms. Brennan said, "It's not within our control. Let me just check. No, there's no fee for a hearing, and I think it says so in here, I just can't find it. Well, I would say that if it's not in here, which I'm pretty confident it is, we can do an amendment that provides for that."

- Councilor Rivera said, "I am still very uncomfortable with this whole process. I think it's very misleading to the public. I think there are people out there who believe they can carry less than an ounce and be okay, and if they are caught they only have to pay \$25. But that may or may not be the case, depending on not only a hearing offer fee if there is one or isn't, but also on how they get charged by the Police Department. I'm very uncomfortable that the Police Department is being put in a position to have to decide which statute they want to go with. I think it can lead to some issues with people pointing the finger and saying our officers are profiling. I'm very uncomfortable putting them in that situation as well. So, I continue with my initial stance, and unfortunately, that means that I can't support this."

Ms. Brennan said, "Councilor, I just want to point to Part 7.2, on page 5, Request for a Hearing, the final sentence in that provision is there is no fee for a hearing."

- Councilor Rivera said there is if you go to Court.

Ms. Brennan said, "Yes, but again, those fees are not imposed by the City. Yes."

MOTION: Councilor Lindell moved, seconded by Acting Chair Maestas, to approve this request.

VOTE: The motion failed to pass for lack of a majority vote with Councilor Lindell and Acting Chair Maestas voting in favor of the motion and Councilor Trujillo and Councilor Rivera voting against the motion.

Acting Chair Maestas said, "Kelley, you mentioned there is a special exemption to get this before the City Council. Do you want to restate that for the record, what the next steps would be."

Ms. Brennan said, "Under the Governing Body Rules, I would recommend to the City Manager that he put this on the agenda to prevent confusion and other legal effects in the Council meeting noted. I think it's a Request to Publish on the eighth and the City Council Hearing on the twelfth of November – October and November respectively."

- 17. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SUBSECTION 20-6.1 SFCC 1987, TO CLARIFY THAT IT IS UNLAWFUL TO POSSESS ONE OUNCE OR LESS OF MARIJUANA AND CERTAIN MARIJUANA PARAPHERNALIA (COUNCILORS BUSHEE AND LINDELL). (KELLEY BRENNAN) Committee Review: Public Safety Committee (did not support) 09/16/14; City Council (request to publish) 10/08/14; and City Council (public hearing) 11/12/14. Fiscal Impact – No.**

MOTION: Councilor Lindell moved, seconded by Acting Chair Maestas, to approve this request.

DISCUSSION: Councilor Rivera asked Ms. Jimenez if these figures are the same, or if this is an additional \$16,000 for something else.

Ms. Jimenez said, "No it is the same. It is only \$16,160 for the first year."

Councilor Rivera said then it can't be built into the budget because you weren't expecting this.

Ms. Jimenez said, "We weren't expecting it. However, we were asked to find it in our budget."

Councilor Rivera said, "This isn't a budget increase, you were just asked to...."

Ms. Jimenez said, "We can find \$16,000 in our budget."

Councilor Rivera said, "But you were asked to move money around within your budget, not to create a new budget for this."

Ms. Jimenez said, "Correct. Yes."

VOTE: The motion failed to pass for lack of a majority vote with Councilor Lindell and Acting Chair Maestas voting in favor of the motion and Councilor Trujillo and Councilor Rivera voting against the motion.

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION

22. GENERAL BUDGET DISCUSSION (PLEASE BRING ANNUAL OPERATING BUDGET BOOKS).

A copy of a packet of information *General Budget Discussion Item #22*, dated September 29, 2014, submitted for the record by Brian Snyder, City Manager, is incorporated herewith to these minutes as Exhibit "2."

A. UPDATE ON FINANCE DIRECTOR

Mr. Snyder said a Finance Director has not yet been selected, noting they still going through the interview process. He said, "I believe it's imperative that we get a good Finance Director. We've had some turnover within the last handful of years, we've had 4 or 5 Finance Directors, and we want to make sure there is a good fit, so we're going through our interview process. We've had multiple interviews with some candidates, but we have not made a selection yet. And we also have not closed the position to anybody and we're still accepting applications."

Acting Chair Maestas said this position has been vacant for a while, and you can see we have some really difficult financial issues to address and it would be helpful to have a Finance Director in place. He said, "My recommendation would be, if the first iteration of the job ad didn't product any top candidates that you may reconsider readvertising and casting the net even farther and wider. Because I feel, and I'm sure the Committee members feel the same way, that this is probably one of the most important appointments in the executive staff. So can you maybe talk about that Brian, if you're willing to consider readvertising the position, or give us an indication of how close you are to filling the position. I didn't mention the process, but give us a sense."

Mr. Snyder said, "I am willing to reconsider readvertising it. Prior to doing that, I'm re-looking through the applications. We didn't interview everybody that submitted an application, and currently I am in the process of re-reviewing all of the applications to be sure we didn't miss anybody. But we had put them in categories of most experienced to the least experienced and what they brought to the table. And we did interview a large number of those that were the most experienced. I want to make sure we go through all of those that applied prior to spending money and readvertising and going through that process, so I am open to that."

B. MULTI-YEAR BUDGETING

- (1) 2-5 YEAR PRODUCTIONS**
- (2) NO NEW REVENUE**
- (3) CONSIDER:**
 - a. HOLD HARMLESS**
 - b. HEALTHCARE**
 - c. ANNEXATION**

Acting Chair Maestas said this is an effort to gather as much information as possible for the Committee to begin charting a strategy to develop a lot of our financial challenges. One idea that was suggested was basically to look at a longer term budget and factor in a lot of the major fiscal impacts. The "Hold Harmless" will take effect next year. He said, "The Health Care Fund, as you know is becoming insolvent. We have some costs coming up regarding annexation. Some are recurring and some are initial. I think the thought was if we do a 2-5 year projection and incorporate those fiscal impacts, we can see what impact, if any, it would have on the current budget, just as a guide to see if we had to make any kind of across-the-board reductions, that would be our guide by including a multi-year budget."

Acting Chair Maestas said we have some new material here and asked if Mr. Snyder will be presenting, and Mr. Snyder said he would take the lead, noting the handout [Exhibit "2"].

Brian Snyder reviewed the information in Exhibit "2."

The Committee commented and asked questions as follows:

- Councilor Rivera said we included Annexation in expenditures but not in revenues, and asked the reason.

Mr. Snyder said it is a conservative approach and we really don't have a true handle on what annexation is bringing to the table. He hasn't been able to pinpoint the reasons revenues were down earlier in this fiscal year. Any number that goes into the annexation revenue side would be a plus. He said, "So rather than purely speculating as we did during the budget process with the revenues, I'm not comfortable with putting some numbers in there at this time."

Mr. Snyder continued, "And as I mentioned, staff put this summary together starting Friday and today, so I wanted to make sure the numbers you have here are realistic, conservative and good numbers, and we'll be working on fine-tuning some of these numbers as we get them."

- Councilor Rivera asked the reason the projected losses were accumulated on Hold Harmless, instead of just of \$630,000 for those first two years.

Mr. Snyder said, "Because it is \$630,000 compounded each year, working its way after 15 year years to a total of \$10.5 million that we will have lost in revenue. So we didn't go all the way to year 15 from when it starts, but we did go out to year 5, which is \$3.1 million."

- Councilor Rivera said you are still not losing \$1.26 in fiscal year 16/17, it's still the \$630,000, correct.

Mr. Snyder said, "No, that's incorrect. In 15/16, we're losing \$630,000, in 16/17, we're losing \$1.26 million, in 17/18, we're losing \$1.89 million."

- Councilor Rivera said then it's an accumulation and those are the actual figures of money we're not getting from the State.

Mr. Snyder said, that is correct, and that is the amount we're not getting for each of those fiscal years.

- Acting Chair Maestas said in the gap sheet Mr. Snyder prepared at the outset of the budget hearings, there was a carry-over from the MRC and other sources in the amount of \$1.8 million, and asked if this is still the case, and will we have carry-over into the next fiscal year, or have we corrected that.

Mr. Snyder said that has not been corrected and we will have carry-over that is not incorporated in this spreadsheet. He said this spreadsheet was "just very basic. And it hasn't factored in carry-forwards or anything."

- Acting Chair Maestas asked if it is still about \$1.8 million, commenting it is a recurring carry-over, and Mr. Snyder said this is correct.

Mr. Snyder asked to complete review of the packet and then stand for questions, so you would know what is before you. Mr. Snyder continued his review of Exhibit "2."

The Committee commented and asked questions as follows:

Acting Chair Maestas said the only factor that is not used as a variable is the revenue projections and another reason we're doing this exercise is because revenues are coming in below projected or budgeted revenues in the amount of about \$1.3 million over the first 3 months of the fiscal year.

Mr. Snyder said the first two months they were down about \$1 million, and our GRTs rebounded in the 3rd month and now we're down about \$200,000. We gained \$700,000.

- Acting Chair Maestas said he thought we added to that and it was about \$200,000 under projected in the third month.

Mr. Snyder said year-to-date we approximately \$200,000 down, so we had a much stronger third month, the month of July.

- Acting Chair Maestas said so we don't have to toss our budgeted revenues.

Mr. Snyder said this is correct, and staff is still trying to tweak those and figure out why were off in the first two months, but it seems we rebounded in the third month, so we're not in as bad a situation as we were the first two months.

- Acting Chair Maestas said we have a sense for a worst case scenario, no new revenue. He asked what across-the-board reduction in expenditures would help us in the long term. He said in this fiscal year and the next two, we have a lot of annexation expenses, but it seems to get a little better as we get to fiscal years 18/19/20.
- Councilor Lindell asked if we are staying just on this sheet, or are we going to go through the other sheets.
- Acting Chair Maestas said the baseline budgeting speaks to the next group of handouts. He asked if there are further comment on the projections and the scenarios with across-the-board reductions. He asked if the Committee needs additional information.

- Acting Chair Maestas said, "I would like to see the carry-over factored into this and also, there was the water payback which was a potential source of revenue identified on the gap sheet." He said it is a one-time thing, and asked if we have already realized that water payback in this fiscal year.

Mr. Snyder said, "It is going to be phased out, at approximately \$1.5 to \$2 million for each of the next 4 years for the water payback and we can factor that in."

- Acting Chair Maestas, referring to the original gap sheet, said we had \$4.6 million in one time costs in the General Fund and the \$2 million in potential revenue. He said, "Some of the other items were the Affordable Care Act impacts, the LEAD Program costs, and then there were some equipment purchases, and these are one-time expenses we identified which would not be recurring and not really apply to this exercise looking at future budgets."

Mr. Snyder said, "That is largely correct. The LEAD Program was a two-year commitment. The first year was \$100,000 and the second year was \$200,000 and there was no commitment beyond the second year. We're in the second year currently."

Ms. Garcia said, "To clarify, this is just a budget to expenditure summary which, as we move forward, we will build in the cash and one-time expenditures. I think right now this is a revenue to expenditure basic budget, not to incorporate cash balances, one-time expenditures, items that have been an ongoing commitment. And we will be adding to this type of format. But this worksheet is just a basic budget revenue versus operating. And as we have more mandates down the line, we will be expanding this to be able to give an idea of what we need to incorporate into this expansion that is not part of our overall operations that we've been preparing for the budget. So, payback loan is a cash transaction, it's not revenue and it's not expenditure. It's just a one-time cash transaction."

Ms. Garcia continued, "So what I would like to see clearly defined is that it is a one time cash surplus, that it's a one time expenditure and how we're going to use it, versus adding it to the budget as revenue, or adding it to the budget as an operating expense. And I think that will clearly define what those one-time costs, and one-time balances will be used for. But this is more for budgeting purposes – revenue, expenditures and those are not included in the carry-forwards, because carry forwards would probably use cash balance. It was not pre-identified by revenue, because the revenue was already identified in prior years."

- Acting Chair Maestas said he agrees this is an over-simplified exercise. He said, "As I recall in budget hearings, a flat budget was requested of all departments, but all departments were asked to submit a list of expansion requests, not necessarily associated with annexation, but just expansion requests. Some of those, if you add them all up, and I think they were presented to us in priority order, I doubt we funded hardly any of them in the current budget, but we also have that that's not being considered here. I would like that brought to the forefront, but I think there needs to be some kind of staff assessment, in terms of how much of a priority they are. There has to be some kind of screening criteria – does it present a high risk to the City, does it present public safety issues if it's not funded, is it a legal obligation through an Annexation Agreement. I don't

want to push those aside, because I think it was a valuable exercise to have each division to identify some of their priorities that didn't get into the budget. How can we incorporate those expansion requests into this discussion that we're having."

Ms. Garcia said, "I think we can do the things we're doing now, is we can list it as an item, like insurance premium. You might want a separate line item that says Capital Outlay, or we might want to put Various Critical Needs, either recurring critical needs or one-time expenditures for critical needs, so it is clearly identified in a category as to how you are funding these, whether through recurring revenue or if it is going to be funded through cash balance. I think one of the critical areas is how we are funding these requests and making sure we have either cash balance, bond money or operating revenue to fund these critical items so it clearly identified, whether it's recurring or one-time expenditures. Or if it's like annexation, whether it's one initial cost and then if it is a recurring cost across the board. I think if we were able to expand those items under expenditures or other financing resources, we will be able to do exactly what you are asking us to do is, these items are the critical needs, one-time expenditures or one-time expenditure plus recurring. How are we funding them, so the revenue will meet those needs. It's a building process and we become closer to understanding our needs. This document probably will be a living summary of our needs in the future."

- Acting Chair Maestas said it would be good to come up with proposed expenditures, whether one-time or recurring, considered critical. He said during the budget hearings, staff presented us with priorities based on their own inter-divisional priorities, not City-wide. And we can't compare apples to oranges and make a decision that an IT priority is not as much of a priority as the Fire Department, even though they are ranked number one. He said, "My suggestion to the Committee would be to gather as much relevant information as possible. And part of that information should be this list of requests that were not funded that were considered priorities along with proposed criteria to identify these as critical. You all come up with the criteria, but I think we need that to make sound decisions, and we need to know what needs to be incorporate in which budget."
- Acting Chair Maestas continued, "IT we know the needs are great and substantial, but how do we know if that is the highest priority we're going to pick. And I don't want to pick one department, and say IT is more important, because we did an assessment study. There could be other higher priorities that present greater risk to the City and maybe not. Can you do that Brian, and refresh that list, go back and ask the departments, the priorities that you presented at the outset of budget hearings that weren't funded, I want you to reassess them in terms of priority and scope of the improvement or purchase, and then have them revisit the estimate. And then I suggest coming up with some kind of criteria to evaluate all of these and make a determination whether or not they are critical. And differentiate, as you suggest, whether one-time or recurring. And I think that will really help us to start putting some meat on this bone so to speak."
- Acting Chair Maestas continued, "In terms of looking at these scenarios where we have across the board cuts and incorporating some critical priorities, because I'm not sure we can defer all of these unfunded requests that each department submitted to us in Finance. And so I think part of the criteria has to be how long can you go under these circumstances without this priority being met."

Let's start adding realistic information and we can make better decisions even in the current budget."

- Councilor Lindell said in looking at this, and she hasn't had time to study it, but even in the 2% scenario, even in the worst case scenario, we would remain deeply into negative until the fiscal year 16-17 FY budget. And certainly this year, we're headed into pretty serious negative territory, isn't that true, Mr. Snyder."

Mr. Snyder said, "There are definitely budget challenges. Some of them, like Councilor Rivera called out, we don't have all the annexation factored into here, but we definitely have large challenges ahead. As I said while moving into last year's budget cycle for this fiscal year, we have challenges we have to look seriously at. The services we provide. We have to look at the revenues we're generating. We have to look at, in my opinion the big picture of how we do business and the services we're providing, and have a good discussion on what those are and the cost implications."

- Councilor Lindell said, "I appreciate that. We do look to you to guide us through that. The gap number is sizable, and I think looking at the big picture is exactly what we need to do. So I think we look to you to start early on this and to find our way through it."
- Acting Chair Maestas said another issue we discussed in determining what we want to discuss today was annexation. What are the metrics. Is it public safety response time. What are the metrics to evaluate whether or not we are doing a good job of covering the newly annexed areas, in terms of public safety services. The reason it's an issue to me is I believe the Police Department in 2014, requested 10 additional officers, and we only funded 5, and they are requesting another 10 officers in 2015, and 5 in 2016. He said he could be mistaken about the numbers. He said his concern is that we didn't fund the full request. He said we need to identify whether or not we are covering these areas and what is the bare minimum coverage for adequacy in public safety in these annexed areas with existing resources. He is uncomfortable approving only ½ of the request of the PD for officers to cover the annexed areas.

Mr. Snyder said he can bring that information to an upcoming Committee meeting. He said in annexation year one, 10 police officers were requested and the Council funded 10, and in year 2, 10 were requested, and 5 were funded. Ultimately we are working toward 25, so we're 10 down. During the budget process, staff agreed to come back at mid-year and discuss recruiting efforts and if we are at full staff, to request 5 additional expansion officers. At this time, we are down 17 police officers. He said this happens – we have 17-20 vacancies, we fill positions, and then through retirement and people moving on, we work our way back to that number. However, we have more positions, noting we have gone from 165 to 180 positions, so we're making headway. He will talk to the Police Department with regard to response time, bare minimum coverage for annexation and how we're doing on that, and we also can have a brief dialogue on recruiting.

- Councilor Rivera said the 25 new PD Officers for annexation was requested by the previous Police Chief, noting the new Chief may have different figures. He would like the figures from the new Chief, noting he seems to have a better relationship with the State Police and others, and perhaps there can be some overlap in services, commenting perhaps something more in the middle is a little more realistic.
- Councilor Rivera said what you've given us to date is a flat revenue, and even with a 2% reduction, we are still looking at gaps to FY years 16/17. He said unless we can hold off on the needs mentioned by Councilor Maestas, IT and some other critical areas, we also probably need to look at some ways of increasing revenues as well. He would like staff to provide figures based on our options in terms of property taxes and GRTs and others, that we can start discussion. He said at some point we are going to have to fund those necessary items.

Mr. Snyder said he will speak with the Chief and get the requested information for the Committee.

C. BASELINE BUDGETING

- (1) 63% – PERSONAL SERVICES & OPERATING EXPENSE**
- (2) RATE TRENDS**
- (3) PROPOSED POLICY**

Mr. Snyder continued reviewing Exhibit "2."

The Committee commented and asked questions as follows:

- Councilor Lindell asked how we are doing in terms of vacancy savings.
- Mr. Snyder said it ranges from 1.4% to 4.2%. He said he can get a quarterly summary of the vacancies which would give her a good idea of the current status.
- Acting Chair Maestas said he thought we had a long-standing practice on vacancy savings, in that it was held in abeyance to the end of the Fiscal Year and asked if that is still the practice. If there is a vacancy rate over 4%, do they get to keep the difference between 4% and the actual vacancy rate at the end of the fiscal year.

Mr. Snyder said, "No department gets to keep that. And one of the approaches I want to focus on, and looking at vacancy savings and credits, is to open the dialogue with each of the Departments so they have ownership of their personnel savings. He would like to move forward with what Acting Chair Maestas described, but we're not there yet. So right now, at the end of each fiscal year any realized vacancy savings rolls back into the General Fund, for example. For enterprise funds, it rolls back into the cash reserves that are used to budget for the next year."

- Acting Chair Maestas said perhaps at mid-year we should look at the vacancy rate by department. We haven't cut services, but the City has reduced the total number of FTEs since the recession. The baseline year is FY08. There has been a permanent or a stable reduction in FTEs, but we haven't reduced services. So if we have departments still experiencing extremely high vacancy rates, if there are, then maybe we should look at the services associated with that department, and reconsider the total number of FTEs in that department.
- Acting Chair Maestas said if he were to ask his colleagues what services they would be willing to cut, he wouldn't be willing to answer that question. However, he thinks we should start looking at the total FTEs, vacancy rates and services provided. He said we are obviously doing better, and we are more efficient as a City if the staff has been reduced, but the services are intact. There may be a lot more overtime, or more employees doing more work. He said he thinks this Committee should gather relevant information to determine whether the City is at the right size, and if we have achieved that steady state condition in terms of the number of FTEs and services provided, or may some additional belt tightening and contractions are in line that won't impact our services, but he doesn't know.
- Acting Chair Maestas continued, "As we're hiring a lot of these positions, we really haven't had any discussions about the existing structure of City government. We've made some structural changes since I was elected, but I don't think we've looked City-wide at the organizational structure to identify any potential changes that could streamline the way we do business. Throughout the process of assessing whether we need to tighten our belt, I think we need to look at the organizational structure, the size of the City and determine whether or not we should be filling all these long standing vacancies. I didn't want to filibuster this issue, but I think that's kind of an issue for me. I think Councilor Lindell is correct, that at some point, we should get a snapshot of where all the departments are and look at their vacancy rates, at least a mid-year. And I realize there is turnover in every department, but maybe this could identify some glaring issues with certain departments that have a long standing high level of vacancies."
- Councilor Rivera said Mr. Snyder provided the vacancy credit numbers, but he doesn't see the numbers on vacancy savings, and asked Mr. Snyder if he can provide those at the next meeting or a future meeting, and Mr. Snyder said yes.
- Councilor Rivera said 07/08 was good year and the recession hit after that. He understands every year since then, we've had a flat budget, but that's not what this shows. We've also had a pretty severe reduction in force, as Councilor Maestas was just saying. He said, "That money realized in reduction in force had to have gone somewhere, and where did that go. Did it go to Council mandated issues with a fiscal impact, or somewhere else. This is the question I've been asking for a while. We've supposedly remained flat, which doesn't appear to be the case, but where are those increases coming from. Again, if this Council and past Councils had a reduction in staffing to the tune of almost 200 people."

Mr. Snyder said it is between 200-300, yes.

- Councilor Rivera said, "But if we used that money to fund other projects that we felt were important, then we've done a serious injustice to the people of the community. Because that was supposed to be savings in GRTs for other things to keep us out of the problem we're in now, and really having gaps that are so large we can't fund anymore, and having to come up with other revenue sources or other ways to decrease that gap. I don't know if there's a way to find that out, where those monies went. Is there, Teresita."

Ms. Garcia said, "I think part of what's missing here are the increases. Even though we had a reduction in force, we also had union increases. And this sheet does not show when we implemented those increases. Maybe when we do the budget to actual, we identify the years that the increases were enacted and what the percentage was. So, even though it shows that we had a reduced force, we also had increases to their cost of living through the union, and we can add what year it which year it was implemented and the percentage of the increases."

- Councilor Rivera said if we could look at that, that would be great as well.

Mr. Snyder said Andy just reminded him that a good portion of that is also going toward health insurance that the City is responsible for, but they can do a breakdown of the information they can pull from the system as to where those costs go.

- Acting Chair Maestas said what might shed some light is showing the total budget that was subcontracted, noting last year it was about \$21 million. He asked if we outsourced more work as we decreased FTEs, or did that stay the same, did that decrease. He said he would hope that it decreased, but it would be good to see those numbers as well.
- Councilor Rivera said, "I don't want to go through the process of cutting money and increasing revenue and then finding other projects we decide to fund from year to year. That doesn't seem fair to anybody."

Acting Chair Maestas said the current policy is that we're budgeting a 4% vacancy, and based on history we are averaging about 4%.

Mr. Snyder said that is an unwritten policy, so there is no current, written policy, but based on the recent fiscal years, we're been targeting 4%, unwritten.

- Councilor Rivera said there was a time during which all vacancies had to come before the Finance Committee and the Council for approval. He said, "I'm not sure how I feel about that. I think in some way, it sort of relieves you of the burden of having to decide what you're going to fund and what you're not going to fund, but it also creates a bureaucracy about running the City. I guess at some point, I would like your honest opinion about what you think about that policy. Would it be beneficial to look at, not only request for a position, but also when you transfer a position to a different department, or how you work that out, if that would even be worth coming to this

Committee and also to Council to help you determine that, or make that decision, maybe in the best interest of all of us at this point." He wants to hear Mr. Snyder's understanding of it and if he thinks it would work or not.

Mr. Snyder, "I'll give you my opinion right now. I think it's a bad idea. Frankly, that's why I believe you hired me as City Manager, to manage the budget within its means. So, no disrespect to you as the policymakers, I don't believe that to be policy making. I believe that to be managing the City. That being said, one of the things brought up during the budget process was to come back on a quarterly basis with any reclassifications, not necessarily for approval, as a communication with the Governing Body. I think there is value to that. It can show where we are moving as an organization, why we are moving in that direction. And one of the challenges as I hear Councilor Maestas speak is, as every vacancy becomes available, and I know you, Councilor Rivera probably did the same thing as Fire Chief. You look at it, and look at the needs of your organization within your department or division and that's what I've asked all staff to do – to make sure if someone is retiring from that position and they've been in that position for a long period of time, really assess. For example, best case, somebody retiring with 26 years and has been in the same position for 26 years. A lot has changed in 26 years, so I've asked staff to revisit the position, make sure it's needed, before we just go and advertise it as is. Make sure it meets the needs of organization."

Mr. Snyder continued, "I think there's a value in open communication and dialogue with the Council on how we're moving, where we're headed, making sure we, as a team, are headed in the right direction that we believe the City is moving. So I think communication and open dialogue is a good thing. Coming forward on a monthly basis I think is overly burdensome and I think that's the responsibility of myself as the City Manager to live within the approved budget by Council. And if I don't, then we should be talking. But I take on that responsibility along with Finance and H.R. We have checks and balances in place to make sure that we are operating within certain guidelines, but I'm definitely open for the discussion on how we can better communicate some of those changes, and what makes sense to what you need and what will help you as a policymaker help make better educated decisions moving forward. So, that's my opinion."

- Councilor Rivera said, "There are pros and cons to everything, and you've given me the pros about why it wouldn't work, but there have to be pros on why it would. And that's what I want you to take a look at. Again, we may decide not to do it, but there has to be some benefit in the way that it ran at some point. And again, I don't want to micromanage you, but I think we're in a bit of a financial pinch right now, and I'm not sure.... and you and I have had this discussion before. Questions about how positions are funded and how positions are moved and really being transparent, and I think when the financial crisis of the City is the way it is right now, it takes some of the burden off you to have to make some of those decisions, and really share the burden and be as transparent as possible. Again, if you can just look at it from a different point of view, that would be great."

D. UNFUNDED MANDATES

(1) LIST PROVIDED BY CITY MANAGER DURING BUDGET HEARINGS

Acting Chair Maestas asked Mr. Snyder to explain the circumstances under which the items on this list were funded. He assumes there was no existing budget, and these were budgeted from reserves, or maybe Mr. Snyder can speak to how these were funded, instead of going through each and every one, unless the Committee would like to do so.

Mr. Snyder said you have two pieces of information, a stapled packet which is all the legislation that was approved with a fiscal impact, during 13/14. If you recall, I presented a very similar document during the budget process, and then a one page document that is legislation that has been approved year to date, whether it be a Resolution or Ordinance, and the associated fiscal impact.

Mr. Snyder continued, "Depending on the item, depends on where it was budgeted or where it was funded from, the reason it's called "unfunded mates" on the agenda, is that these are items that are not included in the approved the budget, the budget we're operating under right now. These are new items to that budget. That doesn't mean that there isn't funding in the budget to accommodate these items. Some of these items, are a shifting in priority. So some are funded from existing business units, other times they go into cash reserves. There's different funding mechanisms."

Mr. Snyder continued, "I think the main purpose of this is to summarize what kind of funding is needed throughout the year as we move forward with the standard resolutions and ordinances, and the next item on the agenda, in my opinion, is where it should head is, as we move into fiscal impact reports which come forward with every resolution and every ordinance. And you as policymakers are aware of those fiscal impacts before you even introduce the resolution and/or ordinance, but most importantly, as we move forward, make sure they're done consistently, that they have the information on it that is relevant to you as a policymaker, is relevant to us as staff, to make sure we have the right line items and business units where the funding would be coming from. We're realistic on the actual impact. I've had conversations with several of you on why we don't consistently include staff time on some of these resolutions and ordinances."

Acting Chair Maestas said Mr. Snyder didn't say whether he worked the unfunded mandate into the budget, or whether it was funded with cash reserves.

Mr. Snyder said, "I did not do that on the summary. It depends on the item, and some of it was a combination of things, whether it was from the budget or cash reserves, or from a grant match. We had a grant but we also got a match from something else."

Acting Chair Maestas said, "We're talking about accountability and the Council needs to take some responsibility and look at some checks and balances to turn the tide on some of these unfunded mandates, and my suggestion would be, as a start that we do come up with a Council approved policy on using cash reserves. That there only be certain circumstances where cash reserves would be used for any kind of mandate from the City Council legislation. In terms of whether or not a budget found and priorities

are shifted within the existing budget, I think we can continue that discussion. I know there have been questions about our reserves. We, as a matter of unwritten policy, agree to maintain a much higher reserve than is what is mandated by the State. I think the State mandates 1/12 of our operating budget, and we set aside an amount higher than that. I think that needs to be memorialized in our policy. And there is a part of that policy that sets the reserve, I think we need to identify some absolutely critical uses that can be used to draw down our reserves. And of course, we can't go below 1/12, that is the hard line we can't go under."

Acting Chair Maestas said, "So that would be my suggestion to the Committee. I don't know if there are any other policy avenues you all want to discuss. In the future budget, we can set aside Policy, Fiscal Impacts and put it as a line item in the City Council Budget. We can come up with an overall amount, and only that line item can be used for mandates, any fiscal impacts that come through Council legislation. I think we talked about that briefly, I don't know, maybe it was just you and I Brian, but maybe we could actually budget a line item, a set aside for fiscal impacts from policy. I'm going to fall back on my initial comment. I do think we need policy regarding the reserves, at least the emergency cash reserves."

Councilor Rivera thanked Mr. Snyder for his presentation, saying it was very well done. He said, "The 10 years I was in management at the Fire Department and during my time here, we budgeted the same way every year, and it's always come out flat, and we'll start at that point and work from there. Perhaps we could look at budgeting a completely different way this year. Maybe we start at zero and we progress up from there. So what are personnel costs. What are the things we absolutely need per department, and again, it's just a different way of looking at the budget than what we've done consistently every year for the past 10 years that I can remember. I'm sure there are ways to budget that I don't even know about. And maybe, in some way more simple, and in some way a little more difficult and take a little more work. But looking at it from a different perspective may open some eyes and help us see things a little bit differently."

Councilor Rivera continued, "Again, just an idea. If the Chair decides that we do it the same way we have every year, that's fine, but hoping, for myself to learn a little bit more about how each individual department operates, that would be helpful for me."

Councilor Lindell said, "I'll briefly comment on these 5 pages of Resolutions and Ordinances that have fiscal impact. And, really and truly, I would thank you for not giving us the total of all of these, because I think it would be a little bit astounding. I think when you look through some of these, and the Chairman said where are there programs that you would like to cut, no one would like to start. But maybe the starting place isn't cutting things we have, but trying to show some restraint in moving ahead Resolutions and Ordinances that are unfunded. We have pages of them here."

Councilor Lindell continued, "I think it's clear that we can't continue this way. It's just not possible, so I would call on my fellow Councilors to take good close look at this, and know that it is also incumbent on us to manage ourselves with this also."

Acting Chair Maestas said, "One thing I would suggest is that we keep the budget discussion as a standing agenda item, and then we can add any continuing topics. We can talk with Councilor Dominguez about this. But, if we can get the requested information maybe several days in advance of the next Finance Committee meeting. That way Councilor Dominguez can sit, and we all can, determine which of these sub-topics under budget we want to keep as standing agenda items. And I see us having a discussion, hopefully leading to some decisions when we get to mid-year. So this is really to help prepare us to make some adjustments and decisions, definitely no later than mid-year. I think this Committee needs to take action on some of these budget issues we've discussed."

Councilor Rivera asked if staff can find out the reason there is such a discrepancy in GRTs.

Mr. Snyder said, "We are digging into that, and I'm not comfortable with what we found yet, but we'll get that information to you."

Mr. Snyder said, "And just to comment on what the Chair mentioned about this item, I'm happy to keep this item on the agenda. It opens the dialogue. One of the things I'd like to suggest for future meetings, is one of the constraints we're up against is the Finance Committee meeting twice a month or almost every other week. If we can get direction where we have a captive audience and we're in the dialogue on direction, staff can go away and prepare those items within the next week time period. And then, that could be part of your packet, which I think is the best scenario, rather than emailing them to you a couple of days in advance. We're just up against some time frame challenges. If we can't get that direction now, so the staff can start working on it, then it can't get to Yolanda in time to print to get in the packet. Just a suggestion maybe in future discussions if we can be specific. I got some specificity here tonight and we definitely can start working on that. But since we're beginning to talk about the next agenda items for the follow-up meeting, that might be helpful as well. And I'll discuss that with Chair Dominguez."

(2) FISCAL IMPACT REPORT DISCUSSION

Mr. Snyder said we need to shape the fiscal impact report so it is user friendly, not only for us, but user friendly for what you see and what you approve, and makes sense. This conversation is means to open the conversation on here's what we've spent in FY 13-14, and here's where we're headed 14-15, but we can streamline the way we go about approving some of these fiscal impacts.

23. OTHER FINANCIAL INFORMATION

There was no other financial information.

24. MATTERS FROM THE COMMITTEE

Acting Chair Maestas said, for Mr. Snyder, we have a procurement summary sheet, and we've been approving a lot of these cooperative price agreements. And obviously it avoids us from following our own procurement process in having a special solicitation for whatever equipment and services. He said, "Do we have any policy where we actually justify going with some kind of cooperative prices agreement, whether at the State level.... I think we have an obligation to at least assess the existing services in Santa Fe in our local community before we decide to procure any kind of equipment and services through a cooperative agreement. Do we have any kind of policy where we at least justify using these price agreements. We're foregoing opportunities for local business when we do that, and it's awfully convenient for us. It's quick, but is it the best for our community. I know we have limited dollars and how can we invest in our local community when we keep going to these convenient cooperative price agreements for local services. I know a justification is required for sole source and that's understandable, but I would like to look at some policy changes requiring procurement justification going to these price agreements. If they do some kind of a market assessment for those particular services desired before they go to a cooperative agreement. I could be mistaken, but in looking at these procurement summaries, I see no kind of local market assessment."

Acting Chair Maestas noted we have local preference and he wants staff to work on this if there isn't already some policy and asked, "Is there any kind of policy that requires justification for using these price agreements."

Mr. Snyder said he is unaware of any policy for doing an evaluation locally. There are policies, but he doesn't know where they reside, whether in the State Procurement Code or in our own Procurement which allows us to use State Pricing Agreement – basically let somebody else do the work for us. This is one of the ways we're able to do more with less. It take a lot to develop and publish an RFB or and RFP, and he definitely respects wanting to do things locally. He said we can look into this. He said we can use State pricing, County, or Western Regional Alliance where they have bid similar type services, and we can use those to procure services. It is done competitively. So a lot of times they are looking at the lowest bid. He said, "But you're right, it may not include the local vendor."

Acting Chair Maestas said he and Mr. Snyder can work on that, or all of us. He thinks it's something that is needed.

Ms. Garcia said, "To clarify the issue. They do go through a quote in which they call vendors to determine whether there is somebody locally that will provide the services. A lot of items on these cooperative bids are specialized and cannot be obtained locally. And some of the items are extremely large and which sends us over the \$50,000. So there is an additional level of procuring services that you don't see, which is that the departments do go out and get a quote on determining whether it is the cheapest, or whether they need it currently. So we do have a level right underneath the contract to indicate we do go out and get the best price."

Acting Chair Maestas said, "Right, but I usually don't see any kind of local quotes in our packet of information. I know there's some specialized information, but a lot of it is services, fleet equipment that is not available here. I even want us to consider, if there's a large order, obviously we might get a smaller unit cost if we bid through a State Price Agreement. Well, maybe can we break up this procurement and maximize opportunities for local businesses. I really think we need to look at that. I'm willing to roll up my sleeves and do that, but I've just seen a trend where we're awarding a lot of these cooperative prices agreements."


25. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 7:00 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Teresita Garcia, Acting Director
Department of Finance


Melessia Helberg, Stenographer

City of Santa Fe, New Mexico

memo

ITEM #15

Date: September 29, 2014

To: Finance Committee

From: Melissa Byers, Legislative Liaison *mb*

Re: September 29, 2014 Finance Committee Item # 15
Sewer Rates Increase Ordinance

Attached hereto is supplemental information related to the proposed amendments to sewer rates, Item #15 on the September 29, 2014 Finance Committee agenda. Staff had provided this information to my office prior to the packet printing, however, the information was inadvertently left out.

Thank you.

Exhibit "1"

**MIWH****BUSINESS SOLUTIONS****MEMORANDUM****ITEM #15**

TO: Bryan Romero, City of Santa Fe **DATE:** September 2, 2014

FROM: Jason Mumm **CC:** Fernando Aranda

SUBJECT: City of Santa Fe's 2014 Wastewater Rate Increases

This memorandum summarizes our findings with respect to rate increases needed for the City of Santa Fe's Wastewater Division. Additional details with a summary of all findings can be found in the Water, Wastewater, and Environmental Services Financial Plan Report dated June 2, 2014. Our update of the financial plan and analysis shows that the Wastewater Division needs rate adjustments of 4.9% for five years from 2014-15 through 2018-19 to meet debt service coverage requirements and fund its capital improvement plan.

In recent years, the Wastewater Division has seen a decrease in retail rate revenues. This loss in revenue has been from decreased billed usage and changes in retail customer structures. Since FY 2010-11, billed usage has decreased by 2.4% annually. In FY 2012-13, the Wastewater Division lost \$0.3 million in effluent revenues due to the loss of Las Campanas. In the same year, 700 retail customers were transferred to Santa Fe County and are no longer considered retail customers. All of these developments, along with the need to meet debt service coverage requirements and increasing CIP costs have created the need for five years of rate adjustments at 4.9%.

One of the primary drivers for these rate increases is the need to meet debt service coverage. Debt Service Coverage (DSC) is an important indicator of a utility's indebtedness and ability to pay for debt. DSC is calculated by dividing net revenues by the annual debt service payments. Santa Fe's Wastewater Division has a management target of 1.50x and a required by bond covenant minimum of 1.25x. The Wastewater Division's cash reserves cannot be used to meet debt service coverage since the cash reserves do not factor in the calculation of net revenues (operating cost minus operating revenues).

As shown in Figure 1, we project that the DSC ratio will dip below the management target of 1.5x in FY 2014-15 but above the minimum needed. We project the debt service coverage to return above the management target in FY 2015-16 and remain above the target throughout the rest of the study period. The DSC was allowed to dip below the management goal in FY 2014-15 to avoid a larger revenue adjustment of about 7.5% instead of the proposed 4.9%. If the rate increases of 4.9% were not in 2014-15, debt service coverage would slip below the minimum required of 1.25x and the Division will be in technical default.

Figure 2 shows the projected cash balance reserves between FY 2014-15 and FY 2018-19. Management reserve targets include: 90 days O&M cash on hand (\$varies); capital reserve (\$3m); and rate stabilization (\$2m). In FY 2017-18 and FY 2018-19 balances will remain very close to management reserve targets. Increases lower the 4.9% would cause cash balance

reserves to dip below management reserve targets.

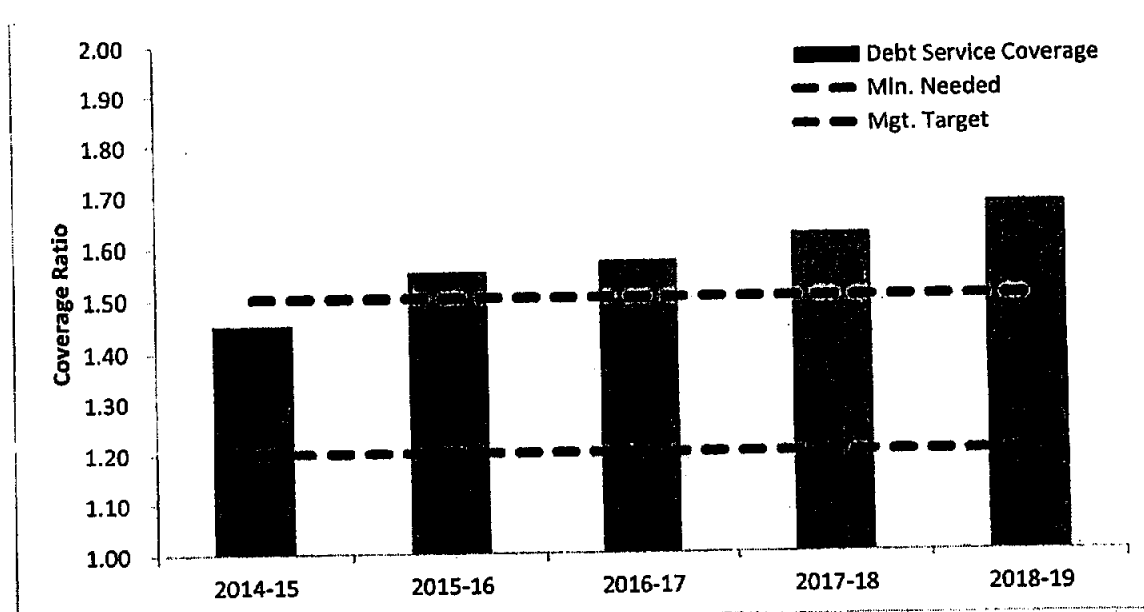


Figure 1: Wastewater Division Debt Service Coverage

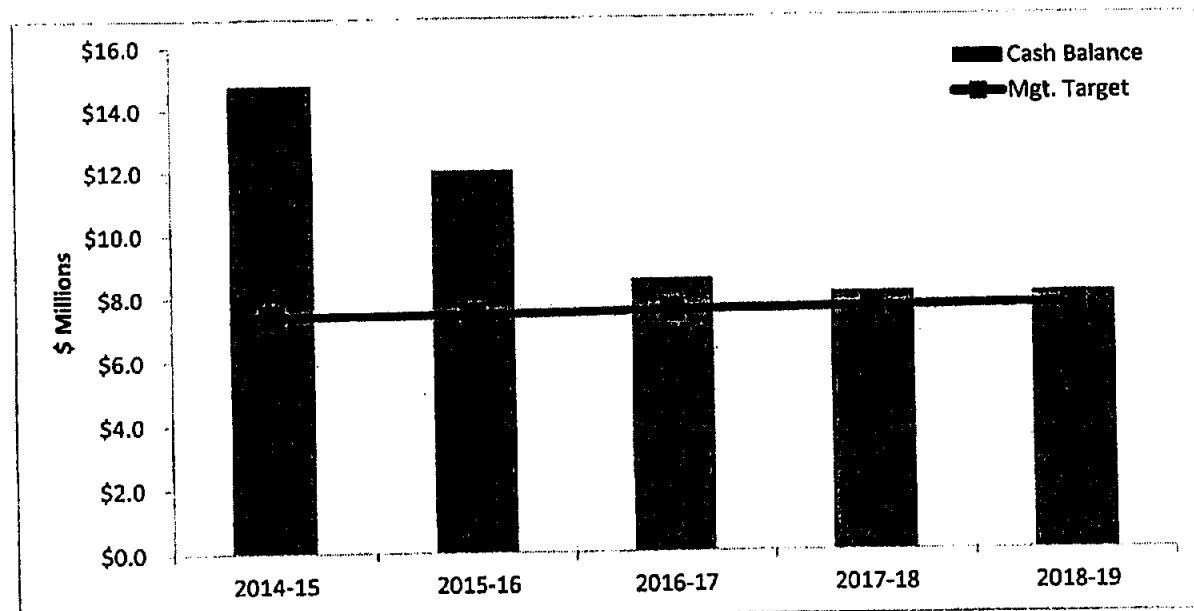


Figure 2: Wastewater Division Cash Balance Reserves

Increases in CIP could also have a negative impact on the cash balance reserves. When considering CIP it is important to note that the Wastewater Division expects complete a treatment and collection master plan in FY2014-15. These master plans will determine if new capital projects are necessary. The Wastewater Division also is aware of federal changes in nutrient criteria that could impact the City's discharge permit, resulting in required capital

improvements projects and ultimately requiring higher rate adjustments.

In summary, the recommended rate adjustments of 4.9% as well as the existing reserves are projected to be used to pay for capital improvements and meet DSC. Increases lower than 4.9% will cause debt service coverage to dip lower than management's target and cause cash balance reserves to slip below management's target.

Financial Planning 101

Sources
of Funds

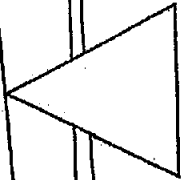
Uses of
Funds

Policy Targets

O&M

CIP

Debt Service



Financial Planning 101

Uses of Funds

Policy Targets

OS&M

CIP

Debt Service

Sources of Funds

GRT and Other Revenues

Debt and Loans Issued

User Charge Revenues

Financial Plan

Uses of Funds

Policy Target

O&M

CIP

Debt Service

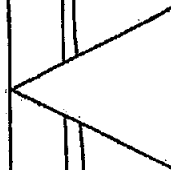
Sources of Funds

Fund Balance

GRT and Other
Revenues

Debt and Loans
Issued

User Charge
Revenues



Financial Plan

Uses of Funds

Policy Target

O&M

CIP

Debt Service

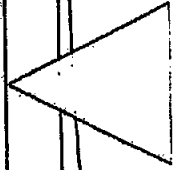
Sources of Funds

Fund Balance

GRT and Other Revenues

Debt and Loans Issued

User Charge Revenues



Financial Planning Goals

- Maintain debt service coverage at target levels
 - Maintain reserve requirements
 - Minimize revenue increases
 - Find the optimal combination of debt and rate increases to fund capital improvements
-
-

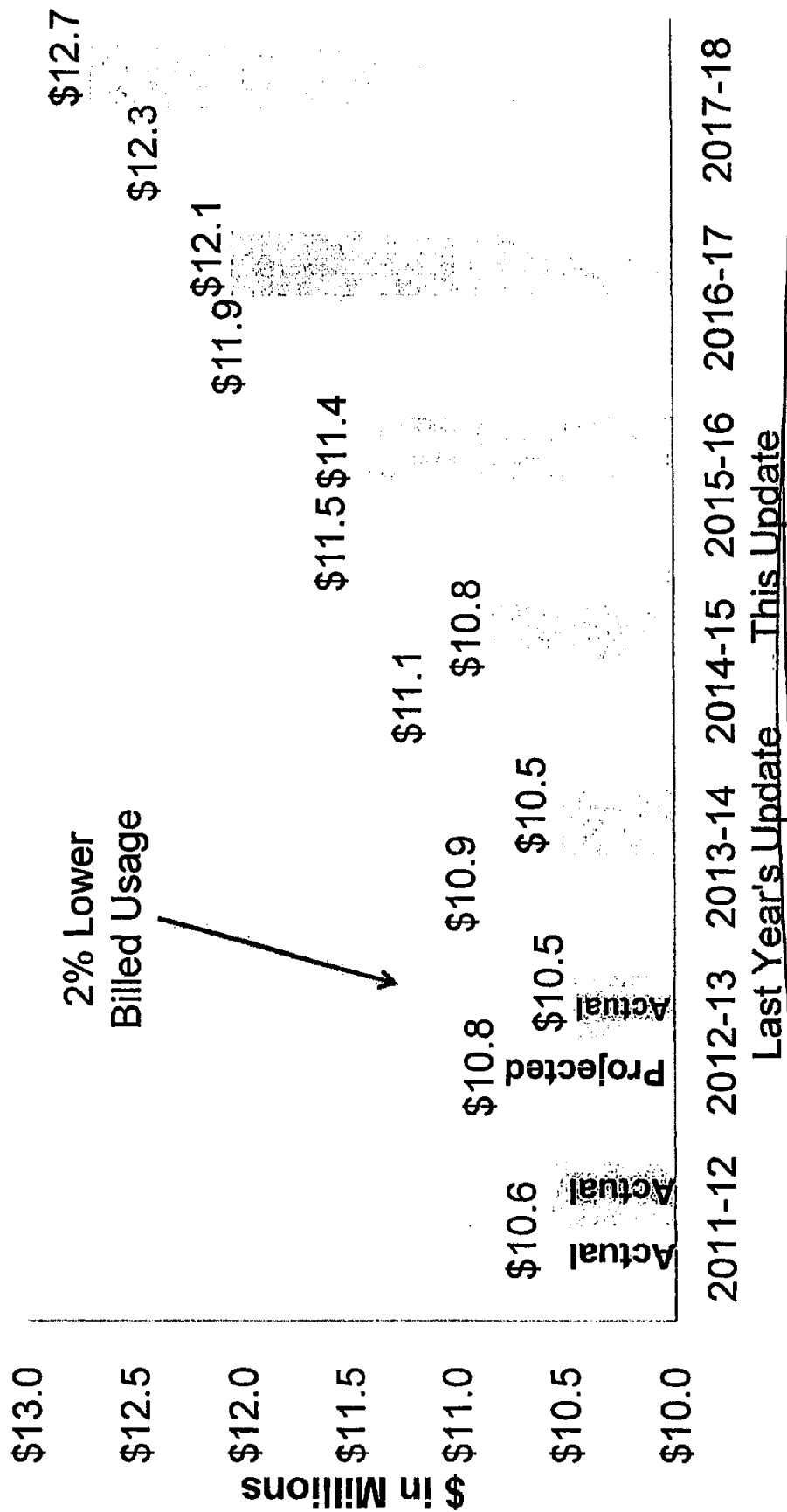
Financial Plan Policy Decision Parameters

- Revenue increases
 - Use of reserves
 - Debt issuance
 - GO Bonds
 - Revenue Bonds
 - Internal Loans
-
-

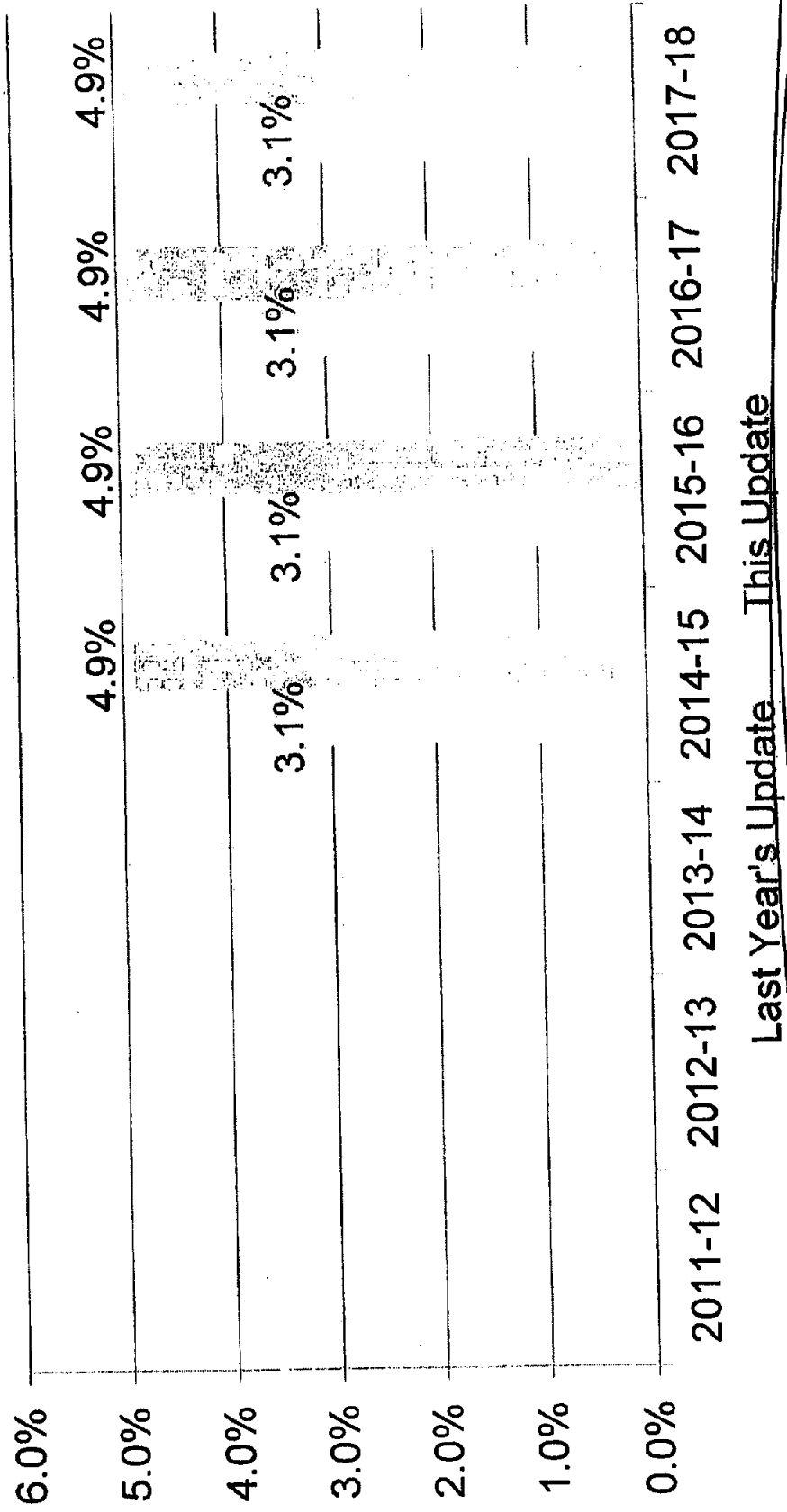
Wastewater Division

- Continued decreased in billed volumes along with increased capital and operating cost projections result in five years of 4.9% revenue adjustments starting in Fiscal Year 2014-15 to meet debt service coverage and fund projects.

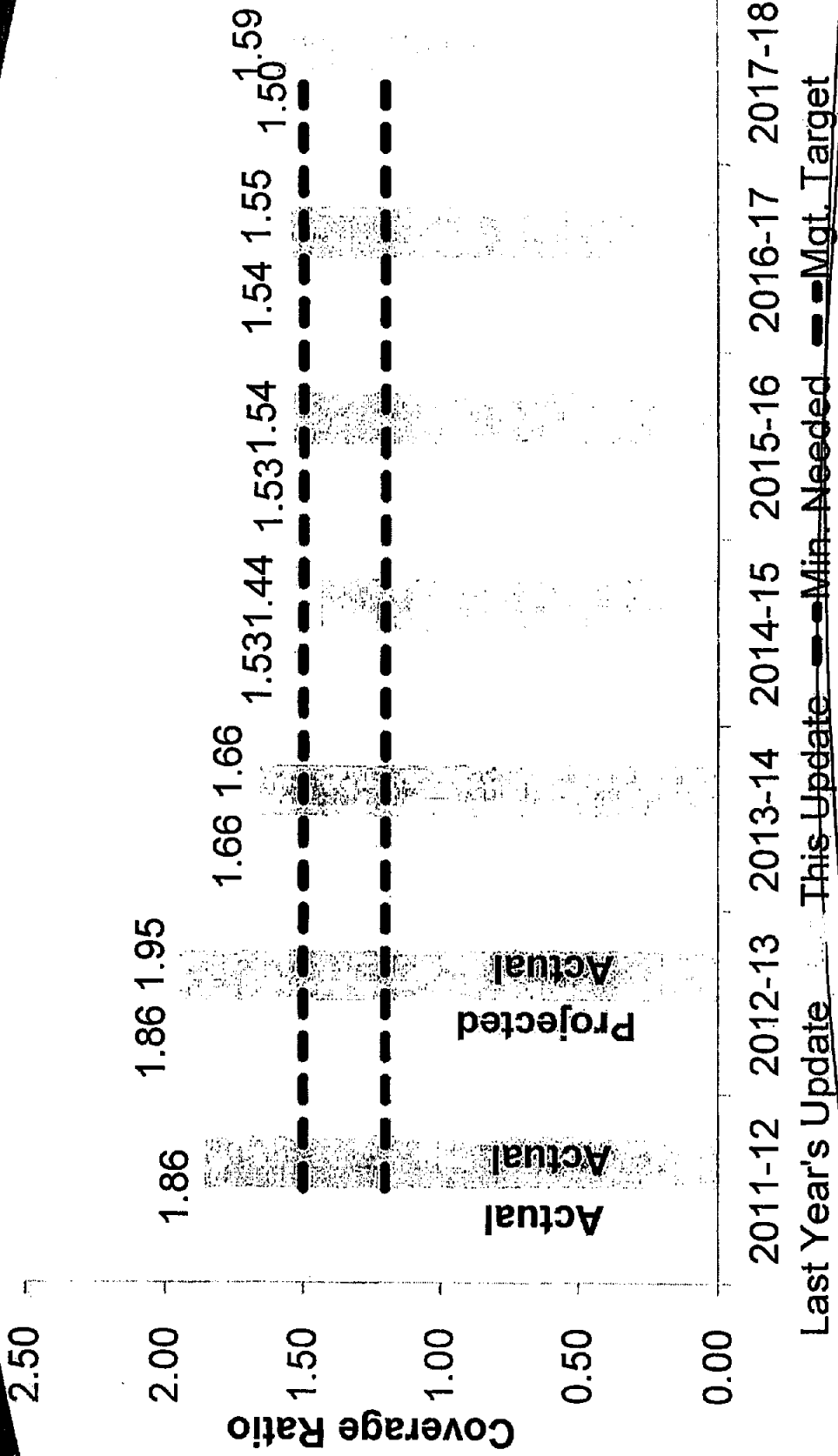
Wastewater Division Rate Requirements



Wastewater Division: Rate Increases



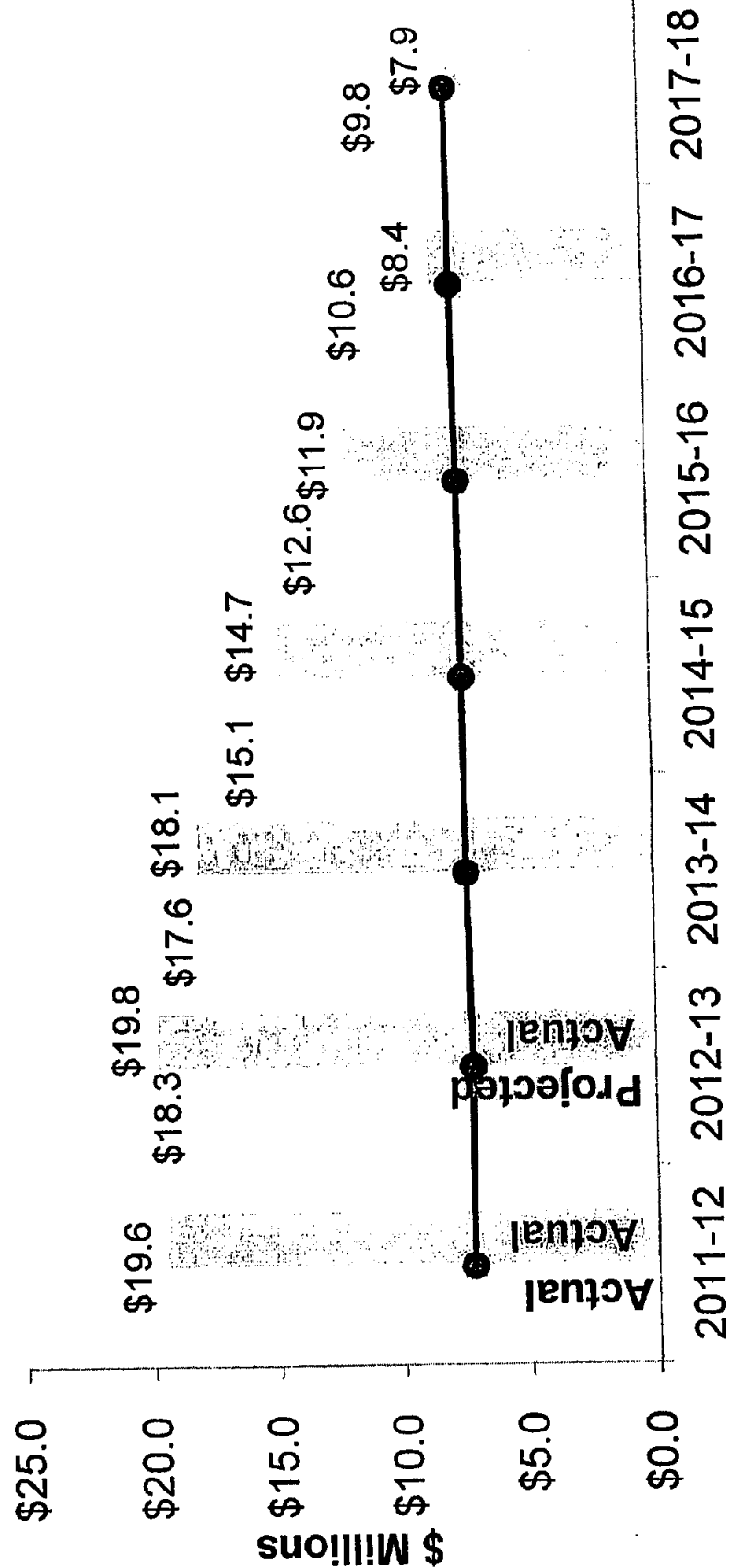
Wastewater Division: Debt Coverage



Last Year's Update This Update ~~Min. Needed~~ ~~Mgt. Target~~

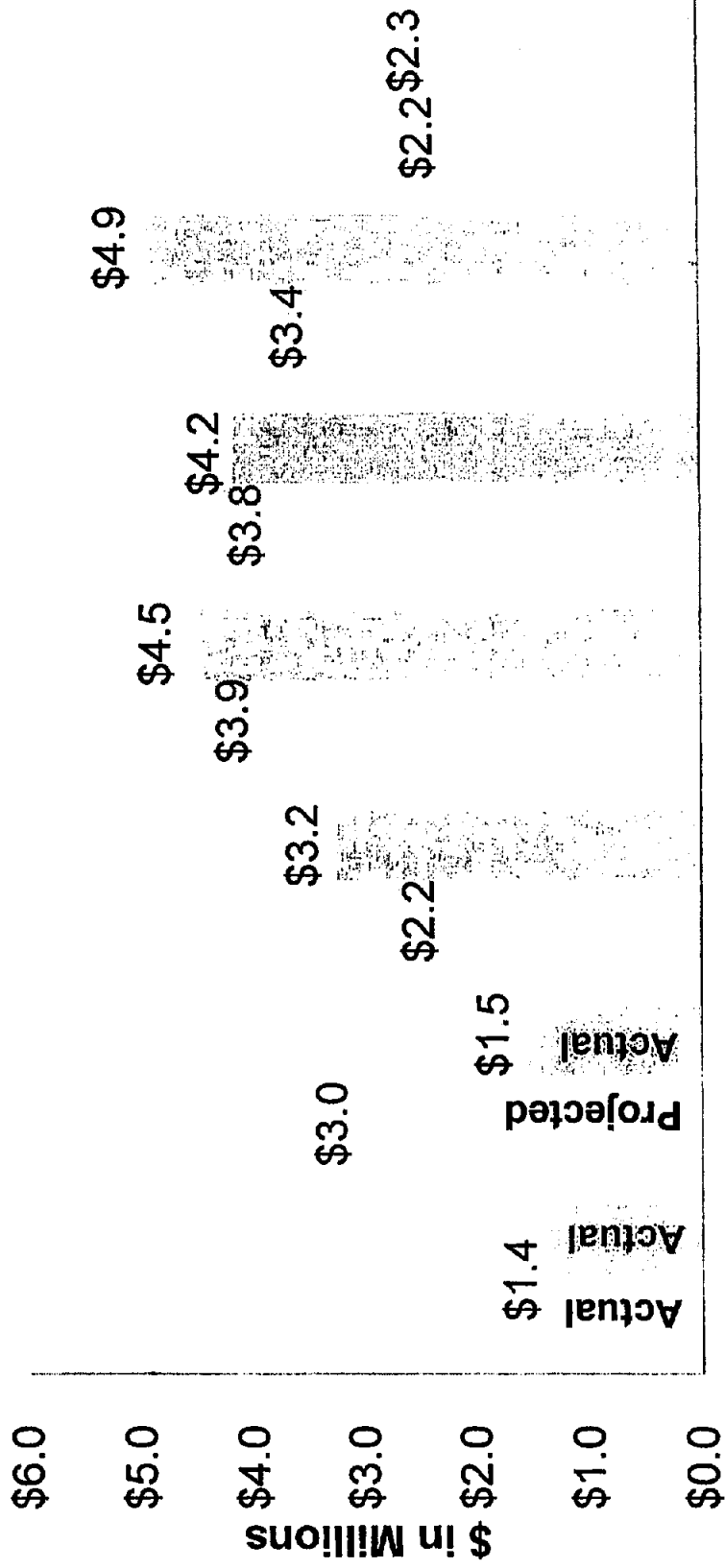
Wastewater Division: Fund Balance

Last Year's Update This Update ● Mgt. Target



~~Targets: 90 days O&M (\$2.2M), Capital Reserve (\$3M) Rate Stabilization (\$2M)~~

Wastewater Division: C/P



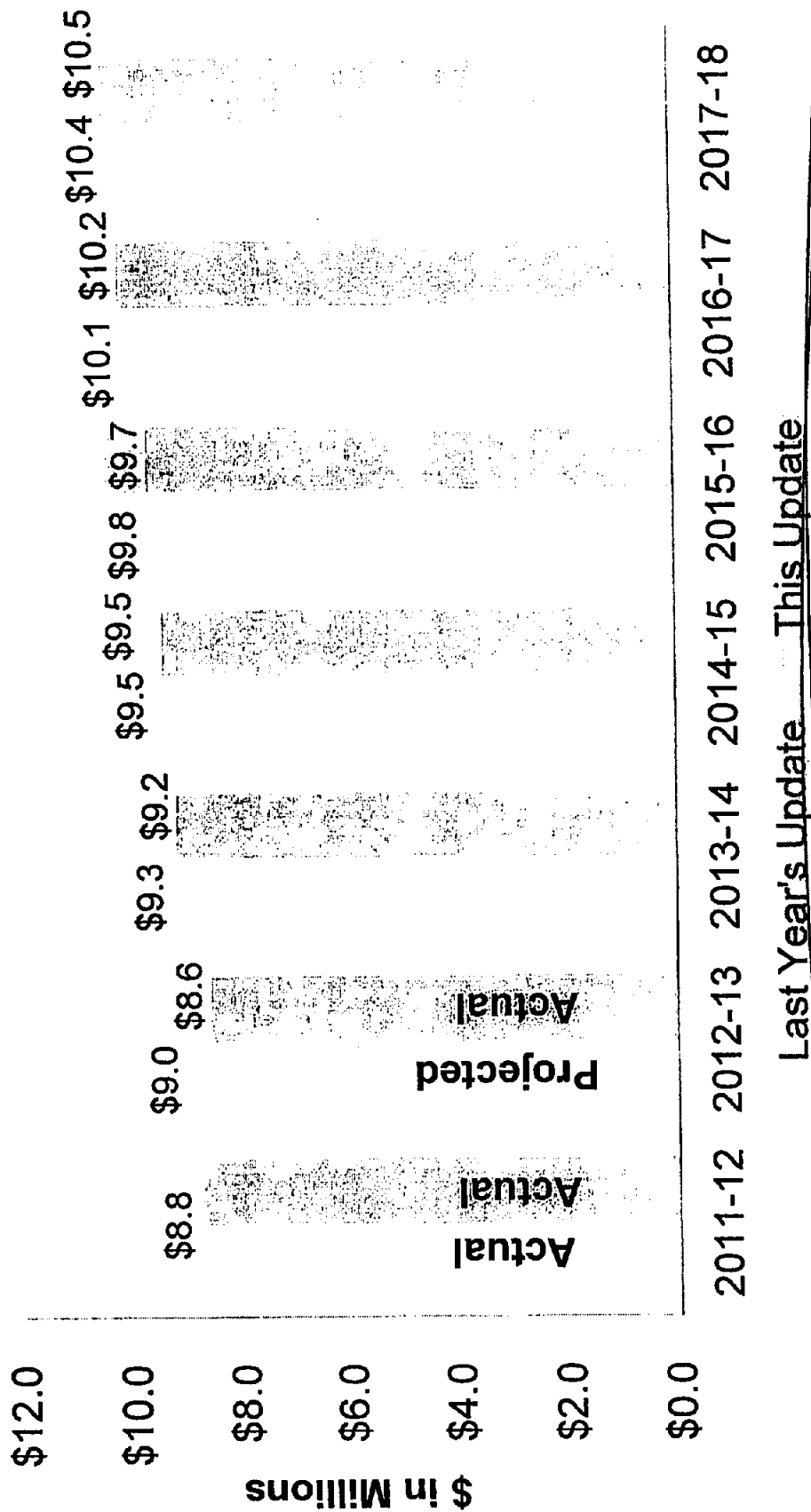
2011-12 2012-13 2013-14 2014-15 2015-16 2016-17 2017-18

Last Year's Update This Update

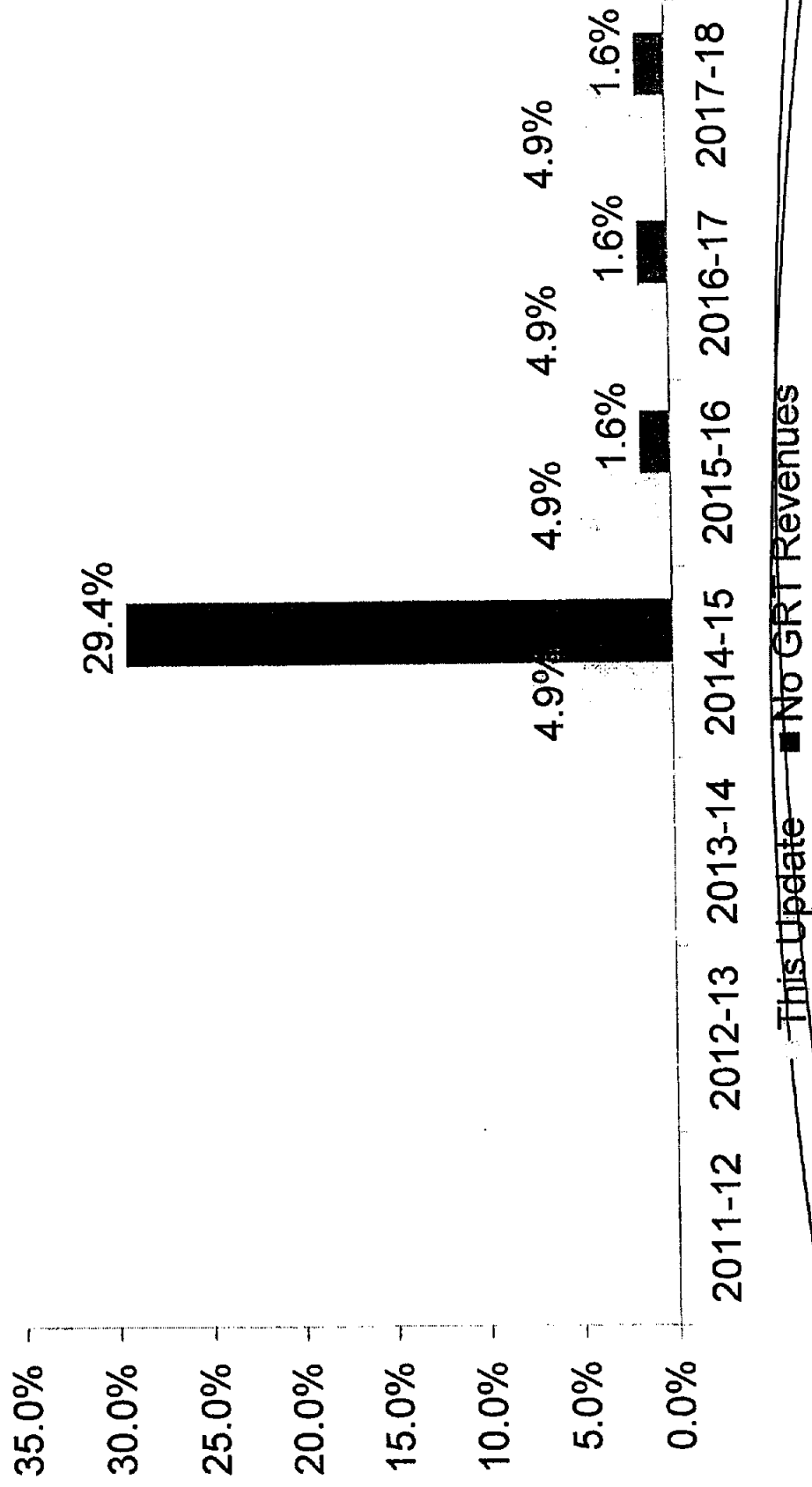
Wastewater Division Upcoming Improvements

- Sewer Line Rehab (Rufina) - \$2,500,000
 - New Digester - \$4,000,000
 - Digester Rehab - \$1,000,000
 - Dewatering Equipment - \$700,000
 - Replace Tublex Blowers - \$600,000
 - Aeration Basin Dewatering Fac. - \$1,000,000
-
-

Wastewater Division O&M



Wastewater Division GRT Revenue Impact



Proposed Wastewater Rates

Service Charge (per Unit)

Class	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Inside City	\$6.22	\$6.52	\$6.84	\$7.18	\$7.53
Outside City	\$4.48	\$4.70	\$4.93	\$5.17	\$5.42

Volume Charge (1,000 gallons)

Class	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
Inside City	\$3.82	\$4.01	\$4.21	\$4.42	\$4.64
Outside City	\$3.95	\$4.14	\$4.34	\$4.55	\$4.77
Extra strength (pe Lb.)	\$0.54	\$0.56	\$0.59	\$0.62	\$0.65



FINANCIAL PLAN

TABLE OF CONTENTS

Table of Contents

Executive Summary	4
Recommended Rates	4
Table A: Proposed Rate Adjustments	4
Introduction	5
System Overview	5
Purpose of the Report	5
Project Approach	5
Report Date	5
Intended Use and Users of This Report	5
Sources of Information Used In the Report	6
How to Read This Report	6
Water Financial Plan	7
Financial Overview of the Water Division	7
Water Division Revenue Requirements	7
Cash-Needs Revenue Requirement	7
Cost Components of the Water Division Financial Plan	8
Operating and Maintenance Expenses	8
Debt Service	9
Capital Improvement Plan	9
Other Revenue Components of the Water Division Financial Plan	10
Wholesale Revenues	10
Non-Rate Revenues	10
Utility Expansion Charges	11
Interest Income	11
Targets and Requirements of the Water Division	11
Debt Service Coverage	11
Reserve Requirements	11
Projected Cash Balance	11
Wastewater Financial Plan	13
Financial Overview of the Wastewater Division	13
Wastewater Division Revenue Requirements	13



Cash-Needs Revenue Requirement	13
Cost Components of the Wastewater Division Financial Plan	15
Operating and Maintenance Expenses	15
Debt Service.....	15
Capital Improvement Plan.....	15
Other Revenue Components of the Wastewater Division Financial Plan.....	16
Non-Rate Revenues.....	16
Utility Expansion Charges	16
Interest Income.....	16
Targets and Requirements of the Wastewater Division	17
Debt Service Coverage	17
Reserve Requirements	17
Projected Cash Balance	17
Environmental Services Financial Plan	19
Financial Overview of the Environmental Services Division	19
Environmental Services Division Revenue Requirements.....	19
Cash-Needs Revenue Requirement	19
Cost Components of the Environmental Services Division Financial Plan.....	20
Operating and Maintenance Expenses	21
Debt Service.....	21
Capital Improvement Plan.....	21
Other Revenue Components of the Environmental Services Division Financial Plan.....	22
Non-Rate Revenues.....	22
Interest Income.....	22
Targets and Requirements of the Environmental Services Division.....	23
Debt Service Coverage	23
Reserve Requirements.....	23
Projected Cash Balance	23
Appendix A – Water Financial Plan	25
Appendix B – Wastewater Financial Plan	26
Appendix C – Environmental Services Financial Plan	27



List of Tables

Table 1: Water Division Cash-Needs Revenue Requirements.....	8
Table 2: Water Division O&M Expenses	9
Table 3: Water Division CIP.....	10
Table 4: Water Division Non-Rate Revenues.....	10
Table 5: Water Division Debt Service Coverage.....	11
Table 6: Water Division Cash Reserve Summary.....	12
Table 7: Wastewater Division Cash-Needs Revenue Requirements	14
Table 8: Proposed Wastewater Division Rate Adjustments.....	14
Table 9: Wastewater Division O&M Expenses	15
Table 10: Wastewater Division CIP.....	16
Table 11: Wastewater Division Non-Rate Revenues	16
Table 12: Wastewater Division Debt Service Coverage.....	17
Table 13: Wastewater Division Cash Reserves Summary	18
Table 14: Environmental Services Division Cash-Needs Revenue Requirements	20
Table 15: Proposed Environmental Services Division Rate Adjustments	20
Table 16: Environmental Services Division O&M Expenses	21
Table 17: Environmental Services Division CIP.....	22
Table 18: Environmental Services Division Non-Rate Revenues.....	22
Table 19: Environmental Services Division Debt Service Coverage.....	23
Table 20: Environmental Services Division Fund Summary	24



Executive Summary

In October 2013, the City of Santa Fe (City) engaged MWH Global to study and project the financial condition of the City's Water, Wastewater, and Environmental Services utility divisions. MWH updated the financial plans of each of the divisions and made recommendations for adjusting the rates. The continuous monitoring and updating of the long-term financial plans and assumptions has been important in maintaining the financial health for each Division, especially in light of flat revenues and low growth.

Recommended Rates

The recommended Water, Wastewater, and Environmental Services rates were determined using the division financial plans. A summary of the proposed rate adjustments are provided in Table A.

The Water Division has maintained good financial performance in recent years, with key ratios remaining strong helped by lower than projected capital costs in FY2012-13. We project lower retail revenues in the future due to the loss of 1,400 customers to the county. The financial impact of losing those customers will result in a net loss of about \$500,000 a year starting in FY2013-14. Fiscal year 2012-13 was the last year of the City's approved five years annual 8.2% rate increases for the Water Division. The Water Division currently has strong cash balance and debt service coverage that will allow the implementation of its planned capital improvement program. We estimate no additional increases will be necessary through FY 2018-19.

For the Wastewater Division, we are projecting a rate adjustment of 4.9% for five years from FY 2014-15 through FY 2018-19. This rate increase is primarily needed to meet debt service coverage requirements. The Wastewater Division faced lower-than-projected retail revenues; caused in part by the loss of wholesale revenues, transfer of customers to Santa Fe County, and decreased billed usage. These decreases in revenues along with increases in operating expenses negatively affected the debt service coverage requirement.

For the Environmental Services Division, the City approved four years of 3.2% rate increases starting in FY 2012-13. We are projecting an additional rate adjustment of 4.6% for three years starting in FY 2016-17 will be needed. The additional projected increases were caused by a lower than expected number of customers. The Environmental Services Division expects the construction of the Siler Road facility in FY 2016-17 which will be funded in part with a loan from the water division of \$3.5 million in FY 2016-17.

Table A: Proposed Rate Adjustments

Year	Water Division	Wastewater Division	Environmental Services Division
2013-14	0%	0%	3.2%
2014-15	0%	4.9%	3.2%
2015-16	0%	4.9%	3.2%
2016-17	0%	4.9%	4.6%
2017-18	0%	4.9%	4.6%
2018-19	0%	4.9%	4.6%



Introduction

System Overview

The City of Santa Fe, New Mexico is located in Santa Fe County with a population of approximately 69,200 people. The City of Santa Fe is the capital of New Mexico and covers an area of 46.3 square miles. The City's Water, Wastewater, and Environmental Services Divisions provide water, wastewater, and solid waste services to the citizens of Santa Fe. The water utility serves about 36,000 customers, the wastewater utility serves about 32,700 customers, and the solid waste utility serves about 31,000 customers.

The water utility system has the following characteristics:

- 23.0 MGD Treatment Capacity
- 575 Miles of water lines
- 2747 fire hydrants
- 10 Pump Stations
- 34.6 MG water storage

The wastewater utility system has the following characteristics:

- 32,662 customers
- 6.5 MGD average treatment
- 13 MGD of designed treatment capacity
- 348 miles of sewer lines
- 8,811 manholes
- 3 pump stations

Purpose of the Report

The City of Santa Fe engaged MWH Global to prepare financial plans of the City's utility services. The purpose for the study, as published in the City of Santa Fe's request for proposals, is to provide a comprehensive update to the Water, Wastewater and Environmental Service Division financial plans.

Project Approach

MWH Global used standard water and wastewater ratemaking practices to calculate the proposed rates as described by the American Water Works Association (AWWA) and the Water Environment Federation (WEF), respectively.

Report Date

The date of this report is June 2, 2014.

Intended Use and Users of This Report

This report is intended to provide a summarized discussion of the analysis developed by MWH Global in completing the objectives shown in the Purpose of the Report. As such, this report explains our methodologies, materials considered, key assumptions, findings and recommendations. No other use is intended or implied.

The report has been completed for the City of Santa Fe under a Professional Services Agreement between the City and MWH Global. The report and its contents are the property of the City of Santa Fe and the City is the only intended user of the report. The City of Santa Fe may choose to distribute this report to others. However, the report itself was prepared solely for the use of the City of Santa Fe.



Sources of Information Used in the Report

We have reviewed a number of documents provided by the City of Santa Fe during the course of our study. Where applicable, we have made a works cited notation indicating the source and date of the documents within the body of this report.

A summary of the key information reviewed for our report is as follows:

- Detailed line-item budgets for the City
- Customer billing data by customer class from the City's customer billing database
- Comprehensive Annual Financial Reports (CAFR) for the City
- Trial balance exported from the City's accounting system
- Detailed asset registers from the City's files
- Debt schedule from the City's files
- Capital improvement plans for the City

How to Read This Report

The body of the report is meant to be a summarized narrative of the technical analysis completed by MWH during the scope of our study. It is not meant to provide extremely detailed figures, calculations, or discuss every aspect of our work.

For the interested reader, we have provided at the Appendix a complete tabulation of our study work papers, calculations, significant correspondence with the City of Santa Fe, and other materials. We reference these materials at various times in the body of the report. The Appendix is a comprehensive but not an exhaustive representation of our entire efforts.



Wastewater Financial Plan

Financial Overview of the Wastewater Division

The City of Santa Fe operates the wastewater utility as a separate division (referred to as "Wastewater Division" at times in this report), independent from the water and environmental services utilities. The Wastewater Division's primary revenue source comes from the rates and charges assessed to wastewater customers. These rates include both service charges and volume charges. The Wastewater Division receives a portion of the tax revenues collected by the City. In FY 2013-14, revenue from Gross Receipt Taxes (or GRT) accounted for approximately 14% of the Division's total revenues. Additional cash contributions to the Division come from expansion fees for new construction inside the Wastewater Division's service area and other miscellaneous fees.

The Wastewater Division's normal expenditures include operating and capital expenditures. The annual operating expenditures are budgeted annually and approved by the City Council. Capital expenditures include cash-financing of system improvements, and increases, if any, to the Division's cash reserves.

Wastewater Division Revenue Requirements

Revenue requirements are the total operating and capital costs the Wastewater Division must recuperate from its rates to properly operate, maintain, and develop the infrastructure for the wastewater system.

Under existing industry standards, there are two generally accepted approaches to calculating revenue requirements: the cash-needs approach and the utility approach. Under the cash-needs approach, total revenue requirements are the annual expenditures necessary to meet operating and maintenance costs, debt service requirements, and any cash-funded capital expenditures. Government-owned utilities, such as Santa Fe's Wastewater Division, typically use the cash-needs approach to calculate revenue requirements since the approach lends itself to actual requirements for expenditures, which in turn supports the governmental budgeting process. The Wastewater Division operates the wastewater utility as an enterprise for the City and sets its revenue structure based on the cost of operating the system. It has historically used the cash-needs approach to determine its revenue requirements.

The utility approach is typically used by investor-owned/private utilities and in cases where municipal utilities serve customers who are outside of its jurisdictional boundary. The utility approach differs from the cash-needs approach in that debt service and cash-funded capital expenditures are removed from the total and replaced with depreciation expense as well as a component that allows the utility owners to earn a return on investment in the rate base. Under the utility approach, the "rate base" is essentially the used and useful utility plant-in-service net of accumulated depreciation, less allowances for contributed assets and other adjustments, and includes allowances for working capital.

The Wastewater provides wastewater services within and outside its corporate boundaries. Given the City's history and objectives for this study, MWH Global recommends using the cash-needs approach to calculate revenue requirements for customers within the City limits and the utility approach for the customers that will be annexed by Santa Fe County which will be outside the City limits.

Cash-Needs Revenue Requirement

The overall cash-needs revenue requirement for the Wastewater Division was determined based on a 5-year financial planning projection developed jointly by MWH and the City of Santa Fe's Wastewater Division. The financial plan provides a projection of revenue requirements, among other things.

The entire financial plan is provided in Appendix B. A summary of the Wastewater Division's revenue requirements over the entire study period is provided in Table 7.



Table 7: Wastewater Division Cash-Needs Revenue Requirements

Project Description	Budget		Projected			
	2014	2015	2016	2017	2018	2019
Operating and Maintenance Expenses	\$8,235,474	\$9,479,316	\$9,730,472	\$10,239,183	\$10,513,115	\$10,795,285
Annual Debt Service - Outstanding Debt	2,309,750	2,475,050	2,535,600	2,585,000	2,643,550	2,783,500
Annual Debt-Service - Projected Issues	0	0	0	0	0	0
Capital Projects	3,237,000	4,470,000	4,176,900	4,941,900	2,281,597	2,164,864
Bond Issuance Costs	0	0	0	0	0	0
Change in Fund Balance	(1,686,517)	(3,356,741)	(2,795,284)	(3,506,555)	(527,407)	(137,339)
Total Revenue Requirement	\$13,095,708	\$13,087,625	\$13,647,688	\$14,259,508	\$14,910,855	\$15,606,311
Wholesale/Contract Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Other Revenues	2,321,807	1,982,813	1,982,813	1,982,813	1,982,813	1,982,813
Projected Debt Proceeds	0	0	0	0	0	0
Total Other Capital Inflows	0	0	0	0	0	0
Total Development Fees	164,086	166,547	169,045	171,581	174,155	176,787
Interest/Investment Earnings	94,356	81,779	66,437	50,722	40,662	39,004
Total Non-Rate Related Revenue/Income	\$2,580,049	\$2,231,139	\$2,218,296	\$2,205,116	\$2,197,630	\$2,198,585
Required User Charge Revenue	\$10,515,659	\$10,836,486	\$11,429,393	\$12,054,392	\$12,713,225	\$13,407,726

Revenue requirements consist of two important components: a Total Revenue Requirement, and a User Charge Revenue Requirement. The Total Revenue Requirement is the total amount of revenue/income that the Wastewater Division must produce to pay for the annual operating and capital costs of the Division. The User-Charge Requirement is that portion of the total that has to be raised directly from the rates charged to customers, and is shown net of other non-rate-related sources of income.

The User-Charge Revenue Requirements are the relevant cash-needs for the purposes of determining customers' rates. In recent years, the Wastewater Division has seen a decrease in retail rate revenues. This loss in revenue has been from decreased billed usage and changes in retail customer structures. Since FY 2010-11, billed usage has decreased by 2.4% annually. In FY 2012-13, the Wastewater Division lost \$0.3 million in effluent revenues due to the loss of Las Campanas. In the same year, 700 retail customers were transferred to Santa Fe County and are no longer considered retail customers. All of these developments, along with the need to meet debt service coverage requirements and increasing CIP costs have created the need for five years of rate adjustments at 4.9%.

Table 8: Proposed Wastewater Division Rate Adjustments

Year	Rate Adjustment
2013-14	0%
2014-15	4.9%
2015-16	4.9%
2016-17	4.9%
2017-18	4.9%
2018-19	4.9%



Cost Components of the Wastewater Division Financial Plan

This section will provide a general overview of the cost components included in the financial plan. For additional details, a copy of the detailed financial plan can be found in Appendix B.

Operating and Maintenance Expenses

Operating and Maintenance (O&M) expenses include all costs essential for running the utility's operations. These costs account for a large portion of the utility's total cost and can have a significant impact on rates. We project O&M expenses based on a combination of actual historical spending, system growth, and expected inflation. The majority of the Wastewater Division's O&M expenses are driven by employee salaries, energy costs, and minor system repair and replacement expenses.

Table 9: Wastewater Division O&M Expenses

	2014	2015	2016	2017	2018	2019
52251 – Management	\$2,691,676	\$2,739,203	\$2,788,156	\$3,088,578	\$3,148,012	\$3,209,229
52452 – Treatment	3,343,633	3,443,942	3,547,260	3,653,678	3,763,288	3,876,187
52254 – Laboratory	356,261	366,849	377,958	389,296	400,975	413,004
52455 – Collection	1,462,345	1,506,215	1,551,402	1,597,944	1,645,882	1,695,258
52456 – Engineering & Environmental	564,762	581,705	599,156	617,131	635,645	654,714
52458 – Pretreatment	245,126	252,480	260,054	267,856	275,891	284,168
52480 – Compost	571,672	588,822	606,486	624,681	643,421	662,724
Total	\$9,235,474	\$9,479,316	\$9,730,472	\$10,239,163	\$10,513,115	\$10,795,285

Debt Service

Santa Fe's Wastewater Division has a debt portfolio comprised of two revenue bonds, a Series 2006 and Series 2012 bond. The projected annual debt service payments on outstanding debt in FY 2013-14 amount to \$2,309,750.

Based on the current capital plan, MWH does not project a need for any additional debt to be issued over the study period. The amount, structure, and timing of any bond issues for debt are, of course, at the discretion of The City of Santa Fe. These are estimates provided by MWH Global for planning purposes and do not represent any decisions made by The City of Santa Fe.

Capital Improvement Plan

Starting in FY 2013-14 the Wastewater Division expect to initiate a treatment and collection master plan that will be completed in FY 2014-15. This master plan will determine if new capital projects are necessary. The Wastewater Division is also aware of federal changes in nutrient criteria that could impact the City's discharge permit, resulting in required capital improvements projects and requiring higher rate adjustments.

Although it's subject to change, the current Capital Improvement Plan (CIP) provided by the Division was included in our projection through 2019. Large projects for the Division include the New Digester project and the Sewer Line Rehabilitation (Rufina) project. Historically, the Wastewater Division has spent an average of \$3.5 million per year on capital improvement costs. Between FY 2010-11 and FY 2012-13, the Division spent \$3.2 million on capital projects and estimate to spend \$3,237,000 in FY 2013-14. The Wastewater Division projects to spend \$20,702,000 on capital projects over the entire study period, an average of \$3.5 million per year. A summary of the current CIP by project category is shown in Table 10.



Table 10: Wastewater Division CIP

	2014	2015	2016	2017	2018	2019
Treatment	\$172,000	\$0	\$2,876,400	\$520,200	\$0	\$0
Lifts	0	0	102,000	0	0	0
Collection	2,365,000	2,500,000	1,020,000	0	2,122,416	2,164,864
General	700,000	200,000	0	4,265,640	0	0
Equipment	0	1,350,000	102,000	156,060	159,181	0
Vehicles	0	420,000	76,500	0	0	0
Total	\$3,237,000	\$4,470,000	\$4,176,900	\$4,941,900	\$2,281,597	\$2,164,864

Other Revenue Components of the Wastewater Division Financial Plan

Revenue requirements can be met from a variety of sources including operating, miscellaneous and non-operating revenues. The focus of our analysis is to provide the Wastewater Division with recommendations relative to the schedule of rates and charges for wastewater service. In order to do so, we isolate the portion of total revenue requirements that must come from the user charges alone, and determine whether the current level of revenue from that source is adequate or requires adjustment. This section will provide a general overview of the other revenue components that are not associated with user charges.

Non-Rate Revenues

The Wastewater District receives additional non-rate revenues from Gross Receipts Tax, or GRT. Revenues received from GRT are projected to be \$1,800,000 in FY 2013-14 and make up the majority of the Division's non-rate revenues. Since GRT is vulnerable to reductions in consumer spending, these revenues can drift in a favorable or unfavorable direction from year to year. However, as the US economy continues to improve, these revenues are projected to remain stable for the entire study period. The Wastewater Division also has various miscellaneous fees and charges that generate other non-rate revenues. These fees include Septic Fees, Extra Strength Surcharges, and Sewage Effluents Fees.

Table 11: Wastewater Division Non-Rate Revenues

	2014	2015	2016	2017	2018	2019
GRT	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Other Non-Rate Revenues	521,607	182,813	182,813	182,813	182,813	182,813
Total	\$2,321,607	\$1,982,813	\$1,982,813	\$1,982,813	\$1,982,813	\$1,982,813

Utility Expansion Charges

Utility Expansion Fees, sometimes known as system development fees, are one-time fees designed to cover the cost of expanding capacity to meet the needs of new development. The primary purpose of these expansion fees are to ensure that "growth pays for growth". Revenue generated from these fees is estimated based on the expected growth of Customers. Since growth is expected to be minimal over the next 5 years, we project the Wastewater Division to generate around \$170,000 per year from these fees.

Interest Income

The Wastewater Division has had a consistent stream of funding from interest income in the past. The Division is projected to generate an average of \$62,160 from interest and investment earnings over the study period. In FY 2013-



14, the Wastewater Division is projected to generate \$94,356 in interest income. In future years of the study period, interest income earnings are projected to gradually decrease as the fund balance decreases.

Targets and Requirements of the Wastewater Division

In addition to the cost and revenue components, there are certain requirements the utility must meet. Some of these requirements are legally mandated and others are decided by management of the City. This section will provide a general overview of the mandatory and management enforced requirements of the Wastewater Division.

Debt Service Coverage

Debt Service Coverage (DSC) is an important indicator of a utility's indebtedness and ability to pay for debt. DSC is calculated by dividing net revenues by the annual debt service payments. Santa Fe's Wastewater Division has a management target of 1.50x and a required by bond covenant minimum of 1.25x. We project that the DSC ratio will dip below the management target of 1.5x in FY 2014-15 but above the minimum needed. We project the debt service coverage to return above the management target in FY 2015-16 and remain above the target throughout the rest of the study period. The DSC was allowed to dip below the management goal in FY 2014-15 to avoid a larger revenue adjustment of about 7.5% instead of the proposed 4.9%.

Table 12: Wastewater Division Debt Service Coverage

	2014	2015	2016	2017	2018	2019
Debt Service Coverage	1.66	1.44	1.54	1.55	1.59	1.65
Management Goal	1.50	1.50	1.50	1.50	1.50	1.50
Minimum Needed	1.25	1.25	1.25	1.25	1.25	1.25

Reserve Requirements

Reserves requirements are cash savings and investments that are set aside by the Wastewater Division either by legal requirement, or by management directive. Reserves for the Wastewater Division include a debt reserve, an operating reserve, a capital reserve, and a rate stabilization reserve. The debt reserve is legally required when issuing new debt. Since the Wastewater Division is not proposing any new debt during the study period, no money is projected to be needed in the debt service reserve. The operating reserve is designed to help the utility maintain enough cash to fund its day-to-day operation the operating reserve is set at 90 days of the Division's O&M costs, or 25% of annual operating expenses. As O&M costs are projected to increase in future years, the operating reserve will increase proportionally. The capital and the rate stabilization reserves are two separate reserves established by management directive in case of emergency. \$3 million is set aside for the capital reserve and \$2 million is set aside for the rate stabilization reserve.

Projected Cash Balance

We evaluated Wastewater Division's projected cash balances and its annual free cash flow. The Division started FY 2013-14 with a cash and investment balance of \$19.8 million, including the reserve requirements. Based on the financing plan used in our analysis, the projection of revenue (including required increases), and our projection of all other expenditures, we estimate that Wastewater Division will have \$7.8 million as the ending cash reserves in FY 2018-19. Cash reserves decrease over the life of the study period due to increased capital project costs, but will remain above the Division's reserve requirements in all years. A summary of Wastewater Division's projected cash balance, reserve requirements (minimum cash balance), and fund variance is shown in Table 13.



Table 13: Wastewater Division Cash Reserves Summary

	2014	2015	2016	2017	2018	2019
Projected Cash Balance	\$18,075,046	\$14,718,305	\$11,923,022	\$8,416,467	\$7,889,060	\$7,751,722
Reserve Requirements (Minimum Fund Balance)	7,309,000	7,370,000	7,433,000	7,560,000	7,628,000	7,699,000
Fund Variance	\$10,766,046	\$7,348,305	\$4,490,022	\$856,467	\$261,060	\$52,722

Finance Committee
September 29, 2014

General Budget Discussion
Item # 22

Exhibit "2"

5 YR FORECAST 0%

FLAT BUDGET

	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
BUDGET FORECAST REVENUE							
BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)

TOTAL REVENUE	321,010,422	321,010,422	320,380,422	319,750,422	319,120,422	318,490,422	317,860,422
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EXPENDITURES

BASE BUDGET	325,896,503	325,896,503	325,896,503	325,896,503	325,896,503	325,896,503	325,896,503
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				

REOCCURRING COSTS

TOTAL EXPENSE	326,793,516	329,152,592	332,460,455	330,307,140	330,312,891	330,313,322	330,313,355
GAP	<u>(5,783,094)</u>	<u>(8,142,170)</u>	<u>(12,080,033)</u>	<u>(10,556,718)</u>	<u>(11,192,469)</u>	<u>(11,822,900)</u>	<u>(12,452,933)</u>

NET CHANGE

	2,359,076	3,937,863	(1,523,315)	635,751	630,431	630,032
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* Valuation estimated during the development of Budget in Fiscal Year 2013/2014

** Amortization of the impact for Hold Harmless

*** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

**5 YR FORECAST .5%
REDUCTION IN EXPENDITURES**

BUDGET FORECAST REVENUE	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)
TOTAL REVENUE	321,010,422	321,010,422	320,380,422	319,750,422	319,120,422	318,490,422	317,860,422
EXPENDITURES							
BASE BUDGET	325,896,503	325,896,503	324,267,020	322,637,538	321,024,350	319,419,229	317,822,132
.5% REDUCTION			(1,629,483)	(1,613,188)	(1,605,122)	(1,597,096)	(1,589,111)
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				
REOCCURRING COSTS				3,311,489	3,311,489	3,311,489	3,311,489
TOTAL EXPENSE	326,793,516	329,152,592	329,201,490	325,434,987	323,835,617	322,238,952	320,649,874
GAP	(5,783,094)	(8,142,170)	(8,821,068)	(5,684,565)	(4,715,195)	(3,748,530)	(2,789,452)
NET CHANGE		(2,359,076)	(678,898)	3,136,503	969,370	966,665	959,078

* Valuation estimated during the development of Budget in Fiscal Year 2013/2014

** Amortization of the impact for Hold Harmless

*** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

**5 YR FORECAST .75%
REDUCTION IN EXPENDITURES**

FY 13/14 FY 14/15 FY 15/16 FY 16/17 FY 17/18 FY 18/19 FY 19/20

BUDGET FORECAST

REVENUE

BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)

TOTAL REVENUE

	321,010,422	321,010,422	320,380,422	319,750,422	319,120,422	318,490,422	317,860,422
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EXPENDITURES

BASE BUDGET	325,896,503	325,896,503	325,896,503	323,452,279	321,026,387	318,618,689	316,229,049
.75% REDUCTION			(2,444,224)	(2,425,892)	(2,407,698)	(2,389,640)	(2,371,718)
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				
REOCCURRING COSTS				3,311,489	3,311,489	3,311,489	3,311,489

TOTAL EXPENSE

	326,793,516	329,152,592	330,016,231	325,437,024	323,035,077	320,645,868	318,274,183
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GAP

	<u>(5,783,094)</u>	<u>(8,142,170)</u>	<u>(9,635,809)</u>	<u>(5,686,602)</u>	<u>(3,914,655)</u>	<u>(2,155,446)</u>	<u>(413,761)</u>
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NET CHANGE

	(2,359,076)	(1,493,639)	3,949,207	1,771,947	1,759,209	1,741,686
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* Valuation estimated during the development of Budget in Fiscal Year 2013/2014

** Amortization of the impact for Hold Harmless

*** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

**5 YR FORECAST 1%
REDUCTION IN EXPENDITURES**

BUDGET FORECAST REVENUE	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)
TOTAL REVENUE	321,010,422	321,010,422	320,380,422	319,750,422	319,120,422	318,490,422	317,860,422
EXPENDITURES							
BASE BUDGET	325,896,503	325,896,503	325,896,503	322,637,538	319,411,163	316,217,051	313,054,880
1% REDUCTION			(3,258,965)	(3,226,375)	(3,194,112)	(3,162,171)	(3,130,549)
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				
REOCCURRING COSTS				3,311,489	3,311,489	3,311,489	3,311,489
TOTAL EXPENSE	326,793,516	329,152,592	329,201,490	323,821,799	320,633,439	317,471,700	314,341,183
GAP	(5,783,094)	(8,142,170)	(8,821,068)	(4,071,377)	(1,513,017)	1,018,722	3,519,239
NET CHANGE		(2,359,076)	(678,898)	4,749,691	2,558,360	2,531,739	2,500,516

* Valuation estimated during the development of Budget in Fiscal Year 2013/2014

** Amortization of the impact for Hold Harmless

*** Estimated 7.5% increase to the Employer Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

**5 YR FORECAST 1.5%
REDUCTION IN EXPENDITURES**

BUDGET FORECAST REVENUE	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)

TOTAL REVENUE	321,010,422	321,010,422	320,380,422	319,750,422	319,120,422	318,490,422	317,860,422
EXPENDITURES							
BASE BUDGET	325,896,503	325,896,503	325,896,503	321,008,055	316,192,935	311,450,041	306,778,290
1.5% REDUCTION			(4,888,448)	(4,815,121)	(4,742,894)	(4,671,751)	(4,601,674)
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				
REOCCURRING COSTS				3,311,489	3,311,489	3,311,489	3,311,489

TOTAL EXPENSE	326,793,516	329,152,592	327,572,007	320,603,571	315,866,429	311,195,109	306,593,467
GAP	<u>(5,783,094)</u>	<u>(8,142,170)</u>	<u>(7,191,585)</u>	<u>(853,149)</u>	<u>3,253,993</u>	<u>7,295,313</u>	<u>11,266,955</u>
NET CHANGE		(2,359,076.00)	950,584.55	6,338,436	4,107,143	4,041,319	3,971,642

- * Amortization of the impact for Hold Harmless
- ** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions
- *** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

**5 YR FORECAST 2%
REDUCTION IN EXPENDITURES**

BUDGET FORECAST REVENUE	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
BASE REVENUE	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422	321,010,422
* ANNEXATION	-	-	-	-	-	-	-
** HOLD HARMLESS	-	-	(630,000)	(1,260,000)	(1,890,000)	(2,520,000)	(3,150,000)

TOTAL REVENUE 321,010,422 321,010,422 320,380,422 319,750,422 319,120,422 318,490,422 317,860,422

EXPENDITURES

BASE BUGET	325,896,503	325,896,503	325,896,503	319,378,573	312,991,001	306,731,181	300,596,558
2% REDUCTION			(6,517,930)	(6,387,571)	(6,259,820)	(6,134,624)	(6,011,931)
*** INSURANCE PREMIUMS	-	-	1,022,463	1,099,148	1,104,899	1,105,330	1,105,363
* ANNEXATION	897,013	3,256,089	5,541,489				
REOCCURRING COSTS				3,311,489	3,311,489	3,311,489	3,311,489

TOTAL EXPENSE 326,793,516 329,152,592 325,942,525 317,401,638 311,147,570 305,013,377 299,001,478

GAP (5,783,094) (8,142,170) (5,562,103) 2,348,784 7,972,852 13,477,045 18,858,944

NET CHANGE (2,359,076) 2,580,067 7,910,887 5,624,069 5,504,192 5,381,899

* Valuation estimated during the development of Budget in Fiscal Year 2013/2014

** Amortization of the impact for Hold Harmless

*** Estimated 7.5% increase to the Employee Portion projected and presented by AON Benefits Consultant, during budget discussions

NOTE: The percentage applied to the reduction of expenditures begins in Fiscal Year 15/16

Budget By Year

FY 07/08	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	53,943,305	1,886,554	3.624%
Other Funds	44,826,868	924,151	2.105%
Total	<u>98,770,173</u>	<u>2,810,705</u>	<u>2.929%</u>

FY 08/09	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	55,790,141	3,141,385	5.967%
Other Funds	48,699,093	989,946	2.075%
Total	<u>104,489,234</u>	<u>4,131,331</u>	<u>4.117%</u>

FY 09/10	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	56,132,744	2,235,362	4.147%
Other Funds	49,486,613	1,066,347	2.202%
Total	<u>105,619,357</u>	<u>3,301,709</u>	<u>3.227%</u>

FY 10/11	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	54,202,168	2,649,549	5.140%
Other Funds	53,462,832	1,534,083	2.954%
Total	<u>107,665,000</u>	<u>4,183,632</u>	<u>4.043%</u>

FY 11/12	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	54,106,230	2,844,462	5.549%
Other Funds	53,872,611	1,505,025	2.874%
Total	<u>107,978,841</u>	<u>4,349,487</u>	<u>4.197%</u>

FY 12/13	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	54,873,075	2,227,385	4.231%
Other Funds	54,890,894	995,473	1.847%
Total	<u>109,763,969</u>	<u>3,222,858</u>	<u>3.025%</u>

FY 13/14	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	54,079,056	920,836	1.732%
Other Funds	55,073,251	672,170	1.236%
Total	<u>109,152,307</u>	<u>1,593,006</u>	<u>1.481%</u>

FY 14/15	Budget	Budgeted Vacancy Credit	Vacancy %
General Fund	57,412,070	1,929,048	3.477%
Other Funds	51,646,397	2,079,377	4.195%
Total	<u>109,058,467</u>	<u>4,008,425</u>	<u>3.816%</u>

DEFINITIONS:

VACANCY CREDIT: Is the amount of estimated vacancy a department may realize. This number is budgeted during the budget cycle.

VACANCY SAVINGS: Is the actual amount a department saved during a particular year. Budget -vs- Actual.

LEGISLATION WITH FISCAL IMPACT – FY 14/15		
RESOLUTIONS		
Resolution #	Date Adopted	Fiscal Impact
2014-59 SFCCC Fee Waiver for EBC Holiday Party	July 30, 2014	Up to \$3,192 user fee waived; however EBC is responsible for \$750 set-up and clean-up fee.
2014-60 Southside Farmers Market	July 30, 2014	Santa Fe Trails provides up to \$5,000 for advertising
2014-61 Alameda St. 2014- 15 LGRF	July 30, 2014	Funds available through issuance of CIP bonds. Expenditures are \$491,345.10; Revenues are \$555,140.10
2014-63 Acequia Trail Funding Reallocation	July 30, 2014	Professional Services - \$400,000 Revenue GO Bond - \$400,000
2014-70 Zozobra Burnout Tournament	August 27, 2014	Projected Tournament Fee Revenue - \$1,175
2014-71 Impact Fee CIP & Land Use Assumptions	August 27, 2014	Projected Revenues for 14/15 - \$750,000
2014-73 Pedestrian Signal Upgrade	September 10, 2014	\$300,000 revenues from Highway Safety Improvement Program (HSIP) funds
2014-76 Transit Services from SFUAD to Downtown	September 10, 2014	\$18,316 for operating costs, comprised of cost per hour + cost per mile for one transit vehicle, for the 2014 Fall -- will be absorbed by the FY 2014/15 Transit budget.
2014-78 Santa Fe Beautiful Grant (NMCB Grant)	September 23, 2014	\$35,900 revenue from grant to be spent for personnel - \$35,900 and other costs - \$9,250
2014-79 Transit (free) for Elections	September 23, 2014	<u>(\$1,285.00) farebox - per election</u>

LEGISLATION WITH FISCAL IMPACT – FY 14/15		
ORDINANCES		
2014-24 Santa Fe Business Incubator	July 9, 2014	PPA - \$192,456.26
2014-26 Talking and Texting	August 13, 2014	Signage - \$10,035.47
2014-28 Impact Fees Amendment	August 27, 2014	Projected revenue of up to 9.8 million through 2020 based on new impact fee schedule

Prepared by: Melissa Byers, Legislative Liaison

LEGISLATION WITH FISCAL IMPACT – FY 13/14		
RESOLUTIONS		
Resolution #	Date Adopted	Fiscal Impact
2013-70 Gun Safety PSAs	July 10, 2013	\$2,270 (new budget)
2013-71 Cerletti Park	July 10, 2013	\$52,000 (new budget for employee)
2013-76 LEAD Task Force Recommendations	July 31, 2013	\$100,000 – 1 st year \$200,000 – 2 nd year (new budget)
2013-78 TAP Funding (Cerro Gordo & SF River Trail)	August 14, 2013	14.56% City Match Required
2013-80 Park Bond Audit	August 27, 2013	\$8,000 to \$40,000 (new budget)
2013-81 Herrera/Paseo Project	August 27, 2013	\$307,000 (additional impact fees)
2013-82 Charter Amendment Process	August 27, 2013	\$3,200 (special election costs)
2013-85 TAP Funding River Trail Connections	September 25, 2013	\$42,603 (city match)
2013-86 Trails Coordinator	September 25, 2013	\$142,000 – 1 st year \$117,000 – 2 nd year
2013-91 Election 2014 Candidates	October 9, 2013	\$149,760 (budgeted)
2013-92 Transition Educational Program	October 30, 2013	\$23,000 (C&Y Fund reallocation)
2013-94 Recycling Initiatives	October 30, 2013	\$1,000 for staff time (absorbed)
2013-96 Illegal Drugs of Streets	October 30, 2013	\$50,000 (drug hotline @ RECC)
2013-103 Fee Waivers	December 11, 2013	Loss of revenue in fees for uses of city facilities for 9 events per year
2013-104 Palace Avenue	December 11, 2013	\$131,650.44 (CIP Funds & NMDOT Coop Agreement)
2013-106 Graffiti transition to Environmental Services	December 11, 2013	\$116,396 – 1 st year \$206,523 – 2 nd year (Cost absorbed – transfer of budget from two departments to Environmental Services)
2013-107 Fee Waivers SFCCC	December 11, 2013	Loss of user fees and parking fees for nine events per year
2013-108 Election 2014 Charter Questions	December 11, 2013	\$3,200 (cost of special election)

LEGISLATION WITH FISCAL IMPACT – FY 13/14											
RESOLUTIONS											
2013-112 Fraud, Waste and Abuse	December 11, 2013	\$74,690 (to be budgeted during the 2014/15 FY budget process)									
2014-01 Open Meetings Act 2014	January 8, 2014	\$100,000 (professional services for stenographers) – budgeted through budget process									
2014-05 Administrative Leave – Committee Participation	January 8, 2014	Fiscal impact depends on how many employees take advantage of the policy									
2014-11 NMFA Transit Busses	February 26, 2014	The \$350K debt service payments, due each year for the 12-yr term of the loan, will be funded by service restructuring (transit service to Museum Hill provided by SF Pick-Up rather than SF Trails) and allocation of funds generated by the ¼% tax imposed for transit services through Ordinance No. 23 (1991)									
2014-12 Remike Project	February 26, 2014	\$50,000 for professional services (traffic study)									
2014-13 Creative Santa Fe Arts	February 26, 2014	\$50,000 for professional services (site selection and site control)									
2014-14 Apprenticeship Development	February 26, 2014	\$1,800 for professional services (stenographer)									
2014-16 Nighttime Economy	February 26, 2014	\$7,700 = \$5,000 for professional services (small projects to invigorate nighttime economy) and \$2,700 for all other operating costs									
2014-17 Park Bond Audit	February 26, 2014	\$35,000 to \$75,000 for professional services									
2014-18 Election Day Transit	February 26, 2014	Bus fares – loss in revenue (\$1,200)									
2014-19 Health Care Working Group	February 26, 2014	\$50,000 for facilitation and stenographic services									
2014-21 Green Code – Addition & Remodel (Same as Ordinance #2014-11)	February 26, 2014	\$148,908 for personnel, fringe and other costs (\$24,000 of which will be one-time cost)									
2014-22 PNM Rate Case Intervention	March 12, 2014	\$50,000 for professional services									
2014-29 COOP Agreement – SFe River Improvements	April 30, 2014	<table> <tr> <td></td><td>FFY 2014</td><td>FFY 2015</td></tr> <tr> <td>Federal Funds (TAP/MAP-21, via NMDOT)</td><td>\$59,808</td><td>\$328,944</td></tr> <tr> <td>Local Match</td><td></td><td></td></tr> </table>		FFY 2014	FFY 2015	Federal Funds (TAP/MAP-21, via NMDOT)	\$59,808	\$328,944	Local Match		
	FFY 2014	FFY 2015									
Federal Funds (TAP/MAP-21, via NMDOT)	\$59,808	\$328,944									
Local Match											

LEGISLATION WITH FISCAL IMPACT – FY 13/14		
RESOLUTIONS		
		(BU 32338) \$10,192 \$56,056
2014-30 Internship program for college students	April 30, 2014	Personnel costs for FY 14/15 = \$23,400 Personnel costs for FY 15/16 = \$53,760
2014-32 Bus Pass Partnership Program	May 14, 2014	Fairbox Recovery (\$20,000) per year
2014-34 Funding Priorities	May 14, 2014	ITT - \$2,563,118; Land Use - \$359,683; City Attorney - \$111,693 Total: \$3,034,494
2014-37 Green Lodging Initiative	May 28, 2014	\$50,000 for Professional Services
2014-41 Watersmart Grant (BOR)	May 28, 2014	Grant match of \$150,000 in in-kind services
2014-48 Solarize Santa Fe	June 11, 2014	\$10,000 for advertising costs (no funding source identified)
2014-49 People to the Plaza	June 25, 2014	\$35,000 for tables and umbrellas

LEGISLATION WITH FISCAL IMPACT – FY 13/14		
ORDINANCES		
2013-29 Bag Ordinance	August 27, 2013	\$9,000 for purchase of reusable bags (cost absorbed)
2013-36 Annexation – Phase 2	November 13, 2013	<p>\$9.8 Million of new costs over four years--approximately \$4.2 Million of new operating/personnel costs and \$5.6 Million of new one-time capital costs. If department requests are fully implemented, the Phase 2 Annexation “recurring” personnel/operating costs will exceed “recurring” revenue by approximately \$2.0-\$2.5 Million per year.</p> <p>The Phase 2 Annexation areas should generate approximately \$2.0 Million annually of new tax revenue – approximately \$1.7 Million in property tax revenue and \$300,000 in additional GRT revenue.</p>
2014-01 Sewer Rates For Properties Located Outside the City Limits	January 8, 2014	<p>Sewer Usage Fee -- \$ 3,331 Sewer Monthly Sewer Charge -- <u>\$(12,6511)</u> TOTAL \$(9,320) Ordinance change is required because Santa</p>

LEGISLATION WITH FISCAL IMPACT – FY 13/14											
		Fe County will absorb about 700 retail customers which they will provide billing and collection maintenance for these customers.									
2014-08 Impact Fees	February 26, 2014	Reduction of Revenue from Residential Impact Fees Collected: FY 13/14 (\$129,046) FY 14/15 (\$387,138)									
2014-18 Tournament Fees	April 30, 2014	<table> <tr> <td></td><td>FY 14/15</td><td>FY 15/16</td></tr> <tr> <td>Personnel</td><td>\$80,000</td><td>\$110,880</td></tr> <tr> <td>All other operating costs</td><td>\$128,250</td><td>\$158,250</td></tr> </table>		FY 14/15	FY 15/16	Personnel	\$80,000	\$110,880	All other operating costs	\$128,250	\$158,250
	FY 14/15	FY 15/16									
Personnel	\$80,000	\$110,880									
All other operating costs	\$128,250	\$158,250									
2014-21 Transit Bus Acquisition	June 25, 2014	Acquisition of transit buses via a loan agreement between the City and NMFA for \$3,500,000 to be paid by GRT Revenues									

Prepared by: Melissa Byers, Legislative Liaison