

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2016-16**

3 **INTRODUCED BY:**

4  
5 Councilor Carmichael A. Dominguez

6 Councilor Signe I. Lindell

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8  
9 **A RESOLUTION**

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

13  
14 **WHEREAS**, the annual Budget of the City of Santa Fe is a critical document in the  
15 City's annual planning processes; and

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

18 **WHEREAS**, the annual budgeting process should promote the ability of the Governing  
19 Body to make policy priority choices for programs and funding each fiscal year; and

20 **WHEREAS**, changes are required in the annual budgeting process to ensure that the  
21 budget is properly balanced and the goals set forth above are realized; and

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

1 over a series of years; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 second homes; and

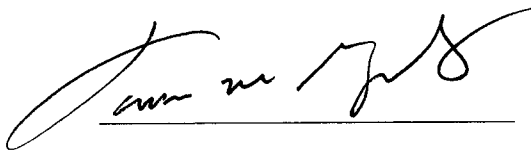
2 d. The existing 411 funds in which the City has approximately  
3 \$220,000,000 to determine what funds are required to be maintained and what  
4 funds can be closed with any excess funds being transferred into the general fund  
5 account.

6 9. In preparation for budget hearings and to the extent reasonably practicable,  
7 within the budget, and at a level that allows for policy priority making by the Governing  
8 Body, each department and each division within a department shall develop performance  
9 indicators and provide data on the effectiveness of the programs and expenditures of the  
10 City in the prior fiscal year as well as the current state of need in the area of the particular  
11 program; staff shall perform such functions and report to the Governing Body making  
12 program support and funding recommendations

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

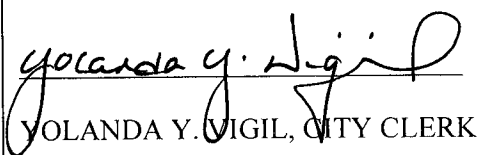
15 11. The City Manager shall place an emphasis on project management to ensure that  
16 projects are delivered on time, within budget and in accordance with Governing Body  
17 policy; and the City Manager shall ensure that regular annual performance evaluations  
18 are done on all appropriate staff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

19 PASSED, APPROVED AND ADOPTED this 10<sup>th</sup> day of February, 2016.


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22 JAVIER M. GONZALES, MAYOR

23 ATTEST:

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26 YOLANDA Y. VIGIL, CITY CLERK

1 APPROVED AS TO FORM:

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4 KELLEY A. BRENNAN, CITY ATTORNEY

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25 *M/Legislation/Resolutions 2016/2016-16 Budget Guidance CD-SL Substitute*