

**City of Santa Fe, NM
Regular Committee
Monday, May 22, 2017
05:00 PM – Finance Committee
Council Chambers**

CITY CLERK'S OFFICE

DATE 5/17/17 TIME 1:44pm

SERVED BY Carolynn Roibal

RECEIVED BY [Signature]

AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF AGENDA

4. APPROVAL OF CONSENT AGENDA

5. APPROVAL OF MINUTES

Regular Finance Committee Minutes - April 17, 2017

April 17, 2017 Minutes-combined.pdf

DISCUSSION

6. Request for Approval of a Resolution Increasing the Operating Mill Levy Property Tax within the Municipal Boundaries of the City of Santa Fe to Maintain the Current Total Property Tax Rate of 2.817. (Councilors Dominguez and Ives) (Marcos Martinez and Adam Johnson)

Committee Review:

Public Works Committee (approved)

05/08/17

City Council (scheduled)

05/31/17

Fiscal Impact - Yes - \$1,500,000 expenditure for personnel; \$1,500,000 from revenue

Property Tax Adjustment (FC Pkt).pdf

7. Request for Approval of a Resolution Expressing the Governing Body's Respectful Request to the Santa Fe County Commission for a Delay in Action on Their Proposed County-Wide Gross Receipts Tax Increase Pending the Outcome of the Planned Joint City Council/County Commission Meeting on June 15, 2017 to Fully Address the Issue. (Adam Johnson) (Councilors Maestas, Lindell, Dominguez and Villarreal)

Delay County Gross Receipts Tax (FC Pkt).pdf

RECESS FOR SPECIAL MEETING OF THE GOVERNING BODY

RECONVENE

CONSENT AGENDA

8. Request for approval of Amendment No. 1 to the Professional Services Agreement in the Amount of \$50,000 - Field and Drafting Services Extended for One Year; Louie Cordova, LLC. (Dee Beingsner)

Louie Cordova - Amend 1 - COMBINED.pdf

9. Request for approval of Amendment No. 1 to Construction Agreement in the Amount of \$216,625 - City-Wide Water Utility Pavement Restoration Services; TLC Plumbing & Utility, Inc. (Bill Huey)
TLC - Amend # 1 including Unit Prices - COMBINED.pdf

10. Request for Approval of Exempt Procurement in the Amount of \$50,000 - Service, Repairs and Equipment for Wastewater Treatment Plant; James, Cooke and Hobson (JCH). (Efren Morales)

James Cooke Hobson - Procurement - COMBINED.pdf

11. Request for Approval of Change Order No. 1 in the Amount of \$83,850 and Budget Adjustment in the Amount of \$82,258 - Hospital Tank Replacement Project; MWH Contractors, Inc. (Kristin Johansen)

MWH Contractors - CO# 1 & BAR - COMBINED.pdf

12. Request for approval of Amendment No. 5 to Professional Services Agreement in the Amount of \$57,899.40 - Security Services for Water Division; Chavez Security, Inc. (Caryn Fiorina)

Chavez Security - Amend 5 - COMBINED.pdf

13. Request for Approval of Agreement in the Amount of \$130,113 - Juvenile Detention Program Services; State of New Mexico Children Youth and Families Department. (Richard DeMella)

Comm Svc-CYFD-R. DeMella.pdf

14. Request for Approval of Amendment No. 1 to Professional Services Agreement in the Amount of \$50,000 - Marketing, Advertising, Social Media and Public Relations Support of Air Service into the Santa Fe Municipal Airport; Santa Fe Chamber of Commerce, (Randy Randall)

PSA Amendment #1 to Chamber Opp Fund add \$50k 050517.pdf

15. Request for Approval of Professional Services Agreement in the Amount of \$666,966.48 - Shelter Services for City Animal Service Division of the Police Department; Santa Fe Animal Shelter and Humane Society, Inc. (Patrick Gallagher)

PD - Animal Shelter Service - Nancy Jimenez.pdf

16. Request for Approval of Lease Agreement in the Amount of \$40,320 - Office Space for Santa Fe Police Department's Animal Services Section; Santa Fe Animal Shelter and Humane Society, Inc. (Patrick Gallagher)

PD - Animal Shelter Lease - Nancy Jimenez.pdf

17. Request for Approval of Procurement Under State Price Agreements in the Amount to Exceed \$50,000 - Police Body Armor, Gear and Equipment; Kaufman's West LLC. (Patrick Gallagher)

PD - Kaufman's West - Nancy Jimenez.pdf

18. Request for Approval of Exempt Procurement and Amendment No. 1 to Professional Services Agreement in the Amount of \$13,000 for a Total of \$59,000 - City Life Mobile Application for Santa Fe Trails; APPCityLife. (Thomas Martinez)

PW-TR-City Life Mobile App-T Martinez.pdf

19. Request for Approval of Professional Services Agreement in the Amount of \$49,500 - Railyard Events Marketing, Plaza Stage, Sound and Lighting Equipment and Digital Movie Projection Rental; Santa Fe Railyard Community Corporation. (Robert Siqueiros)

PW-Railyard Events Marketing- R Siqueiros.pdf

20. Request for Approval of Lease Agreements in the Amount of \$109,160 - Requirements of Vendor and Leasing Agent which are Part of the Master Agreement for Printer Consolidation and Managed Print Pilot Program. (David Kulb)

- Marlin Business Bank - \$35,621.00
- Document Solutions, Inc. - \$73,539.00
- [ITT-DSI-Marlin Combined 1-D. Kulb.pdf](#)

21. Request for Approval of Procurement Under State Price Agreement and Equipment Lease Agreement in the Amount of \$311,328 - Electric Golf Cars and Equipment for Marty Sanchez Links de Santa Fe Golf Course; Wells Fargo Financial Leasing, inc. (Jennifer Romero)
[wells fargo equipment lease agreement \(new ezgo golf car fleet\).pdf](#)

22. Request for Approval of Human Services Committee Funding Recommendations for FY 2017-18 - Health and Human Services Funding for Two (2) Years for Fourteen (14) Organizations for a Total Amount of \$1,810,000.00. (Julie Sanchez)
[HSC Funding Recommendations 17-19 Finance Pkt.pdf](#)

23. Request for Approval of State of New Mexico Audit Contract in the Amount of \$135,975.00 - Financial and Compliance Audit Services Fiscal Year Ending 06/30/2017 (RFP #17/42/P); Clifton Larson Allen, LLP. (Robert Rodarte)

[RFP For Audit Services.pdf](#)

24. Request for Approval of a Resolution Directing the City Manager to Explore the Creation of Legislation Establishing and Funding Local Arts and Culture Districts. (Councilor Maestas) (Debra Garcia)

Committee Review:

Arts Commission (approved)	05/08/17
Economic Development Advisory Committee (approved)	05/10/17
City Council (scheduled)	05/31/17

Fiscal Impact - No

[Arts and Culture Districts \(FC Pkt\).pdf](#)

25. Request for Approval of a Resolution Relating to Santa Fe's Historical and Cultural Heritage; Authorizing Staff to enter into a Professional Services Agreement for Services that would Provide Opportunities for Individuals to be Educated about Santa Fe's Rich Historic and Cultural Heritage. (Mayor Gonzales and Councilor Ives) (Debra Garcia)

Committee Review:

Finance Committee (postponed)	09/19/16
City Council (scheduled)	05/31/17

Fiscal Impact - Yes - \$10,000 expenditure for professional services; \$10,000 revenue from lodgers' tax

[Historian PSA \(FC Pkt\).pdf](#)

26. Request for Approval of a Resolution Amending Table 80 of the City of Santa Fe Impact Fee Capital Improvements Plan 2020 Regarding Planned Major Road Improvements and adding "Jaguar Drive Airport Extension" from the West Side of the NM599/Jaguar Drive Interchange to Aviation Drive at the Santa Fe

Municipal Airport as an Eligible Project to Receive "Roads" Impact Fees. (Councilors Lindell and Harris) (Matthew O'Reilly)

Committee Review

Public Works Committee (approved)	04/10/17
Capital Improvements Advisory Committee (approved)	05/11/17
City Council (scheduled)	05/31/17

Fiscal Impact - No

Jaguar Drive Airport Extension (FC Pkt).pdf

27. Request for Approval of a Resolution Amending Table 80 of the City of Santa Fe Impact Fee Capital Improvements Plan 2020 Regarding Planned Major Road Improvements and Adding "Paseo Del Sol Extension" as an Eligible Project to Receive "Roads" Impact Fees. (Mayor Gonzales and Councilor Ives) (Matthew O'Reilly)

Committee Review:

Public Works Committee (approved)	04/10/17
Capital Improvements Advisory Committee (approved)	05/11/17
City Council (scheduled)	05/31/17

Fiscal Impact - No

Paseo del Sol Extension (FC Pkt).pdf

28. Request for Approval of an Ordinance Relating to the City of Santa Fe Economic Development Plan Ordinance, Article 11-11 SFCC 1987; Approving and Adopting a Local Economic Development Project Participation Agreement Between the City of Santa Fe and Second Street Brewery, Inc. for Expansion of the Manufacturing Facility, a Local Economic Development Project. (Councilors Harris, Trujillo and Ives) (Fabian Trujillo)

Committee Review:

Economic Development Review Subcommittee (approved)	05/02/17
Economic Development Advisory Committee (approved)	05/10/17
City Council (request to publish)	05/10/17
City Council (public hearing)	05/31/17

Fiscal Impact - Yes – Expenditures = PPA \$100,000; Revenues = NMEDD LEDA Grant =\$100,000

2nd Street Brewery.pdf

MATTERS FROM STAFF

29. Budget Hearings. (Adam Johnson)
Budget Hearings FYE 18.pdf

MATTERS FROM THE COMMITTEE

ADJOURN

SUMMARY INDEX
FINANCE COMMITTEE MEETING
May 22, 2017

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE #</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
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APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT AGENDA LISTING		2-4
APPROVAL OF MINUTES: REGULAR FINANCE COMMITTEE MEETING – APRIL 17, 2017	Approved	4
<u>DISCUSSION</u>		
REQUEST APPROVAL OF A RESOLUTION INCREASING THE OPERATING MILL LEVY PROPERTY TAX WITHIN THE MUNICIPAL BOUNDARIES OF THE CITY OF SANTA FE TO MAINTAIN THE CURRENT TOTAL PROPERTY TAX RATE OF 2.817	Approved	5-6
REQUEST FOR APPROVAL OF A RESOLUTION EXPRESSING THE GOVERNING BODY'S RESPECTFUL REQUEST TO THE SANTA FE COUNTY COMMISSION FOR A DELAY IN ACTION ON THEIR PROPOSED COUNTY-WIDE GROSS RECEIPTS TAX INCREASE PENDING THE OUTCOME OF THE PLANNED JOINT CITY COUNCIL/COUNTY COMMISSION MEETING ON JUNE 15, 2017, TO FULLY ADDRESS THE ISSUE	Approved	6-8
<u>CONSENT CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND EQUIPMENT LEASE AGREEMENT IN THE AMOUNT OF \$311,328 – ELECTRIC GOLF CARS AND EQUIPMENT FOR MARTY SANCHEZ LINKS DE SANTA FE GOLF COURSE; WELLS FARGO FINANCIAL LEASING, INC.	Approved	9-10

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE #</u>
REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO EXPLORE THE CREATION OF LEGISLATION ESTABLISHING AND FUNDING LOCAL ARTS AND CULTURE DISTRICTS	Postponed to 06/05/17	10-12
REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$216,625 – CITY-WIDE WATER UTILITY PAVEMENT RESTORATION SERVICES; TCL PLUMBING & UTILITY, INC.	Approved	12
REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 IN THE AMOUNT OF \$83,850 AND BUDGET ADJUSTMENT IN THE AMOUNT OF \$82,258 – HOSPITAL TANK REPLACEMENT PROJECT; MWH CONTRACTORS, INC.	Approved	14-17
REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$50,000 – MARKETING, ADVERTISING, SOCIAL MEDIA AND PUBLIC RELATIONS SUPPORT OF AIR SERVICE INTO THE SANTA FE MUNICIPAL AIRPORT; SANTA FE CHAMBER OF COMMERCE	Approved	17-18
REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$666,966.48 – SHELTER SERVICES FOR CITY ANIMAL SERVICE DIVISION OF THE POLICE DEPARTMENT; SANTA FE ANIMAL SHELTER AND HUMANE SOCIETY, INC.	Approved	18-20
REQUEST FOR APPROVAL OF HUMAN SERVICES COMMITTEE FUNDING RECOMMENDATIONS FOR FY 2017-18 – HEALTH AND HUMAN SERVICES FUNDING FOR TWO (2) YEARS FOR FOURTEEN (14) ORGANIZATIONS FOR A TOTAL AMOUNT OF \$1,810,000	Approved	20-21
REQUEST FOR APPROVAL OF STATE OF NEW MEXICO AUDIT CONTRACT IN THE AMOUNT OF \$135,975 – FINANCIAL AND COMPLIANCE AUDIT SERVICES, FISCAL YEAR ENDING 06/30/2017 (RFP #17/42/P); CLINTON LARSON ALLEN, LLP	Approved	21-22

ITEM

ACTION

PAGE #

REQUEST FOR APPROVAL OF A RESOLUTION
RELATING TO SANTA FE'S HISTORICAL AND
CULTURAL HERITAGE; AUTHORIZING STAFF
TO ENTER INTO A PROFESSIONAL SERVICES
AGREEMENT FOR SERVICES THAT WOULD
PROVIDE OPPORTUNITIES FOR INDIVIDUALS
TO BE EDUCATED ABOUT SANTA FE'S RICH
HISTORIC AND CULTURAL HERITAGE

Approved a/amended

22-23

END OF CONSENT CALENDAR DISCUSSION

MATTERS FROM STAFF

BUDGET HEARINGS

Information/discussion

23-25

MATTERS FROM THE COMMITTEE

Information/discussion

25-26

ADJOURN

26

**MINUTES OF THE
CITY OF SANTA FE
FINANCE COMMITTEE
Monday, May 22, 2017**

1. CALL TO ORDER

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Carmichael A. Dominguez, at approximately 5:00 p.m., on Monday, May 22, 2017, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Carmichael A. Dominguez, Chair
Councilor Mike Harris
Councilor Peter N. Ives
Councilor Signe I. Lindell

MEMBERS EXCUSED:

Councilor Renee Villarreal

OTHER GOVERNING BODY MEMBERS IN ATTENDANCE

Mayor Javier Gonzales
Councilor Joseph Maestas
Councilor Rivera
Councilor Trujillo

OTHERS ATTENDING:

Adam Johnson, Director, Finance Department
Kelley Brennan, City Attorney
Melessia Helberg, Stenographer.

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

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

3. APPROVAL OF AGENDA

Chair Dominguez reminded the Committee that we are in a time crunch to get through Items #6 and #7 and recess for the Special Council meeting, after which this Finance Committee will reconvene.

MOTION: Councilor Ives moved, seconded by Councilor Harris, to approve the agenda, as presented.

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

4. APPROVAL OF CONSENT AGENDA

Chair Dominguez asked that Item #24 be heard prior to Item #9.

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

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

CONSENT AGENDA

8. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$50,000 – FIELD AND DRAFTING SERVICES EXTENDED FOR ONE YEAR; LOUIE CORDOVA, LLC. (DEE BEINGESSNER)
9. *[Removed for discussion by Councilor Harris]*
10. REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT IN THE AMOUNT OF \$50,000 – SERVICE, REPAIRS AND EQUIPMENT FOR WASTEWATER TREATMENT PLANT; JAMES, COOKE AND HOBSON (JCH). (EFREN MORALES)
11. *[Removed for discussion by Councilor Harris]*
12. REQUEST FOR APPROVAL OF AMENDMENT NOL. 5 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$57,899.40 – SECURITY SERVICES FOR WATER DIVISION; CHAVEZ SECURITY, INC. (CARYN FIORINA)
13. REQUEST FOR APPROVAL OF AGREEMENT IN THE AMOUNT OF \$130,113 – JUVENILE DETENTION PROGRAM SERVICES; STATE OF NEW MEXICO, CHILDREN, YOUTH AND FAMILIES DEPARTMENT. (RICHARD DeMELLA)

14. *[Removed for discussion by Councilor Lindell]*
15. *[Removed for discussion by Councilor Harris]*
16. REQUEST FOR APPROVAL OF LEASE AGREEMENT IN THE AMOUNT OF \$40,320 – OFFICE SPACE FOR SANTA FE POLICE DEPARTMENT'S ANIMAL SERVICES SECTION; SANTA FE ANIMAL SHELTER AND HUMANE SOCIETY, INC. (PATRICK GALLAGHER)
17. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT IN THE AMOUNT TO EXCEED \$50,000 – POLICE BODY ARMOR, GEAR AND EQUIPMENT; KAUFMAN'S WEST, LLC. (PATRICK GALLAGHER)
18. REQUEST FOR APPROVAL OF EXEMPT PROCUREMENT AND AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$13,000 FOR A TOTAL OF \$59,000 – CITY LIFE MOBILE APPLICATION FOR SANTA FE TRAILS; APPCITYLIFE. (THOMAS MARTINEZ)
19. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$49,500 – RAILYARD EVENTS MARKETING, PLAZA STAGE, SOUND AND LIGHTING EQUIPMENT AND DIGITAL MOVIE PROJECTION RENTAL; SANTA FE RAILYARD COMMUNITY CORPORATION. (ROBERT SIQUEIROS)
20. REQUEST FOR APPROVAL OF LEASE AGREEMENTS IN THE AMOUNT OF \$109,160 – REQUIREMENTS OF VENDOR AND LEASING AGENT WHICH ARE PART OF THE MASTER AGREEMENT FOR PRINTER CONSOLIDATION AND MANAGED PRINT PILOT PROGRAM. (DAVID KULB)
 - MARLIN BUSINESS BANK – \$35,621.
 - DOCUMENT SOLUTIONS, INC. – \$73,539.
21. *[Removed for discussion by Councilor Harris]*
22. *[Removed for discussion by Councilor Harris]*
23. *[Removed for discussion by Councilor Harris]*
24. *[Removed for discussion by Councilor Harris]*
25. *[Removed for discussion by Councilor Ives]*

26. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING TABLE 80 OF THE CITY OF SANTA FE IMPACT FEE CAPITAL IMPROVEMENTS PLAN 2020 REGARDING PLANNED MAJOR ROAD IMPROVEMENTS AND ADDING "JAGUAR DRIVE AIRPORT EXTENSION," FROM THE WEST SIDE OF THE NM599/JAGUAR DRIVE INTERCHANGE TO AVIATION DRIVE AT THE SANTA FE MUNICIPAL AIRPORT AS AN ELIGIBLE PROJECT TO RECEIVE "ROADS IMPACT FEES (COUNCILORS LINDELL, AND HARRIS, IVES AND DOMINGUEZ). (MATTHEW O'REILLY) Committee Review: Public Works Committee (approved) 04/10/17; Capital Improvements Advisory Committee (approved) 05/11/17; and City Council (scheduled) 05/31/17. Fiscal Impact – No.
27. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING TABLE 80 OF THE CITY OF SANTA FE IMPACT FEE CAPITAL IMPROVEMENTS PLAN 2020 REGARDING PLANNED MAJOR ROAD IMPROVEMENTS AND ADDING "PASEO DEL SOL EXTENSION" AS AN ELIGIBLE PROJECT TO RECEIVE "ROADS" IMPACT FEES (MAYOR GONZALES AND, COUNCILOR IVES AND COUNCILOR DOMINGUEZ). (MATTHEW O'REILLY) Committee Review: Public Works Committee (approved) 04/10/17; Capital Improvements Advisory Committee (approved) 05/11/17; and City Council (scheduled) 05/31/17. Fiscal Impact – No.
28. REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE CITY OF SANTA FE ECONOMIC DEVELOPMENT PLAN ORDINANCE, ARTICLE 11-11 SFCC 1987; APPROVING AND ADOPTING A LOCAL ECONOMIC DEVELOPMENT PROJECT PARTICIPATION AGREEMENT BETWEEN THE CITY OF SANTA FE AND SECOND STREET BREWERY, INC., FOR EXPANSION OF THE MANUFACTURING FACILITY, A LOCAL ECONOMIC DEVELOPMENT PROJECT (COUNCILORS HARRIS, TRUJILLO AND IVES). (FABIAN TRUJILLO) Committee Review: Economic Development Review Subcommittee (approved) 05/02/17; Economic Development Advisory Committee (approved) 05/10/17; City Council (request to publish) 05/10/17; and City Council (public hearing) 05/31/17. Fiscal Impact – Yes - Expenditures = PPA \$100,000; Revenues = NMEDD LEDA Grant = \$100,000.

END OF CONSENT AGENDA

5. APPROVAL OF MINUTES:

REGULAR FINANCE COMMITTEE MEETING – APRIL 17, 2017

MOTION: Councilor Ives moved, seconded by Councilor Harris, to approve the minutes of the Regular Finance Committee meeting of April 17, 2017, as presented.

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

DISCUSSION

6. **REQUEST APPROVAL OF A RESOLUTION INCREASING THE OPERATING MILL LEVY PROPERTY TAX WITHIN THE MUNICIPAL BOUNDARIES OF THE CITY OF SANTA FE TO MAINTAIN THE CURRENT TOTAL PROPERTY TAX RATE OF 2.817 (COUNCILOR DOMINGUEZ AND COUNCILOR IVES). (MARCOS MARTINEZ AND ADAM JOHNSON)**
Committee Review: Public Works Committee (approved) 05/08/17; City Council (scheduled) 05/31/17. Fiscal Impact – Yes - \$1,500,000 expenditure for personnel; 1,500,000 from revenue.

A copy of a Memorandum dated April 17, 2017, to the Finance Committee, from Brian Snyder, City Manager, regarding City of Santa Fe Employee Pay Increase, is incorporated herewith to these minutes as Exhibit "1."

Adam Johnson, Director, Finance Department, presented information regarding the Resolution which is in the Committee packet. He said this Resolution is required by the State to maintain the property tax at the current level. He said slightly less than half of the mill levy is shifted to Operating rather than for Debt Service. He said this is the final step that began by paying off the 2008 G.O. Bond, which freed-up approximately \$1.5 million in annual debt service. He said the Resolution is on the Finance Agenda as well as this evening's Special Council Meeting Agenda, noting it is a timing issue by the State. He said the Resolution is due to the State of New Mexico with our approved budget on June 1, 2017. He said, given that the next regular Council meeting isn't until May 31, 2017, it was decided it was better to make sure "that it was approved in front, rather than one day in advance."

Mr. Johnson continued, saying he handed out the Memorandum provided by the City Manager during the budget hearings and approved as part of the overall framework for a 2% increase [Exhibit "1"]. He said the Police Department, unlike the Fire Department, did not include a 1% per annum increase, and we would need \$200,000 instead of \$100,000. He noted a typo in the Memorandum on page 2, and said the remaining amount is \$309,000 instead of \$409,000. He said in the absence of using the balance for a merit pool, the motion was to leave it more flexible, given we don't have a lot of information about the merit pool at this time. He said the balance could be used to meet the recommendations of the upcoming Compensation and Classification Study.

Chair Dominguez said this was well discussed during the budget hearings, and this Resolution is a formality to make sure this item is before the full Governing Body during the Special Governing Body meeting, so we can take action sooner rather than later.

Councilor Harris asked Mr. Johnson to repeat his statement regarding the Police Officers Union, and Mr. Johnson reiterated his previous statement.

Councilor Harris said then Mr. Johnson is saying that the Police Union didn't have the 1% in its contract, and this is an acknowledgment, but he doesn't understand the reason for adjusting the numbers.

Mr. Johnson said at the time the Fire and Police Departments budgets it was thought that both included a 1% increase built into the contract. And since were recommending 2% across the City, the Fire Department only needed 1%.

MOTION: Councilor Harris moved, seconded by Councilor Ives, to approve this request.

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

MOTION: Councilor Lindell moved, seconded by Councilor Ives to reconsider the previous approval of the agenda, to remove Item #14 from the Consent Agenda for discussion, and to approve the agenda as amended.

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

7. REQUEST FOR APPROVAL OF A RESOLUTION EXPRESSING THE GOVERNING BODY'S RESPECTFUL REQUEST TO THE SANTA FE COUNTY COMMISSION FOR A DELAY IN ACTION ON THEIR PROPOSED COUNTY-WIDE GROSS RECEIPTS TAX INCREASE PENDING THE OUTCOME OF THE PLANNED JOINT CITY COUNCIL/COUNTY COMMISSION MEETING ON JUNE 15, 2017, TO FULLY ADDRESS THE ISSUE. (COUNCILOR MAESTAS, COUNCILOR LINDELL, COUNCILOR DOMINGUEZ AND COUNCILOR VILLARREAL). (ADAM JOHNSON)

Chair Dominguez said early in his time on the Council, the County wanted to do a tax increase, and the City came out in opposition. He said Item #7 is an extension of what the County already is asking for. The County requested, on March 27, 2017, to have a joint City/County meeting to discuss benefits of greater community concern. He said the results of the City's opposition of the previous County tax increase, resulted in the "Grand Deal." He said RECC was a part of that deal and the County wasn't happy with the deal. He said annexation was a part of that, the County wasn't happy with that deal. Water was a part of the annexation discussion as well.

Chair Dominguez continued, saying the City and County had a joint meeting in February 2015, where we talked about tourism and economic development. We had another joint meeting in October 2015, to talk about regional issues, including economic development and OTAB. He said he doesn't see this Resolution as the City getting into the County's business. He said every governing body has the opportunity to do whatever it is they want, and the County has chosen to increase both Property and GRTs administratively without taking it to the voters as is its prerogative. He said the City has not done that.

Chair Dominguez continued, saying he sees Item #7 as extension of the County's request to have a general discussion about benefits of greater community concern. This is the reason he supports the Resolution and looks at it as being something good. They are asking to have this conversation with the

City because they aren't happy with the deal which was agreed to when the County originally wanted to increase taxes for public safety. He thinks we should have a dialogue. He thinks the public should be aware of the realities. He said all City tax increases have been by voter approval. The last time the County increased taxes administratively, the City opposed it and we came up with the "Grand Deal," and they obviously don't like that.

Councilor Maestas said the issues we are facing are symptomatic of the issues that we have with our GRT Code. He said the Hold Harmless subsidy created a financial problem for the Legislature, and they created this GRT increment for Hold Harmless to compensate counties for their losses in the repeal of that subsidy. The tax authority to the County was to impose taxes within the City as well. He said a traditional tax imposition by a county is in the unincorporated parts of the County, but there are increments where they can do it county-wide.

Chair Dominguez said that is what the County was doing in 2006-2007 when they imposed the public safety GRT, not the Hold Harmless increment, but the one that extends into the incorporated area.

Councilor Maestas said what has happened since is that counties are realizing it is a source of revenue that far exceeds what they are projected to lose from Hold Harmless. He said the City experience is much different, and it is very difficult for us to make up what we are projected to lose through the GRT increments we were authorized to impose to compensate for the loss of the subsidy.

Councilor Maestas continued, saying more germane to this Resolution, is what happened in 2015. We planned to have a joint City-County Meeting in June. And in the months prior to the meeting, we heard in a similar fashion about a potential County tax increase, and that decision was made prior to the joint meeting. We attended the joint meeting, and he thinks the City was beyond courteous in not asking for any kind of consultation because it happened so quickly. He said we're seeing the same thing occur. He thinks we should pause and learn from the 2015 experience, and ask them if we can talk about this. He acknowledged that the County reached out to the City in planning the joint meeting. He said the letter says there is a focus on strategic planning, but it also says we can talk about any issue that we would like to discuss. He thinks this issue is of mutual interest and concern. He thinks it makes our relationship with the County stronger in discussing these kinds of things. He doesn't think it is productive to exclude a discussion of taxation.

Councilor Maestas continued, saying it isn't a question of the County's authority. It is saying that we, on behalf of our constituents, want to be sure there is no duplication of services, no matter who is imposing the tax. There is a heightened sensitivity about tax increases. He thinks it's incumbent on us to ask to talk about this, and ensure these conversations are happening at the staff level. Do the planned expenditures complement what the City is doing, or are they duplicative.

Councilor Maestas continued, saying we shouldn't have to have a joint governing body meeting for staff to begin discussions on any topic. He said this is about what we do going forward as decision makers.

Councilor Harris said he publicly weighed-in on this previously. He said there is a lot of misunderstanding among the citizens about the taxes that are levied. He has been asking to have a better analysis so we can explain that. He said of the current 8.3125 %, only 33% of that comes to the City, 19.5% goes to the County with the balance to the State. He said it is compounded by the misinformation that was disseminated during the Special Election. He reiterated his request of Mr. Johnson for a closer analysis of the tax structure, noting that is coming, and if possible, it would be good to have that in anticipation of this discussion along with the history of GRT increments.

Councilor Harris said he will support the Resolution, although he was quoted in the newspaper as saying it's unfortunate the County didn't talk first with the City. He feels rather than going through the Resolution process, there could be a dialogue at the staff level in anticipation of the meeting. He also said the City doesn't want to pick a fight on this, and doesn't believe the County does either. There needs to be a serious discussion based on the facts.

Councilor Harris continued, saying we received a letter from Commissioner Hansen, in part stating the County's position, or at least her position. He thinks there may be a replay of what happened in the history just described by the Chair.

Councilor Ives said he sees this as an opportunity to educate people on how the various taxes imposed affect the people of Santa Fe. An additional concern is regarding the RECC and how it is funded. He said when he sees the County proposing the tax for public safety, given we have some 160 patrol officers in Santa Fe who do that daily, he wonders what other public safety issues come into play. He thinks it is only the RECC, and we should revisit that at this point.

Chair Dominguez reiterated the history with the County. He said the County shouldn't be surprised about our interest in this. He reiterated his support for the Resolution as the right thing to do, commenting the County shouldn't be surprised at the City's interest in this.

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

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

RECESS FOR SPECIAL MEETING OF THE GOVERNING BODY. The Finance Committee recessed for a Special Meeting of the Governing Body at approximately 5:30 p.m.

RECONVENE. The Finance Committee meeting was reconvened at approximately 6:25 p.m.

MOTION: Councilor Lindell moved, seconded by Councilor Ives to reconsider the previous approval of the agenda, to hear Item #21 first on the Consent Agenda Discussion Items, and to approve the agenda as amended.

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

CONSENT CALENDAR DISCUSSION

21. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT AND EQUIPMENT LEASE AGREEMENT IN THE AMOUNT OF \$311,328 – ELECTRIC GOLF CARS AND EQUIPMENT FOR MARTY SANCHEZ LINKS DE SANTA FE GOLF COURSE; WELLS FARGO FINANCIAL LEASING, INC. (JENNIFER ROMERO)

Councilor Harris asked what is the annual income from the carts.

Alo Brodsky, Head Golf Pro, Marty Sanchez Links de Santa Fe, said with reference to 2015-2016, the revenue from the golf carts was \$361,308. He said the carts are a major revenue producer for the golf course. He said he is representing Jennifer Romero, who can't be here this evening, commenting that the quote from Easy Go was the lowest quote.

Councilor Harris asked said this will go to the Governing Body for final approval and asked Mr. Brodsky to verify the annual revenue for cart golf court rentals between now and the Governing Body meeting, and to include that information in the packet, and Mr. Brodsky said he will advise Ms. Romero this needs to be done.

Councilor Harris asked if the leasing company maintain the carts.

Mr. Brodsky said we do have maintenance in the contract, and an Easy Go technician does a monthly inspection, but his company, New Mexico Golf, Ltd. who is the contractor, has an employee that maintains the carts.

Mr. Johnson confirmed that the amount of revenue for the golf cart rentals was \$361,308, \$354,000 the year before and \$340,000 the year before that.

Responding to Mr. Brodsky, Councilor Harris said he doesn't need that information now, because it has been verified by Mr. Johnson.

Councilor Harris said he heard during the budget hearings that the rate was raised \$1 for golf cart rentals.

Mr. Brodsky said that is correct, noting it is standard to raise the cost when you bring in a new fleet of carts to justify the new golf carts and the increased cost of operation.

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

DISCUSSION: Councilor Harris said he appreciates the information, but obviously there is more to this than just the lease costs. He said he would like the total cost of the carts annually – all costs aggregated for that.

Mr. Brodsky said there are additional costs, including insurance costs as well as well as the maintenance which should be included. He said there are many other costs involved. He said with that said, the carts are a substantial revenue producer. He said Ms. Romero will get those numbers by the Council meeting.

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

24. **REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING THE CITY MANAGER TO EXPLORE THE CREATION OF LEGISLATION ESTABLISHING AND FUNDING LOCAL ARTS AND CULTURE DISTRICTS (COUNCILOR MAESTAS). (DEBRA GARCIA) Committee Review: Arts Commission (approved) 05/08/17; Economic Development Advisory Committee (approved) 05/10/17; and City Council (scheduled) 05/31/17. Fiscal Impact – No.**

Councilor Harris said this item did not go to the Economic Development Advisory Committee, which was a mistake at the staff level. He said he doesn't see a critical timeline for this, although Councilor Maestas would like to move it forward. He said it lists 4-5 different areas where it might apply. He wants to see the full statute itself to see how it reads. He knows we are going to explore this. He would like to start exploration at the next meeting of the Economic Development Advisory Committee in June 2017.

MOTION: Councilor Harris moved, seconded by Councilor Ives, to postpone this item to the Finance Committee meeting of June 19, 2017.

DISCUSSION: Councilor Maestas said if the motion to postpone is approved, he will withdraw the Resolution all together. He said it was scheduled to be heard in April 2017. He said, "Legislative Services unilaterally delayed it a month. So on top of the delay in April, it was Legislative Services that did not provide the materials to the Economic Development Advisory Committee. He said this is an exploratory, it is no binding and has no fiscal impact. It was adopted unanimously by the Arts Commission. He doesn't know the reason any Councilor would want two bites at the apple.

Councilor Maestas continued, "This is the opportunity to hear this, Councilor Harris. The specific citation of the State Statute was cited by Mr. Griego y Garcia in her Memorandum. Oftentimes when I have an agenda action item and all the information is not in the packet, I do the research. I take it upon myself to review all the materials.

Councilor Maestas continued, "I am completely taken aback by this request to postpone. And so, if this motion passes, as the sponsor, I will withdraw the Resolution. Thank you Mr. Chair."

Councilor Harris said all members of the old Business & Quality of Life Committee resigned, noting some members are being carried forward in the reconstituted committee. He said they are trying to create a more dynamic committee that is engaged in a number of issues. He feels this would be a good opportunity to have that discussion. He hears Councilor Maestas' frustration, and "I guess I would have to respond in kind to the notion that somehow I'm unprepared, which is never the case." He said his view is that the Economic Development Advisory Committee can have a discussion less than a month from now, and it can go on to the Finance Committee, commenting he believes it would be a healthy discussion.

Chair Dominguez asked when the Advisory Committee meets.

Councilor Harris said it meets on June 14, 2017, at 11:00 a.m.

Chair Dominguez asked when is the next Finance Committee meeting.

Mr. Johnson said it is June 5, 2017.

Chair Dominguez said the next meeting of Finance after that is June 19, 2017.

Councilor Lindell said she understands Councilor Maestas' frustration, and hears the frustration from both Councilors. She asked if this is so completely time sensitive that it couldn't wait another month.

Councilor Maestas said this is a Tourism issue, although there is an Economic Development nexus and the reason the referral to Economic Development. He said, "This is Finance. This is your chance to do what you will with it, but to postpone it based on a procedural issue, for an exploratory Resolution just doesn't make sense to me at all. And the time sensitivity..."

Chair Dominguez said he would like to address this as the Chair of the Committee. He hears Councilor Maestas' frustration and he is hearing that Legislative Services was the delay. He also is hearing that there was reorganization of the Economic Development Advisory Committee. However, it is not uncommon for this Committee to ask for things to be vetted way before they come to us for approval. He doesn't know that needs to happen here, but it is not uncommon.

Councilor Maestas said he thinks if they skipped a Council Committee he was saying we need to take it back, but the EDRC is an advisory committee, and it is not a City Council committee.

Chair Dominguez said this Committee has asked for things to be vetted through blue ribbon task forces before coming to us.

Councilor Lindell said she is trying to find a path through this, to know if there is anything, other than a level of frustration – a time urgency.

Councilor Ives said he is unable to pull-up the measure from his packet here, so it isn't in front of him. He said often, in establishing special districts, they involve Land Use decisions and other types of issue. He said, personally, he would like for it to come before the Public Works Committee and we could do that on May 30th, if there is still time. He would like to have that opportunity there. However, creating these kinds of districts is important, especially in Santa Fe as the home to a very artistic and creative community. He said areas would be very well served with this type of legislation. He is interested in seeing it move forward, but would love to get it before Public Works.

Councilor Maestas said, "But I think that's why we're doing this. This is a staff exercise to bring information to those appropriate committees about details to create them. So I would think this is a very logical, initial non-controversial, no fiscal impact decision. So I am at a loss here. This is just a staff exercise. There is nothing to vet in terms of staff direction, unless we don't want staff to look into this. If that's the case, then just vote against it."

Councilor Ives said on that point, he certainly does want staff to look into it, and apologized for not being able to call it up on his device. He asked if he has the "Be It Resolved" portion of the Resolution, and asked that be read to him."

Councilor Lindell said it is, "*NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE, that the City Manager direct staff to explore the creation of legislation for the establishment of local arts and cultural districts in accordance with the New Mexico State Arts and Cultural District Act as well as explore the funding of such districts through the Municipal Local Options Gross Receipts Tax Act.*"

Councilor Ives said, "I can support that study. I can support studying that and taking a look at it once the information is developed."

Councilor Harris said, as Councilor Maestas said, "There is an economic development component to this, for example, *"WHEREAS, in 2007, the New Mexico State Legislature passed the Arts and Cultural Districts Act as a comprehensive economic development strategy designed to capitalize on the expanding creative economy."*

Councilor Harris continued, "If this is important... it was acknowledged as being important by saying it was going to go to the Economic Development Advisory Committee, so I think it should be allowed to go to the Committee. And really, I don't think, to my way of thinking, 30 days or less should make that much difference."

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

9. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO CONSTRUCTION AGREEMENT IN THE AMOUNT OF \$216,625 – CITY-WIDE WATER UTILITY PAVEMENT RESTORATION SERVICES; TLC PLUMBING & UTILITY, INC. (BILL HUEY)

Councilor Harris noted that, "Councilor Rivera asked Bill to look at the patches that TLC has done recently done and make sure they are holding up." He said he is sure Mr. Huey has done that. He said he called David Catanach, Director, Streets and Drainage Division, because he is the one that has to deal with it. He said he heard that the coordination between Public Utilities and Public Works is going pretty well. He said overall there have been no problems related to weather conditions, and that repairs were made when TLC was contacted. So Public Works informed Councilor Rivera or someone, that it sometimes takes longer than necessary. He said this is what he heard from Mr. Catanach. He said if Mr. Huey is directly responsible for TLC, he needs to bear down on occasion, but overall, Mr. Catanach thinks the work is being handled appropriately. He asked if the full amount was billed in the first year, noting this is Amendment No. 1.

Bill Huey, Engineer, Water Division, said he is unsure if he has the end of year amount, but it was not billed 100% last year and may not be 100% billed this fiscal year.

Councilor Harris asked Mr. Huey his view of TLC's performance.

Mr. Huey said TLC has a rather large paving component, and he believes they are doing the paving on the ART Project in Albuquerque, noting it is doing the plumbing. He said TLC has as many people that directly deal with paving as the entire City does. He said it is a large company which does a lot of different things, but the 3rd thing they advertise.

Councilor Harris said it is a good company, and asked Mr. Huey if they are performing consistently in his opinion.

Mr. Huey said yes they "performed at or above our expectation for this contract." The patch specifically on that, they had paved at the Airport, and Calle Maria Theresa, and they were using Highway Department asphalt instead of the City asphalt, at the request of Public Works. However, they did not leave their barricades in place long for the asphalt to cool and it ripped. He noticed that the next day, photographed it, and they came back and replaced it within a week or so, at no cost to the City.

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

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

11. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 IN THE AMOUNT OF \$83,850 AND BUDGET ADJUSTMENT IN THE AMOUNT OF \$82,258 – HOSPITAL TANK REPLACEMENT PROJECT; MWH CONTRACTORS, INC. (KRISTIN JOHANSEN)

Councilor Harris said the Change Order is about 80% more than the original contract, and asked what happened – an increase in scope of work and if it was initially a fixed price.

Kristen Johansen, Engineer, Water Division, said the original contract was for several months just to get the project on track, and they were to reevaluate it. It is an hourly rate, so there is an inspector on site, and depending on what work is going on, and if it is something where needs to be there, he is there and charges the City based on those hours. She said after the first 2-3 months, they re-evaluated the contractor to see if we want the inspector on side, how the project was going. She said the project has turned completely around, it has stayed on schedule since the inspector has been there, noting he has made really excellent calls in terms of in the field decisions and evaluating the issues with the concrete in the tank.

Ms. Johansen continued, "We made the decision to extend the contract. It's still on an hourly basis, and this amount goes through August. We really believe we will have the tank on line in early July, so his services likely will not be needed. And through August, we'll probably perform most of it in-house, but we wanted to make sure that, if we needed to, we could get through to the point where we put water in the tank."

Councilor Harris said he looked at the simple chart for hours. He said this company wasn't brought on until we were well along in the project.

Ms. Johansen said that is correct. She said, "They weren't brought on actually until the contract with the contractor was supposed to be completed, so their 240 days were near ending, and we were having a lot of issue with the concrete, the walls, and it's very technical process, and we needed more expertise on the site."

Councilor Harris asked if the testing protocol, special inspection protocol, is part of what MWH is doing here.

Ms. Johansen said, "Yes. We're using a new type of concrete, new for us. It's a self consolidating concrete, so each cement truck is tested for spread, instead of slump and he's well versed in those tests. He's well versed in several trucks that have arrived that he's rejected, a lot based on the viscosity of the concrete. He has been very valuable. And those rejected trucks are not at a cost to the City. But also we had some joints in the concrete that we noticed after the wall pour, and he's helped us evaluate those and we did an epoxy injection to resolve those joints. So a lot of work with the concrete, but also the rebar."

Councilor Harris said this is the first he's heard about the problems, and it sounds as if there is a lot of non-conformance for either specifications or just performance in the field. He asked, "And so, does the Public Utilities Department think, by bringing this individual, that not only are we getting better results from March on forward, but are you really able to correct.....is he helping you deal with some of the past issues."

Ms. Johansen said, "Yes. So we went back through each of the past issues, including looking at the base and the subgrade. We did a lot of testing. The requested that the contractor do testing of the subgrade, and so, he reviewed all of those tests, and then also MWH has been working with us on risk management. So, we've been in touch with Marcos, and what is needed, because of the issues we have had to dates. So, we have done a risk analysis on those issues and so far, there would not be issues we thought they were. So we haven't noticed any defects that are not to our specifications for the project."

Councilor Harris said it sounds like this service has been valuable, and Ms. Johansen said, "Definitely."

Councilor Harris said it makes him nervous to drop back and deal with some of these issues, particularly in a tank such as this. He said we have things coming up that have to do with design and construction, and not just on this project saying, "But you know what I'm referring to." He said this really bears close attention by the Public Utilities Committee, and perhaps even the Public Works Committee, and just close out. The extended warrant, really detailed record documents. He asked if AUI is the general contractor, and Ms. Johnson said yes.

Councilor Harris continued, saying AUI generally is a pretty good company, and ALC is a good company.

Ms. Johnansen said a lot of these derivations came with the concrete that was coming in. The concrete company was just struggling to get a consistent product.

Councilor Harris asked if they used Vulcan.

Ms. Johansen said yes, and guesses they haven't done a lot of the self consolidating concrete in such a large volume.

Councilor Harris said he has been hearing about problems with Vulcan, but in terms of capacity they are it, pretty much.

Ms. Johansen said, "I would highly recommend, sometimes the third party is worthwhile."

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

DISCUSSION: Chair Dominguez said this tank has been an issue for a long time, commenting he isn't opposed to the amendment, but he wants to make sure he understands this correctly. The caption of the bill is for \$83,258, but on packet page 6, it says \$83,850.

Ms. Johansen said the contract is for \$83,850 with MWH, noting they had \$50,000 budgeted for MWH. The budget adjustment includes \$35,000 for an extension for Souder Miller & Associates to do the closeout on the project.

Chair Dominguez asked if that will be coming before this Committee.

Ms. Johansen said that is under 10% of their contract amount, so it didn't need to go to Council. And it also includes the \$13,000 overage amount having to do with issues from the one wall that collapsed.

Chair Dominguez said then the original contract was for \$49,725, and Ms. Johansen said yes.

Chair Dominguez said it is half of what this amendment is for and Ms. Johansen said that is correct.

Chair Dominguez asked if that is because we were learning as we were going through. He said, "I think you articulated the issues that we didn't foresee that came up."

Ms. Johansen said they really just wanted to see if this is what we needed to get the project back on track, which was more technical expertise and someone on site full time, and it seems that is what we needed. She said they are willing to end the contract after the \$50,000 was spent, but just because of the value in it..."

Chair Dominguez asked Ms. Johansen if she anticipates any future amendments on this contract.

Ms. Johansen said it looks like the project is going to be completed on schedule, and so these should take us to the finish line. She said they are charging the contractor liquidated damages at \$1,000 per day, so she expects a credit of approximately \$120,000 which will help cover these costs.

Councilor Ives said Ms. Johansen just mentioned a wall collapse, with which he is unfamiliar, and asked her to review that quickly.

Ms. Johansen said they were pouring east side key wall and the concrete that came in was a lot more watery than most, and it wasn't curing. It was poured in November when there were cooler temperatures and didn't cure as fast as it would now, and the subcontractor who provided the forms on the wall did not rate the forms for the liquid head that built up because the concrete was curing as fast as expected. And because of that extremely high pressure on the walls, it actually blew out the end bulkhead. And the contractor had to repour that wall. But there was a lot of associated time and energy in cutting out the wall that had formed, and cutting out all the rebar, and cleaning up all the concrete that had spilled on the slab, noting that caused a delay of 1½ months on the project.

Councilor Harris asked Councilor Ives, "As Chair of the Public Works Committee, this is the first you've heard about this."

Councilor Ives said this is the first he can recall having heard about one of the walls not curing properly and failing.

Councilor Harris said, "I'm in this business. None of what I've heard, I like."

Ms. Johansen said they definitely have been in touch with Kelley Brennan and Marcos Martinez throughout each of the issues that have occurred.

Councilor Harris asked if the project engineer is Souder Miller, and Ms. Johansen said yes.

Councilor Harris asked Ms. Johansen if she has looked at that scope of work and responsibilities.

Ms. Johansen said yes, and as part of that, they cut down their hours on site and increased MWH's hours, so that's kind of the balance that we're seeing here in extending MWH's contract and cutting back Souder Miller's involvement on the day to day basis, because they found they weren't provided the technical support needed by the City. She said in terms of as built, as still being the engineer of record, they are very much involved in that.

Councilor Harris asked if she is familiar with the special inspection protocol which was adopted a few years ago, and has been customary for so long for the contractor to bring testing to the job. He asked if the special inspection protocol was followed, or if the contractor brought the testing to this job.

Ms. Johansen said, "We had a third party tester, BFM, doing all of the concrete testing, and then AUI also performed tests. It's been interesting because a lot of the concrete tests have met spec, but visually it just acts differently, and it's been acting very strange. So Vulcan seems to have finally dialed-in its product where we're not using the self-consolidating for the roof, your standard 4500 psi. in terms of testing, yes we have had third party. AUI performed their own and then the subcontractor VSL does all the rebar inspections and we provide those to the City."

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

14. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$50,000 – MARKETING, ADVERTISING, SOCIAL MEDIA AND PUBLIC RELATIONS SUPPORT OF AIR SERVICE INTO THE SANTA FE MUNICIPAL AIRPORT; SANTA FE CHAMBER OF COMMERCE. (RANDY RANDALL)

Councilor Lindell asked Mr. Randall to talk about the budget on this project, and by the time this comes to Council, she would like more detail than what was in the packet.

Mr. Randall said these are funds from the County it had committed to make available to the Air Alliance. However, because they didn't have any direct relationship with the Air Alliance or the Chamber of Commerce Opportunity fund, they did a P.O. and sent \$50,000 to the City, with the intent it be used for marketing the inbound or outbound component. This request is to allow us to move that money from the City to the Air Alliance via the Chamber Opportunities Fund, because this is where this relationship existed at the time we received the money from the County. The funds can be used only for marketing and promotion, and not for the revenue guarantees. These funds actually will support the existing marketing budgets for inbound/outbound components.

Councilor Lindell asked the duration of the program.

Mr. Randall said he thinks this will be an ongoing program, noting they expect no revenue guarantees for the second quarter. He said it is anticipated another flight will be initiated. If they were to get a flight to Houston, or Chicago or restore the flight to Los Angeles, there would be revenue guarantees involved, with more effort on the inbound component.

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

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

15. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT IN THE AMOUNT OF \$666,966.48 – SHELTER SERVICES FOR CITY ANIMAL SERVICE DIVISION OF THE POLICE DEPARTMENT; SANTA FE ANIMAL SHELTER AND HUMANE SOCIETY, INC. (PATRICK GALLAGHER)

Councilor Harris asked if an animal can be held indefinitely under the Agreement.

Johnny Garcia, Supervisor, Animal Services, said an animal can be held indefinitely. However, they will be held by the City only for 5 days, and after that they are turned over the Humane Society for adoption.

Councilor Harris asked if the Shelter has been audited, commenting this is a lot of money, as well as a well run operation.

Nancy Jimenez, Budget Officer, Police Department said she will check, but it hasn't been done during her years with the Department.

Councilor Harris thinks we need to talk to Liza Kerr about an internal audit to reassure ourselves and our constituents that everyone works as it should and the numbers are good. He will make that suggestion at the appropriate time.

Councilor Harris said there is a Certificate of Insurance, commenting there is good umbrella coverage. He said professional liability is required and questions whether the umbrella coverage is sufficient, and if we really should have the professional liability coverage required by the PSA. He would like staff to look into this to be sure. He noted Ms. Boltrek's email asking staff to call if they have questions about the difference kind of coverage. He said Ms. Jimenez should call her about this contractor.

Councilor Ives said we have expense figures, and asked how much revenue is produced.

Ms. Jimenez said the revenue side is very limited, is \$50,000 to \$60,000, which is used for training an education of Animal Control Officers. There is no way we could pay the service contract or the lease of office space at the Shelter.

Responding to the Chair, Ms. Jimenez said it comes from licenses, penalties and fees from the Courts.

Councilor Ives said he would like to see the revenue side when it goes to Council, so we can understand that better. He noted the charge of \$20 per day. He asked how the fees are set, who sets them, and the rationale to raise fees to cover more costs.

Ms. Jimenez said they asked for an increase, because it would just increase our costs from the \$166,000 annually to even more. They asked reduce the number of animals from 100 from 120, we asked for an increase to 150, but in compromise, they left at the \$20 per day and 120 animals.

Chair Dominguez said he is curious about revenues. He asked what policies we have regarding animal control and the shelter that contribute to the cost of doing business.

Ms. Jimenez if you go to Court, they are fees assessed depending on what the Judge decides.

Chair Dominguez asked if we get that as a flow through from the Courts to the City and Ms. Jimenez said yes.

Ms. Jimenez said a percentage comes back to the City for animal cases, but the Courts keeps its charges as well. The charges are mandated by Ordinance.

Responding to the Chair, Mr. Garcia said the fines and fees were last updated in 2004, noting they are in the process of revising the Ordinance to offset fees and looking at doubling a lot of those.

Chair Dominguez asked Ms. Jimenez to follow up on Councilor Ives request for information.

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

DISCUSSION: Councilor Harris asked for Mr. Johnson to follow up at some point in the future for an audit under the PSA.

Mr. Johnson said he noted that and will follow up with auditors as well as the Humane Society.

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

**22. REQUEST FOR APPROVAL OF HUMAN SERVICES COMMITTEE FUNDING
RECOMMENDATIONS FOR FY 2017-18 – HEALTH AND HUMAN SERVICES FUNDING FOR
TWO (2) YEARS FOR FOURTEEN (14) ORGANIZATIONS FOR A TOTAL AMOUNT OF
\$1,810,000. (JULIE SANCHEZ)**

Councilor Harris asked Ms. Sanchez if she received 24 proposals, and not 17, and Ms. Sanchez said they received 17.

Mr. Harris said that information needs to be corrected before it goes to the Governing Body, and Ms. Sanchez said she will do so.

Councilor Harris talked about attending a retreat held by Human Services, and said it seems as though they did what they said they were going to do, and have applied that to this process, and applauds her for that. He wanted to recognize Ms. Sanchez and Mr. Chris Sanchez for their efforts which are ahead of the curve. He has no issues with the awards and will trust the process. He was surprised with the list of non-profits who received no award. He asked where did they drop the ball in order to be funded.

Ms. Sanchez said the 10 organizations that were not funded was because there were duplicate services or programs, fiscal management issues, or no impact. She said two of the organization had received funding last year, one was a duplication of services in which case management currently being handled through another non-profit. And one self-reported on the RFP that they had abundant funding for the program, and were actually applying for overhead.

Councilor Harris asked how they sort out a situation of duplication of services.

Ms. Sanchez said they look at the quarterly report and the cost benefit to see which organization will provide the most services for the most agencies based on cost benefit analysis.

Councilor Harris said they are increasingly numbers driven, and are well down the path of what Mr. Johnson and the City Manager are trying to do for the whole organization which is to your credit.

MOTION: Councilor Harris moved, seconded by Councilor Ives, to approve this request

DISCUSSION: Councilor Lindell said she would like to see in the packet some of the program outcomes and metrics for the programs, so we can know the effectiveness of what we are doing. She said knowing the impact is important, commenting it is a sizeable amount of money. She requested that she be kept in the loop on when the Committee meets so she can sit in the meeting and hear the Committee's deliberations.

Councilor Harris said under Recommended Action in the Memo it says *'The funding will come from 510400 for \$1,810,000 Grants and Services.'* He asked the funding stream.

Mr. Johnson said this program receives a dedicated amount of funding from the GRTs, it is all GRTs.

Chair Dominguez reiterated he is working on a bill in this regard.

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

23. REQUEST FOR APPROVAL OF STATE OF NEW MEXICO AUDIT CONTRACT IN THE AMOUNT OF \$135,975 – FINANCIAL AND COMPLIANCE AUDIT SERVICES, FISCAL YEAR ENDING 06/30/2017 (RFP #17/42/P); CLINTON LARSON ALLEN, LLP. (ROBERT RODARTE)

Councilor Harris said he pulled this for discussion because of the email from Clark de Schweinitz, regarding the lack of Committee representation. He asked if this was an oversight, and if the Audit Committee should be represented during the process.

Chair Dominguez said the Committee was brought in and asked to be a part of the process. He said what needs to happens, after talking with Staff and there need to be a change in the enabling Resolution which spells out exactly how the Committee fits in the process.

Mr. Johnson said the enabling Ordinance for the Audit Committee requires that the Committee have a member involved in any RFP process related to any external audit. He was unaware of the language when the RFP was issued. He said, from the beginning, they did intend to include the Audit Committee by including Ms. Kerr on the evaluation committee. He said the second failure was not informing more timely of the results of the RFP. He said the Committee felt that we didn't meet the spirit of the Ordinance. He did sit and explain the background to the Audit Committee as well as to provide them the results of the evaluation and ultimate recommendation. The Committee chose not to opine on it, but did appreciate the information. He said in the future, staff definitely will be sure they are involved.

Mr. Johnson continued, saying to the Chair's point. The thing that is interesting is that there really is not a lot of value to be added at the RFP development phase of this process, because this RFP and the corresponding contract are really completely designed by the State Auditor's Office. The City has very little to do with any of that. Therefore, really the opportunity to provide value to this process does occur at the evaluation stage and never before that. So what he would like to do is take the opportunity acknowledge that it is probably time to look at how the Ordinance has performed and make some changes to it. He said he should have notified them sooner, noting they have been working on a lot of major projects, noting this is one of a number major RFPs for the Finance Department. They didn't voice any concerned, and were glad to see we had the opportunity to get Clifton Marston a very well known firm, noting it is time that we rotate to another audit company. He said they are pleased with the results of the RFP.

Mr. Johnson said staff will ensure that they do a better job of including the Audit Committee in the future.

Councilor Ives said Atkinson was the Auditor when he came on the Council in 2012, which was our auditor for a period of 3 years, and then there was a hard requirement to choose another auditor. He asked Mr. Johnson if we are at the point where we need to do a second hard reset because the current auditor has served for 3 years.

Mr. Johnson said that is true, except that the ownership structure of the previous auditor changed materially, such that they actually did respond to the RFP, which is RPC CPA's & Consultants, LLP, which didn't receive the award. He said the partner and senior auditor on site last year no longer are with that company. He said if their structure had remained the same they would not have been able to respond.

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

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

25. **REQUEST FOR APPROVAL OF A RESOLUTION RELATING TO SANTA FE'S HISTORICAL AND CULTURAL HERITAGE; AUTHORIZING STAFF TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT FOR SERVICES THAT WOULD PROVIDE OPPORTUNITIES FOR INDIVIDUALS TO BE EDUCATED ABOUT SANTA FE'S RICH HISTORIC AND CULTURAL HERITAGE (MAYOR GONZALES AND COUNCILOR IVES). (DEBRA GARCIA). Committee Review: Finance Committee (postponed) 09/19/16; City Council (scheduled) 05/31/17. Fiscal Impact – Yes - \$10,000 expenditure for professional services; \$10,000 revenue from Lodgers' Tax.**

Councilor Ives said there had been discussion about job descriptions and other things as this item moved through the various Committee. He thought this evening would be a good time to try and address some of the concerns by providing an amendment to the Committee and staff. *[STENOGRAPHER'S NOTE: This document was not entered for the record]*. He said some of the changes were in regard to the proposed scope of services. He said the amendment says, '...at the time of appointment a proposed scope of services in furtherance of the following goals shall be presented.' He said Ms. Garcia y Griego had worked to develop a proposed scope of work. He provided a copy of the draft to the Committee and staff, which he said was drafted to "add more flesh to the skeleton," to answer all questions that have been asked on these issues. *[STENOGRAPHER'S NOTE: This document was not entered for the record]*

Ms. Garcia y Griego said the Resolution had been postponed during its previous visit to this Committee, with questions about the alignment to Culture Connects as well as the scope. She said hopefully the Memo provided by staff when it came back answered those questions along with materials and the Amendment just introduced by Councilor Ives.

Councilor Ives said the effort is to address some of the issues raised previously with the proposed amendment, and to "add flesh to the bones of the assignment," so the Committee is comfortable in terms of some of the anticipated scope of work. He said he believes we can move this forward with direction to finalize a scope of work by the time it comes to Council, or adopt this scope of work as part and parcel of

this process. He said it tries to ensure everybody is comfortable that these funds are being expended prudently and with 65 lectures, he thinks we are getting "a good deal of bang for the buck."

Councilor Lindell thanked Councilor Ives for putting the sheet together on specifics so we know what we're being asked to approve, and thinks it makes things much easier, without misunderstandings. She said this is something she would be happy to support.

MOTION: Councilor Lindell moved, seconded by Councilor Ives, to approve this request, with the amendment and scope of work.

DISCUSSION: Chair Dominguez noted the last sentence in the scope says, "*The City Historian shall be prompt, courteous and professional in all interaction with the public at all times.*" He thanked Councilor Ives, commenting it is very good. He thinks a City that is 400 years old certainly could use these kinds of things. It will be interesting to see how things get fleshed out as we make those decisions.

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

END OF CONSENT CALENDAR DISCUSSION

29. MATTERS FROM STAFF

• BUDGET HEARINGS (ADAM JOHNSON)

Mr. Johnson said, as promised, he worked with the City Manager and the Budget Officer, Marie Lee, to consolidate all of our notes, and requests from the Budget Hearings, to cipher out some of the deliverables for requests for information. It is consolidated into the document in the packet. He wanted to bring this forward so you knew he was doing the homework and following up on requests. He said unless there is specific direction, staff's plan is to tick these off as we go through the meetings and have 1-2 of these that are timely and associated with things we're dealing with under each Matters from Staff in forthcoming Finance Committee meetings.

Mr. Johnson continued, saying Councilor Harris has specific interest in a broad presentation of insurance and associated risks, those left exposed which interests him the most at this time, and will propose that will be the first to be brought forward.

Chair Dominguez said even before that report, he would like Mr. Johnson to make sure we have the needed information on taxes for the meeting with the County. He would leave it to Mr. Johnson to set the other priorities. He think the Committee needs to have these things answers by the next budget cycle or along with mid-year reports. He said this is a good way to capture everything.

Councilor Harris thanked Mr. Johnson and staff for this documentation and report, commenting that he agrees with the Chair's remarks.

Councilor Harris said, "I just want to acknowledge to Mr. Randall that I 'bit his head off,' quite frankly."

Chair Dominguez asked Ms. Helberg to make a note of this for the record.

Councilor Ives said because of health reasons, he couldn't attend the budget hearings, but he looks forward to add items to the list, once he has had the opportunity to review kit thoroughly.

Chair Dominguez said he thinks the OpenGov Budget Builder could be a very good tool to educate the Governing Body as well as the public, noting it is easy to understand. He asked Mr. Johnson his anticipated next step with regard to Budget Builder.

Mr. Johnson said he continues to use it to do the budget building exercise with the departments. He said reverting to the more traditional budget book presentation is far more helpful and effective for the budget hearings. He said there are two different modules to OpenGov – the budget builder tool as well as the transparency portal. He said as soon as the budget is uploaded in the system, the Chart of Accounts then will be downloaded and then uploaded into OpenGov so you can see the budget. That tool will never serve as an effective comparison with the rest of the local governments with which we share resources, because we don't have their Chart of Accounts, and it's all driven with that information. However, we always can create places at the website, or links directly on OpenGov, our portals to OpenGov, which says full GRT Distribution by State, County and City and have those PDFs there as well.

Chair Dominguez said he would like the Committee to provide direction to staff to start the education process, to make sure have some of that information on our side of the website.

Councilor Ives asked Mr. Johnson if he is using Budget Builder to build the budget internally with the departments and divisions, if he just adds a day of training with Mark Friedman on Results Based Accountability. He asked if Budget Builder utilizes that kind of structure for purposes of identifying priorities and providing metrics.

Mr. Johnson said no. He said Budget Builder is the entire Chart of Accounts put on line for staff to be able to develop a detailed budget to present to the City Manager and the Finance Director, and whomever is on the initial internal vetting team. He said the plan is to deploy a different platform, known as the Results Scorecard, once the performance measures are developed which we can use on line and incorporate into the overall City's website, and display our financial as well as organizational performance.

Councilor Ives said, given our push to move toward results based accountability in the budgeting processes, he would like know how those systems intersect, commenting it sounds as if we're talking about two potentially very different systems, although there is another module on results that might bridge that.

Mr. Johnson said, to put it in context, we want to look at the shift from the way we used to do budget building, to how we are doing it, and then apply RVA to that, to see how we have answered the 3 questions of how much, how well and is anybody better off, and see the efficiencies gained from the way we are doing our budget now, even internally. He said the feedback has been that, while we had kinks in the budget process, everybody was significantly impressed by how much more inclusive it was, and how they were able to express needs for their programs, and how we took them through a very equal process internally that began back in January.

Councilor Ives said he wants to make sure there is opportunity for the Finance Committee, with regard to the budget, as well as the Public Works Committee with regard to CIP as well as Public Utilities with regard to capital on the public utilities side to have input into allocating funds. He cautions against creating a budget and then figuring out the metrics and saying, here's the budget. Because the discussions he's interested in having are much more interactive where we would be talking about what those priorities are, and doing the metrics as part of the budgeting process in terms of Committee work. He said in his experience, City budgets have been so driven by staff that by the time they get the opportunity to understand, modify and make changes to effect policy, is diminished. "And, to me, that's the fun part of budgeting."

Mr. Johnson said he and Councilor Ives should meet and talk about a strategy to achieve that result. He sees the performance measurement portion running slightly outside of the budget process, where the budget process becomes a conversation that is financial about what the conversation of the performance outcomes. He wants to be very careful to not use performance measures as a tool against any part of the organization. He said sometimes you create an environment where if you run it concurrent with the budget process, it begins to create fear and concern among the departments that if they don't meet the performance measures, then you will cut their budget. And that would create an environment where people likely would report information that is not accurate to achieve the budget results they want. We definitely do not want that environment. We want the performance measures to be verifiable outside whomever provides them that someone else could recreate the same information.

Councilor Ives said, "No disagreement there."

Mr. Johnson said it's a new landscape within which us to operate.

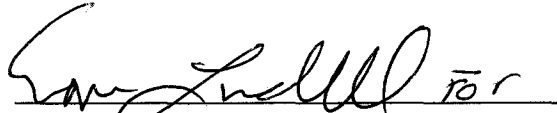
30. MATTERS FROM THE COMMITTEE

Councilor Harris said he wants staff time to help correct the record relating to a newspaper article today regarding results based accountability and economic development.


Chair Dominguez said there are a lot of things we need to respond to, and this is one. However, to him it comes down to the Governing Body focus on policy and how to deal with that.

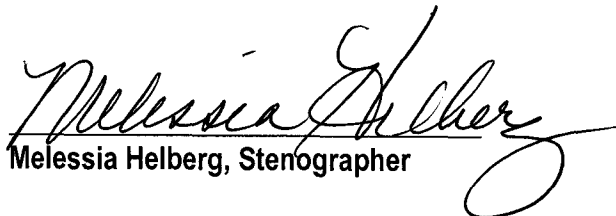
31. ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 8:00 p.m.


Carmichael A. Dominguez, Chair

Reviewed by:


Adam Johnson, Finance Director
Department of Finance


Melessia Helberg, Stenographer

City of Santa Fe New Mexico

Memorandum

DATE: April 17th, 2017
 TO: Finance Committee
 FROM: Brian Snyder, City Manager

ITEM AND ISSUE:

City of Santa Fe Employee Pay Increase

BACKGROUND AND SUMMARY:

The City of Santa Fe workforce is comprised of approximately 1500 dedicated men and women across thirteen departments and the offices of the City attorney, City Clerk and Municipal court. All of the employees come from diverse backgrounds and contribute with their specific, unique and important skillsets to the daily operation of the City government. We are fortunate to have everyone on this team and acknowledging our human capital as our most valuable asset, which deserves to be included as a priority in the fiscal year 2018 City Manager recommended budget.

With that in mind, it is important to recognize that over the years inequities have developed across the spectrum of unions and non-union employees. This is an unintended consequence of various negotiations, economic factors and inconsistent adjusting to the rate of inflation. The disparity, tracing back seven years to 2010 is evident in the following table, which compares annual increases in pay by union type against the rate of inflation from the previous year. The inflation rate used to calculate the City's living wage ordinance, or CPI-U Western region is the metric.

6 Year Employee COLA History

	2010/2011			2011/2012			2012/2013		
	COLA	CPI-U	Diff	COLA	CPI-U	Diff	COLA	CPI-U	Diff
POA - Commissioned	0.00%	2.28%	2.28%	0%	1.22%	1.22%	3.00%	1.39%	-1.61%
POA - Non-commissioned	0.00%	2.28%	2.28%	0%	1.22%	1.22%	4.00%	1.39%	-2.61%
Fire Department - Union	0.00%	2.28%	2.28%	0%	1.22%	1.22%	4.50%	1.39%	-3.11%
AFSCME	0.00%	2.28%	2.28%	0%	1.22%	1.22%	2.00%	1.39%	-0.61%
NON-UNION	0.00%	2.28%	2.28%	0%	1.22%	1.22%	2.00%	1.39%	-0.61%
	2013/2014			2014/2015			2015/2016		
	COLA	CPI-U	Diff	COLA	CPI-U	Diff	COLA	CPI-U	Diff
POA - Commissioned	1.00%	0.51%	-0.49%	1.00%	2.12%	1.12%	1.00%	1.78%	0.78%
POA - Non-commissioned	1.00%	0.51%	-0.49%	1.00%	2.12%	1.12%	1.00%	1.78%	0.78%
Fire Department - Union	1.00%	0.51%	-0.49%	1.00%	2.12%	1.12%	1.00%	1.78%	0.78%
AFSCME	0.00%	0.51%	0.51%	2.70%	2.12%	-0.58%	0.00%	1.78%	1.78%
NON-UNION	0.00%	0.51%	0.51%	0.00%	2.12%	2.12%	2.00%	1.78%	-0.22%
	2010-2016								
	COLA	CPI-U	Diff	Base Adj	Benefits Adj	Total			
POA - Commissioned	6.00%	9.30%	3.30%	\$ 252,965	\$ 91,382	344,347			
POA - Non-commissioned	7.00%	9.30%	2.30%	\$ 16,637	\$ 5,837	22,474			
Fire Department - Union	7.50%	9.30%	1.80%	\$ 124,220	\$ 51,627	\$ 175,847			
AFSCME	4.70%	9.30%	4.60%	\$ 1,259,380	\$ 413,745	\$ 1,673,125			
NON-UNION	4.00%	9.30%	5.30%	\$ 1,005,197	\$ 332,129	\$ 1,337,325			
Grand Total						\$3,553,117			

Exhibit "I"

The City continues to pivot to a data driven and outcome based organization. Included in this transition is the concept of pay increases based upon performance and merit. Certainly, merit based systems are complex and are by no means perfect. However, for too long good or great performance has been treated no differently than sub-standard performance in terms of compensation. The inability of managers to recognize outstanding achievement with compensation creates a 'race to the bottom culture.' This makes for low morale and loss of talented and motivated individuals, both of which are very costly to the organization. This condition can be improved dramatically with a merit-based system.

Recommendation

Recognizing the inequity that has occurred over the last several years, Mayor Gonzales prior to his State of the City asked staff for a recommendation on how much the administration could support for employee pay raises. Our 5% recommendation to the Mayor did not reflect true costs for all employees as he directed, only union designated employee's. Even though city staff believes that the current city revenues are strong enough to address the Mayor's request, he has directed us to come up with a revised recommendation given the true cost of 5% across the board pay raise, the uncertainty of the future of SFUAD and the current efforts to conduct a Class and Compensation review.

Therefore, my recommendation, with the Mayors support is to budget a COLA in the amount of \$1.45 million for fiscal year 2018. Understanding that each of the City's three (3) unions will need to negotiate the compensation article of their respective contract, the \$1.45 million was calculated as a 2% total COLA increase for all staff for fiscal year 2018. The Fire Union and Police Officers Association contracts each currently contain an annual 1% adjustment, so it is my recommendation to budget an additional \$0.1 million (calculated using 1%) for each union to have available when negotiating their compensation article for fiscal year 2018. AFSCME does not currently have an annual adjustment in their contract, so it is my recommendation to budget \$0.725 million (calculated using 2%) for them to have available when negotiating their compensation article for fiscal year 2018. Non-union employees are not governed by a bargained contract, so it is my recommendation to budget \$0.525 million, applying a 2% COLA to each person's hourly wage for fiscal year 2018.

Locations of employees by Union Status and Revenue Type

Utility Employees (fee revenue)	267k
Tourism and Convention Center (Lodgers tax revenue)	92k
Tax Supported	<u>1,091k</u>
	\$1.45 million

The tax supported portion remaining after using unallocated fee revenue is \$1.091 million, as shown above. Since this is less than the \$1.5 million made available by extinguishing the 2008 GO bond, I further recommend the remaining \$409k be used to seed the merit pool. Once the upcoming Class and Compensation Review is complete, I will work with Human Resources to review and make recommendations for the adoption of a merit and performance based compensation system. Upon adoption, I will work with Finance staff to recommend how to further fund the merit pool an additional \$2.05 million to total the \$3.5 million identified in the 6 Year Employee COLA History, shown on page 1 of this memo.

If supported by the Council, staff will promptly prepare an ordinance to enact an operating mill levy, which *will not cause a net increase* to property taxes collected by Santa Fe County on behalf of the City of Santa Fe.

ACTION RECOMMENDED:

Approve the recommendation as described.