

City of Santa Fe, NM
Budget Hearings
Thursday, May 02, 2019
01:00 PM – Special Finance Committee/Budget Hearings
Council Chambers

AMENDED

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. CHAIR OPENING REMARKS**
- 5. DEPARTMENT REVIEWS**
 - a) FY20 Recommended Capital Budget
 - b) ITT Department
 - c) Human Resources Department
 - d) Finance Department
- 6. STAFF RESPONSES TO ANY REQUESTS FOR INFORMATION**
- 7. ADJOURN**

RECEIVED AT THE CITY CLERK'S OFFICE DATE: <u>April 29, 2019</u> TIME: <u>8:55 AM</u>

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- 3. APPROVAL OF AGENDA**
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- 5. DEPARTMENT REVIEWS**
 - a) ITT Department (1 hr.)
 - b) Human Resources Department (1 hr.)
 - c) Finance Department (1 hr.)
- 6. STAFF RESPONSES TO ANY REQUESTS FOR INFORMATION**
- 7. ADJOURN**

RECEIVED AT THE CITY CLERK'S OFFICE DATE: <u>April 26, 2019</u> TIME: <u>11:08 AM</u>
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**SUMMARY INDEX
SPECIAL FINANCE BUDGET HEARING
May 2, 2019**

<u>ITEM</u>	<u>ACTION TAKEN</u>	<u>PAGE(S)</u>
1. CALL TO ORDER		
2. ROLL CALL	Quorum Present	1
3. APPROVAL OF AGENDA	Approved as presented	1
4. CHAIR OPENING REMARKS	None	1
5. DEPARTMENT REVIEWS (Continued)		
A. FY 20 Recommended Capital Budget	Discussed	21-23
B. ITT Department	Approved	2-7
C. Human Resources Department	Approved	7-13
D. Finance Department	Approved	13-21
7. NEXT MEETING DATE:	May 6, 2019	23
9. ADJOURNMENT	Adjourned at 4:16 p.m.	24

**SPECIAL FINANCE COMMITTEE/BUDGET HEARINGS
CITY HALL, COUNCIL CHAMBERS
THURSDAY, MAY 2, 2019, 1:00 PM**

1. CALL TO ORDER

The special meeting of the Finance Committee, Budget Hearings, was called to order by Councilor Roman Abeyta, Chair, at 1:00 pm on Thursday, May 2, 2019 at City Hall in the City Council Chambers, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT

Councilor Roman Abeyta, Chair
Councilor Christopher Rivera
Councilor Signe Lindell
Councilor Michael Harris
Councilor Carol Romero-Wirth

MEMBERS ABSENT

OTHERS PRESENT

Mayor Alan Webber
City Manager Erik Litzenberg
Councilor Renee Villarreal
Councilor JoAnne Vigil Coppler
Mary McCoy, Finance Department Director
Brad Fluetsch, Finance Department
Carl Boaz, Stenographer

3. APPROVAL OF AGENDA

MOTION: Councilor Lindell moved, seconded by Councilor Harris, to approve the agenda as amended with Capital Budget placed at the end.

VOTE: The motion passed on a unanimous voice vote with Councilors Harris, Lindell, and Romero-Wirth voting in favor and none voting against. Councilor Rivera was not present for the vote.

4. CHAIR OPENING REMARKS

There were no opening remarks.

5. DEPARTMENT REVIEWS

A. FY20 RECOMMENDED CAPITAL BUDGET

This section was considered later in the meeting.

B. ITT DEPARTMENT

Chair Abeyta noted first three pages for IT have blanks on the FY 18-20 and assumed that was for clean-up on FY 17 and categories have changed since then.

Director McCoy said that was correct.

Chair Abeyta went then to page 4 where he had a question for Mr. Joshua Elicio on the eighth line. Data Processing operating expenses in FY 17 were \$173,130; in FY 18, it was \$32,000, and now he was requesting \$130,000. He asked for an explanation.

Mr. Elicio explained that there was a question regarding what the ITT received for an additional \$2 million for FY18 and they did an IT allocation that anything be brought under our purview and anything under IT would be deployed by IT and have a good management schedule and ensure the department had right resources for those that came in. In FY 18, the allocation proved to be justified and they got all of those projects under control. In FY 19, they focused on three major projects:

- 1) Office 365 upgrade for the model system we see today;
- 2) Mobile device management tool to ensure we had asset management down;
- 3) Have GPS to control the mobile device and have security built in.

This is the first upgrade of our 12-year old system. An that is why we see the delta at \$1.7 million bump up, so the \$300,000 on the major projects was all we were able to handle.

Mr. Elicio explained that they are in the midst of modernizing the cabling system switches and routers, which are mostly over 10 years old. We have four that still need to be outfitted with current technology for adequate bandwidth.

Councilor Harris asked Director McCoy, regarding the major shift of transfers out as shown on page 4, \$1,031,000 and on the cover sheet it shows a 2,000% increase of transfers to other funds so we have obviously changed our approach on how the money moves through IT.

Director McCoy agreed. And the Committee will see a changed approach with

enterprise planning and budgeting. Some are funded in the ½% GRT IT Fund in transfers for FY 20 and should be information in the packet on that specifically and from which categories. "If you remember from the midyear budget, we allocated half a year's salaries which totals about \$300,000 and then the remainder of the funding for the current year was for contractual services. And that same pattern continues as we move forward into FY 20. You will see a doubling of personnel costs because of allocations designated for the ERP program for half year and the contract funded out of the half percent GRT for IT fund."

Councilor Harris noted that is only 9,636%. He understood it it is basically around GRT.

Councilor Rivera arrived at this time.

Chair Abeyta referred to page 6, half-way down and asked about software subscriptions, where it shows quite a reduction.

Mr. Elicio said IT only supports a percentage of the applications and the rest of the allocation went into the different department budgets. Anything that IT doesn't support will stay in the departments and that accounts for the reductions.

Chair Abeyta went two lines down to the reduction of general liability going from \$94,000 down to \$59,000.

Mr. Hopkins explained that is the risk assessment insurance assessed to all departments and the fluctuating driver is claims from the previous year, the number of vehicles and the cost of running the risk management functions and claims.

Councilor Harris said he had asked Director McCoy for a summary document by department on training and what he called professional development. There are several line items with \$27,600 as the high dollar amount. He asked if the department is adequately funded for that and how much of it is IT personnel and how much is for the departments.

Mr. Elicio said he focused on three major initiatives that require very specific skill sets. There are 33 FTE's and capabilities for maintaining what we have today. We encountered challenges for supporting those hundreds of applications and whether we could gain the knowledge of those skill sets. So on fees for education, the budget is establishing \$2,500 per staff to get certified for security and a network team to be certified. Those titles are extremely important to assure our customers that we know what we are doing and what we have been engaged in. Technology changes swiftly. It is extremely important for his staff to keep up with the technology and not to hire those who are behind in technology. The City has suffered from that historically. There are 40 end points that would prohibit us from benefiting from maximum bandwidth or reaping benefits. So staff have to be educated and certified or staff doesn't benefit and the city

doesn't benefit from changes in technology. The same is true for equipment. It is a tough and challenging position. If a staff member has to go get a manual for the equipment or have failed to provide proper service to the City.

Councilor Harris appreciated that very complete answer. He asked if there was money in the IT department monies for spreading that knowledge to the other departments.

Mr. Elicio agreed. It is in his budget for all staff. We are setting up where we can export the knowledge base to city staff , given that our staff is certified for that education.

On page 14, four lines down, Chair Abeyta noted for communications an increase of \$1,400.

Mr. Elicio explained this item is to compensate for projected costs for mobile devices, which are needed for mobility.

Chair Abeyta pointed out the last line for the data processing increase.

Mr. Elicio clarified that is a special project for the Windows 10 upgrade. The City is now running a Windows operating system from 2000 and this compensates for what we need to put the current operating system into place from Microsoft. The City is migrating to the newer system because of lack of support from Microsoft.

Chair Abeyta assumed IT will stay with 33 FTEs.

Mr. Elicio agreed.

Councilor Lindell appreciated the responsiveness of the IT staff.

Councilor Rivera noted on the main information summary that services to other departments is \$10 million but GCCC is budgeted for \$8000. He asked if that is part of what adds up to \$10 million.

Mr. Elicio agreed. We are supporting GCCC and other departments and that is in our department budget.

Councilor Rivera asked Finance about services to other departments.

Mr. Fluetsch believed it is in there, like general services. The other departments are not an enterprise fund. Only the enterprise funds are charged for HR, Finance, etc. But they are charged for insurance and general liability.

Mr. Hopkins headed that there are a few special circumstances like lodgers tax.

It could become an endless loop. The general fund departments do not pay for general fund services.

Councilor Rivera observed that Parks and Recreation and noted an amount of \$304,719 for general fund services to other departments.

Mr. Hopkins so that was not for general fund services. That is for IT and fleet costs attributable to that department. General Fund and IT and Transportation services are lumped together in the budget. Every department pays for IT services except IT. Transit matched routing software, when IT maintains I, will be in IT and a direct assessment to the department. The amount is based on the number of accounts in their department. It is based on the number of vehicles, the type of vehicles, and the age of vehicles in a point scoring. The more points been a greater share

Councilor Rivera asked how the departments purchase IT equipment.

Mr. Hopkins said there are allocations for IT.

Councilor Rivera pointed out that HR has nothing budgeted, so does it mean no IT needs for the coming year.

Mr. Hopkins said he would have to recheck that.

Councilor Rivera asked about when they department wants to purchase new computers.

Mr. Elicio said an amount of 5% is included for refresh and taking a head count times 20% for refresh and apply that under refresh until there is modernization of their equipment. He further explained the assessment process based on needs. The department may choose the type of computer they need for the desktop, laptop, or mobile devices.

Councilor Rivera asked if IT keeps track of what was not purchased in the year.

Mr. Elicio agreed. They try to exhaust that refresh fund. And we are in the midst of modernizing to ensure we expend those funds with modernized technology.

Councilor Rivera recalled that in the past purchases were made that IT was not able to participate in. He that has improved.

Mr. Elicio said it is greatly improved with communications, public works, etc. It is still improving today and he wanted to make sure IT supports them into the future. We must modernize equipment infrastructure first before we go out to ensure the bandwidth is in place. IT always has to take a look for that. He has seen a collaborative improvement to close the gap of modernization and which probably has never been

done before. So all equipment will be modernized and will build upon the mission for future.

Councilor Harris echoed Councilor Lindell. There is great support here and on the road from IT.

Mr. Elicio said this is a testament to the City for stepping up and pressing on in a daily effort. Thank you.

Councilor Vigil Coppler wanted a little more discussion on security vulnerability.

Mr. Elicio said he spent his first months on vulnerability, based on federal standards for confidentiality needs, controls such as passwords, and classifying data that should not be released. So he worked with IT staff to identify where the data comes from and hits the firewall, switches, email, etc. from highest to lowest point. Everything has a security control and we monitor those on a regular basis. We continue to monitor vulnerability.

"Today we implemented a visual map of the entire city's data network that we could see at any time. When it is green, the protection is up and when red, it is vulnerable. We monitor phishing and see the security shield parameters. There are numerous stories where other cities have been infected with viruses. We act immediately when threatened by a virus. We are not infected now and continue to build it stronger."

Councilor Vigil Coppler knew the city takes credit cards including in parking meters and a handful of other places. She asked if IT has anything to do with security on the credit cards we take, to make security primary.

Mr. Elicio said IT doesn't deal with credit cards directly. That goes through our vendors. When it gets to vendors, that is where encryption and security happens. So it does happen when a customer swipes a credit card, but we don't have that level of detail.

Councilor Vigil Coppler concluded that we must trust the vendors.

Mr. Elicio agreed there is a level of trust and with any vendor, they are under the security wall to make sure it is protected.

Councilor Vigil Coppler asked if he could estimate end date for the full implementation.

Mr. Elicio said right now, we are moving toward having a full implementation by end of FY 20. He said it with caution because there are always updates that take place. We do have confidence in our program manager that is dedicated to that 100% so with

a lot more confidence today that our framework and internal process is working with ad hoc process. He offered to share the schedule with her.

MOTION: Councilor Lindell moved, seconded by Councilor Rivera, to approve the ITT budget.

VOTE: The motion passed on a unanimous voice vote with Councilors Harris, Lindell, Rivera, and Romero-Wirth voting in favor and none voting against.

C. HUMAN RESOURCES DEPARTMENT

Ms. Salazar reported the proposed Human Resources Department budget.

Chair Abeyta noted a \$4.3 million increase and \$2.2 million for CBA with police and \$1.5 million for medical/dental services and also a new safety officer position. He assumed on page 1 - 2.05 was the reserve.

Ms. Salazar agreed.

There were no questions on page 1.

On page 2, Councilor Rivera asked Director McCoy if she was going to explain the miscellaneous codes.

Chair Abeyta said that halfway down the page on the 9th line, there was nothing specified.

Director McCoy said it was a great example for object codes tracking and explained it is part of proposing a simplification of accounts that she explained yesterday.

Councilor Rivera asked what it is used for.

Director McCoy would have to go back to HR to answer that.

Chair Abeyta referred to the top of page 2, first line on contractual services shows a 50% increase to \$320,000.

Ms. Salazar said the portal will be sunseting and she will issue an RFP for new portal. Page 3 shows the professional contracts toward the bottom of the page.

Chair Abeyta understood it is a benefits portal.

Chair Abeyta pointed out on page 3 the increase to \$626,000 contractual services.

Ms. Salazar said that was for Cigna and Cobra.

Councilor Harris saw employee training at \$174,000. "You probably heard their answer on how IT gets disseminated. Does that training outreach get to you?"

Ms. Salazar explained that amount is for training costs by a consultant for IT certification that would fit in the IT budget. Prior to 2016 it was in HR but got moved to the specific departments in 2017.

Councilor Harris thanked Director McCoy for the specifics in training. Sometimes travel is included. The Center for Excellence, however defined, would have money in upcoming budget to get that training and is not standalone.

Ms. Salazar agreed.

Councilor Rivera went to training and tuition and asked if these monies can be used if the department identifies a safety need.

Ms. Salazar said yes and later in the spreadsheet, she had a training schedule and it will include the safety team meetings.

Councilor Rivera asked if employees are allowed to use it at the community college.

Ms. Salazar agreed.

Councilor Vigil Coppler on page 3, asked if we have a training officer that handles these funds.

Ms. Salazar agreed.

Councilor Vigil Coppler asked what the \$150,000 of operating transfers out is for.

Mr. Fluetsch didn't know specifically but it would be going to another business unit and he offered to get back to her on it.

Councilor Vigil Coppler - we are 50k in base budget and not requesting anything.

Ms. Salazar said the \$50,000 in base budget was an additional amount for leadership training. Safety and wellness training can absorb that in the benefits portal.

Councilor Villarreal recalled last year when we hired the trainer, it was very

specific for employee development. Some of those are falling off. One she thought was good to have in the schedule was customer service and bias training. There is an ethics piece that is also required and another that is good is mental health/first aid. These are training aspects she felt were important and would like to know which ones are continuing.

P 4 -health fund. -

Councilor Harris noted on page 4, Health Fund, the claims paid and asked if the City is approaching that any differently this year. It is 10% increase.

Ms. Salazar said that is from Aon Consultants, based on claims received last year.

Councilor Harris asked if it was general liability claims.

Ms. Salazar agreed.

Director McCoy said that is the fund out of which we pay those claims.

Councilor Harris questioned a label of general liability and asked if they really all health claims.

Director McCoy said those to the left - 6107 – are all for health benefits.

Councilor Harris concluded that the general liability label should be ignored. He could not remember what the 2 consultants said regarding claims.

Ms. Salazar said we are pretty average, compared with other cities. We have had two large claims this year. We do have past claims to base the budget on.

Councilor Harris surmised that having had high claims this year, we are consequently adding 10%.

Councilor Romero-Wirth said apparently the claims were not anomalies.

Ms. Salazar agreed. Claims are increasing overall nationally.

Director McCoy said the Finance Committee questioned Aon last week and that will be at the Finance Committee May 20 meeting.

Councilor Romero-Wirth felt they do need more information on that.

Councilor Rivera asked on page 4, grants and services, what those funds are used for.

Ms. Salazar said it is for Cigna. Over the last two fiscal years, we left much money on the table. She mentioned an amount required by state law and not budgeted last year. She offered to provide a copy of the State Act to Councilor Rivera. It is not for employees but for the community.

On page 6, Councilor Vigil Coppler had the same question for two line items - \$65,000 on the first and \$60,000 for the second.

Ms. Salazar said the first is for our Aon consultant and the second is unemployment claims.

Councilor Vigil Coppler asked if there were no professional services.

Ms. Salazar said she would have to look into that. It is the process we use to process unemployment claims.

Councilor Harris asked regarding Workers' Comp, if we use the same state agency everyone else does.

Ms. Salazar said, "This is a place we are transitioning. Alicia is not here to answer that."

Councilor Harris said that was unfortunate because he had a lot of questions on those claims. So we will still have to have a separate conversation.

Director McCoy said she would schedule a separate presentation at Finance.

Councilor Lindell asked if family leave goes under Worker's Comp.

Ms. Salazar said it does not always.

Councilor Lindell asked if there is a separate line on family leave.

Ms. Salazar said no. It is either sick leave or annual leave.

On page 7, Councilor Vigil Coppler asked if the line items from 6101 all the way down is risk management or safety. She assumed it is the safety person.

Ms. Salazar said it represents what came over.

Councilor Vigil Coppler asked how many safety people there were.

Ms. Salazar said five were transferred from Finance to HR. They are safety and their focus is safety and workers' compensation.

Councilor Harris heard we moved risk management. And asked if Ms. Boltrek has been responsible for both risk and safety in Finance.

Ms. Salazar agreed.

Councilor Harris asked for the specific certification information on this that should run with the person.

Councilor Vigil Coppler asked if the City has two that were certified by OSHA.

Chair Abeyta agreed we need that information.

Ms. Salazar noted on page 8 the program we have and training on injury prevention. The 182 includes the risk assessment and down below the \$150k prevention includes that.

Councilor Vigil Coppler asked why they could not consolidate that.

Ms. Salazar agreed we can consolidate that.

Councilor Vigil Coppler said the EAP was actually contractual service for the substance abuse program We didn't have yoga, etc. We can do a better job on that.

Ms. Salazar noted another person has picked up those responsibilities. There were two when she got here. When needed, others are pulled in to help. Safety and risk from Finance have come to HR. There was also the City Attorney's office but it never was a standalone dept.

Councilor Harris saw on page 8 the Compliance Services at \$182,000 and asked if he missed that.

Ms. Salazar said it is made up of the risk and safety assessments for pre-employment screening and provider of profiles.

Councilor Harris asked, in workers' comp, there is an experience modifier for the City.

Ms. Salazar was not able to answer that right now and she put it on her list.

Councilor Romero-Wirth asked about comparability.

Ms. Salazar agreed we need to look at the market to make better decisions.

Councilor Vigil Coppler asked if the insurance claim is for fire and police is a risk management thing.

Ms. Salazar deferred to Mr. Fluetsch.

Mr. Fluetsch said those are specific to buyer and the police last year.

Councilor Vigil Coppler asked why they are in HR.

Mr. Fluetsch said it is because they are paid out of the insurance claims fund. It is safety and not risk.

Councilor Vigil Coppler asked what kind of safety.

Councilor Rivera guessed it was OSHA for the Fire Dept.

Mr. Litzenberg agreed.

Councilor Vigil Coppler noticed on the FTE chart that there were 4 FTE increases

-
Ms. Salazar agreed - transfers to HR.

Councilor Vigil Coppler thought yesterday Director Johnson said it was three and now it says four. She would like to see the training calendar. On the goals, we talked about how important it was to keep the classification study going. It needs more perfection but mostly a new job description - a sincere effort to update the job description study and will help keep it more accurate. She would like to see it happen.

Councilor Vigil Coppler asked about management training.

Ms. Salazar said that will be on the schedule and we are working on revisions of job descriptions.

Councilor Vigil Coppler noted we have revised minimum qualifications but there should be a focus on accurate job descriptions.

Ms. Salazar agreed and said it is a user-friendly system.

Councilor Vigil Coppler asked if it has employee involvement.

Ms. Salazar agreed.

Councilor Villarreal asked if customer satisfaction is standalone. She wondered about other training to know about.

Ms. Salazar said first aid was training by the State and happened right when she got here and all city employees were invited to attend. It was a 2-day training and very

beneficial with good employee feedback. It was a session where employees were certified, and one employee was certified. The second was ethics training and we have additional ethics training proposed on an ongoing basis and that is part of our plans. The third was ethics and bias awareness training.

Councilor Villarreal said she would give names of people who actually do that work.

Ms. Salazar said she just spoke to a person who does that awareness training.

Councilor Villarreal said the fourth is customer service.

Ms. Salazar said that is done in new employee training and will be offered as a refresher on the 2020 schedule.

Councilor Villarreal said if there are other contractual services besides Aon.

Ms. Salazar said there is also Cigna and the others are pretty small.

MOTION: Councilor Lindell moved, seconded by Councilor Harris, to approve the HR Budget.

VOTE: The motion passed on a unanimous voice vote with Councilors Harris, Lindell, Rivera, and Romero-Wirth voting in favor and none voting against.

Councilor Harris asked about HR Schedule documents. Several people did not have them. Mr. Litzenberg went to get copies.

D. FINANCE DEPARTMENT

Director McCoy said she would answer questions and not make a presentation.

Chair Abeyta noted it is only a 1.15% increase. He asked about the contingencies.

Director McCoy said one is the PNM franchise fee increase where we would plan to see an additional cost to the City. Another is the PERA at 0.25% increase of employer contribution. She explained that it was too late to put it in all of the department budgets so it is a contingency.

Chair Abeyta asked if the \$200,000 for audit is for the external auditor.

Director McCoy said yes. It is from the McHard corrections report.

Councilor Rivera noted in addition, there is more funding on page 6.

Director McCoy said that was part of the corrective action report - audit services for our annual audit.

Councilor Vigil Coppler asked if the City Manager's budget had internal audit monies.

Director McCoy agreed and clarified those are additional audits we are preparing for.

Councilor Vigil Coppler asked if there would be different auditors doing that.

Director McCoy agreed. One was the risk assessment report and then continuing on with several different audits.

Councilor Vigil Coppler asked if the auditors for them would be skill-based in one particular skill set.

Director McCoy said the auditors must be approved by the Office of State Auditor so the City coordinates with the State Auditor ahead of time.

On page 3, Councilor Rivera asked about the registration item.

Director McCoy said this is consolidation across all divisions of a few different line items including registration, travel, etc. There are a few exceptions.

Councilor Rivera asked about Fleet.

Director McCoy said that is one of the exceptions.

Mr. Garcia said they budgeted for safety training for the mechanics at the shop.

On page 6, Councilor Rivera understood the audit services PSA for \$105,000 and \$12,000. He asked if there was something else consolidated.

Director McCoy said there were changes in policies, so they brought a consultant to coordinate the year-end practices. That is led by our Controller, who is working closely with the consultants and staff. It is a professional services agreement.

On page 8, Councilor Harris, remembering from the budget book, asked if the City has a full-time position open.

Director McCoy agreed. It is the Accounting Director who manages a consolidation of functions including A/R and others. It is in the appropriate chain of

command.

On page 10, Councilor Rivera asked if this is a new position that previously had no actual person filling it.

Director McCoy agreed. Some of them were previously in Administration. This is part of consolidating the office positions.

Councilor Rivera asked what the software subscription is at the bottom.

Mr. Fluetsch said those are software programs he uses and they come from the Treasurer Division and are all related to investments.

Director McCoy added that they were previously in a different business unit.

Mr. Fluetsch said it was moved when he transferred from Treasury. These are all flat except Bloomberg went up slightly.

On page 15 - Repair of Equipment was down from \$306,000 to \$200,000 this year, based on actual expenses from the past. The fleet was over budgeted before and this reduces it to the appropriate level. We are seeing more fleet repairs and also paying attention to mileage maintenance.

Councilor Rivera asked Mr. Garcia if he felt they were appropriate.

Mr. Garcia said he did and explained that they are doing 80% of maintenance in-house - much more than in the past.

Councilor Vigil Coppler asked Mr. Garcia how many vehicles they take care of now and if it was everything but police and fire.

Mr. Garcia said they do repair police vehicles but not fire, solid waste and transit vehicles. They do provide parts support for Solid Waste and Transit. Everything else is done at the shop. It is about 1,200 units and there are 10 people total including himself.

Councilor Rivera asked if they have a parts warehouse -

Mr. Garcia said they have three in-house parts buyers who buy locally and about 20% is not available locally. Some repairs are done on the street like for snow removal.

Councilor Romero-Wirth knew the City has an aging fleet. She asked how many years are left and when replacements are considered and whether it is year by year.

Director McCoy said the City rotates replacements year by year. The recession reduced the fleet city-wide. Mr. Garcia has helped extend it and also working with Legal

and a program to extend vehicle life and determine when it costs more to repair than to replace. They are doing replacements in a more strategic way.

Councilor Romero-Wirth asked if the City will use consistent logos. Some do look very old.

Mr. Garcia said they are starting to replace the decals on the doors to clean them up and make them more presentable.

Councilor Harris thanked Mr. Garcia for providing more information than he had ever heard before. He asked about the condition of the shop.

Mr. Garcia said the roof leaks. It is a 6,100 sq. ft. facility. It needs modifications to maintain bigger vehicles.

Page 22 - Councilor Rivera asked about the \$685,000 at the bottom after professional contracts.

Director McCoy explained that is for three funded positions in purchasing. It is the same as 20 years ago. "We have taken on review of contracts for other departments. We thought it was prudent to fund a fourth position and will include that with appropriate training. The \$685,000 is to prepare for Ms. Rodriguez's retirement. She was the only person handling that workload for over a year. Now we need to find a new person for that position. The three positions are currently filled."

Page 25 - Councilor Harris said this is risk management. He asked about the legal contract under risk management and what that \$70,000 is used for this year.

Director McCoy said it is always budgeted at this level for City Attorney claims work but the full amount is not normally all utilized.

Councilor Harris pointed out that this is the only line item for legal services.

Councilor Romero-Wirth said the amount on page 26 is for legal claims.

Director McCoy said she could get actual amounts on those. She thought it was around \$100,000.

Councilor Harris asked if this is the best place for them. It is handled by the City Attorney.

Director McCoy said it was a good question. It is for the Risk and Safety Administrative Fund and the second is for the Claims Fund.

Councilor Vigil Coppler asked if they are contractual.

Director McCoy agreed. She agreed to work on the details for this with the City Attorney's Office.

On page 30, Councilor Rivera noted object code 510-310 was for service contracts. He assumed that was one-time for last year.

Director McCoy said it was to out-source payroll and they determined it was not necessary, so that was reverted back to General Fund. It did result in savings this year. There was an item for executive coaching last year that was removed this year.

Councilor Harris observed that salaries are going down about 14%. He asked if some of it is from the reorganization in the Finance Department that is driving this.

Director McCoy agreed. Accounts Payable is moving into the Accounting Division. The other part is payroll so we are flattening out that division and payroll will be separate; its budget will be separate.

Councilor Harris thought Accounts Receivable was typically under the Treasurer Function.

Director McCoy agreed.

Councilor Romero-Wirth noticed on page 30 that subscriptions are going away six lines from the bottom.

Director McCoy said it was for the Bloomberg system that Mr. Fluetsch uses for investment purposes and moved along with Mr. Fluetsch.

General Questions:

Councilor Harris was pleased with the reorganization. He felt it was too scattered before and this is better. He also noticed in the goals one for removing bottlenecks. Purchasing has been a bottleneck, not including Ms. Rodriguez.

Director McCoy said she was working with Ms. Rodriguez on revising the purchasing manual. A draft was submitted to all departments. Hours and hours of work went into it to streamline and comply with the State Procurement Code. The City contracted with CIGN for recommendations on how we can further streamline the process.

Ms. Rodriguez and her team approve purchases from \$100,000 to \$150,000. They still must follow the procurement policies and procedures and those are subject to an annual audit.

Another recommendation is that Council approve that. For Santa Fe County, the maximum is \$250,000. She proposed how the City can save money by publishing the notices on our website and not in the newspaper.

Councilor Harris asked when the compliant purchasing manual would be ready and asked if it possibly would be ready by the start of the Fiscal Year.

Director McCoy said that was their goal.

Councilor Harris commented that it would be great to start the new year with the new procurement manual. He was an advocate for third-party procurement and wondered if Director McCoy or Ms. Rodriguez have used that on specific bid sites.

Ms. Rodriguez pointed out that about 75% is through cooperative state pricing agreements. She thought that was high. The City should be doing more solicitation locally.

Councilor Harris thought, with staff and a new manual, the City might be able to get down to 50%. It is a longer time with less staff.

Councilor Harris looked at the Lodgers' Tax Ordinance and asked about the timing on that.

Director McCoy said she didn't have a set time limit on that. Cristina Keyes can provide more detail.

Ms. Keyes said that in the rewriting of the ordinance, discussions were underway among LUD, City Attorney, Finance, Tourism, and Economic Development on how we can best rewrite it. We are in the initial stages.

Councilor Harris was pleased and suggested they could proceed at a reasonable pace.

Councilor Romero-Wirth wanted more detail on what kind of things we are looking at in that new ordinance. She would wait on it.

Councilor Lindell asked how they were doing on reserves.

Director McCoy said in the General Fund, we were mandated to maintain at least 8% but our reserve level is 10%. We are not budgeted to meet that 10% in the current budget but we are budgeted for it in FY20.

Councilor Lindell said that is good news.

Councilor Rivera asked if most cities have their fleet services out of the Finance Department.

Director McCoy said some cities split it off into its own department for vehicles. And some others have it under the Finance Department.

Councilor Rivera questioned if it makes sense to have it in Finance.

Director McCoy thought it worked well.

Councilor Villarreal commented that the Councilors are picking things apart in little pieces but Staff has the vision of the overall goal. She asked Ms. Rodriguez about her department work, knowing she was short-staffed. She wanted to hear about the fourth position and whether it would be on contract or not.

Ms. Rodriguez said it would be a full-time employee.

Director McCoy added that the contract is for an interim officer while we advertise for a replacement under a worst-case scenario. The best case scenario would be to hire a full-time director as a double-fill for about three months before Ms. Rodriguez' departure to facilitate knowledge transfer.

Ms. Rodriguez gave some history of what they have taken on without any increase in staff, including Water, SWMA, GCCC, MRC, Southside Library, and bigger fire department. Those increases came about during the past 15 years without any increase in staff.

Councilor Villarreal asked if there is something we should think about for getting the staffing.

Director McCoy interjected that the recommendation for increase in staff came about from the audit of Procurement to alleviate some of that workload.

Ms. Rodriguez said right now, we have two who are CPA certified so the third should also be CPA certified and we need more time for making that selection.

Councilor Villarreal asked about qualifications or training.

Ms. Rodriguez recommended public speaking, management training, and grant writing.

Councilor Villarreal knew there was a backlog.

Ms. Rodriguez agreed and said she was working a lot of overtime.

Councilor Villarreal asked what Council needs to do about it.

Director McCoy said the procurement audit is bringing recommendations about streamlining procurement, the new procurement manual, and a fourth staff member with CPA certification to shorten the turnaround time for the departments as well as more training on following the procurement manual.

Ms. Rodriguez said the contracts are a priority and the turnaround time is two days. Procurements can take up to a couple of weeks currently.

Councilor Vigil Coppler asked what the organizational charts were.

Director McCoy explained those are the proposed organizational charts that were in the budget book but she could provide one that is more detailed.

Councilor Vigil Coppler noted there is a lot of improvement in customer service. She said before, she had heard how bad the City's customer service was. She mentioned that on the matrix that was provided, she asked if it was going to be used to follow up on things that have to be done.

Director McCoy explained that they had a list of all the follow-up items and it showed the department responsible for providing that response. The Finance Department is coordinating the response to make sure each Councilor gets those packets and to ensure those questions were answered properly.

Councilor Vigil Coppler wondered how we could get the questions answered after the budget hearings without going to each department individually since Monday would be the last day here with the budget.

She noted in the April 30 memo regarding the reserve policy for the benefits fund balance, there was discussion on establishing a \$5 million reserve. She asked for Director McCoy's opinion on that.

Director McCoy clarified that \$5 million is the lowest recommended threshold for those reserves. But she preferred to do more research on self-insured entities before bringing a recommendation to Council.

Councilor Vigil Coppler concluded that would be done by the Finance Director and then a decision made.

Director McCoy agreed.

Councilor Vigil Coppler pointed out a mistake in the Planning and Land Use Department, based on what she had heard. They said three new staff and in the report, it says four.

Director McCoy noted that and would follow up with an explanation for the four FTEs.

MOTION: Councilor Harris moved, seconded by Councilor Lindell to approve the Finance Department budget.

VOTE: The motion passed on a unanimous voice vote with Councilors Harris, Lindell, Rivera, and Romero-Wirth voting in favor and none voting against.

A. FY20 RECOMMENDED CAPITAL BUDGET

Councilor Harris asked a question about what the intent is for what should be vetted before Public Works or the Planning Commission.

Director McCoy said Capital is to bring forth a list of all projects to be funded for the future as decided with the Finance Department. The projects before you have all been approved for funding and we would like to have the funds appropriated as soon as possible by the Governing Body.

Chair Abeyta said he did not want to get into discussion about the projects but to deal with the funding.

Councilor Harris asked if it was fair to say then that this is the outside limit of funding for FY 20 or for other funds to become available.

Director McCoy said that other funds will be brought forward as they are found and be brought to the Governing Body for approval.

Councilor Romero-Wirth heard at MPO about \$50 million from the State for roads but the roads must be picked from a list.

Mr. John Romero said they should be on the MP list.

Councilor Romero-Wirth asked how much we could get.

Mr. Romero said Santa Fe will be one of the districts our allocation is about \$6 million.

Councilor Romero-Wirth pointed out the letter just came out on how to apply. This is another example of funding not identified here.

Mr. Fluetsch said the object is to identify all approved and funded and a list of

those not approved. The Council just adopted a change to the budgeting process to roll capital funding forward to the next FY. We wanted it in the policy for those already funded and the work approved. So it is not new money but because the Governor had signed it, those projects were added to the list. We got it all cleaned up. Our Grants Manager knew of others that are available. But this is for those that are approved and funded.

Councilor Lindell asked him to clarify which projects are in this document.

Mr. Fluetsch said the individual projects are identified and the consequences of not doing the projects. We will provide a document on each and a progress report on a quarterly basis.

Councilor Lindell asked if all of these are from 2018 GRT bond.

Mr. Fluetsch agreed.

Councilor Lindell asked if Council would see schedules for them.

Mr. Fluetsch agreed. That will be in the quarterly report. The first will be in July.

Councilor Rivera noted that under Parks and Rec, page 10, extremely dangerous conditions exist at this time.

Ms. Wheeler said they are researching the number of bridges and conditions.

Mr. John Muñoz explained that some of the bridges that pose a danger are blocked off now.

Councilor Rivera thanked him for that information.

Councilor Villarreal asked about 3102.

Mr. Fluetsch said that is the capital fund that gets 19.5% of total GRT. There is a specific pecking order for that fund. It is section 18.

Mr. Hopkins said the greatest share goes to pay debt service on bonds. The lion's share coming out is debt service. There are a few personnel.

Councilor Harris asked if for 3102 we are looking at additional money expected in FY 20.

Mr. Fluetsch said we did not spend it. The original budget was for \$17 million and FY 18 came in at \$21 million. We have budgeted less than actual for the coming year.

Councilor Harris said we need to establish a policy for that. Sounds like we have a fair amount and need to look at that, probably starting with Public Works. He did not see the Arroyo Crossing listed.

Mr. Romero could not find it and said they omitted it but all the rest are included.

Councilor Romero-Wirth asked for a detail of sidewalk projects.

Mr. Romero said they provided it but he agreed to provide the list again.

Chair Abeyta asked what the plan is for taking the budget to City Council.

Director McCoy said she planned to take it to Council on May 8, next Wednesday.

Chair Abeyta asked if there was any chance to have Public Works Committee approve the budget beforehand.

Director McCoy said they could at their May 6 meeting.

Chair Abeyta did not think we approved the capital budget.

Director Wheeler said the Public Works Committee Agenda was published today without that item.

Councilor Lindell thought they still had other items like the DWI program and the amendment to the Police Budget.

Chair Abeyta said he was trying to avoid that.

Councilor Harris said at the top of his list was the projected 30% increase on property tax.

Director McCoy said that was a memo handed out yesterday and it was 30% over announced budget.

Councilor Harris wanted a structure for Monday's meeting.

AGENDA for Monday, May 6, 2019:

Councilor Harris asked if there was a packet he missed.

Director McCoy said Item #6 was in the first packet.

Councilor Harris found it. He agreed to email his items by tomorrow morning.

Councilor Lindell noted a number of items on the list. It is up to the departments to answer them. They are items we would like to know about and is a sizable list for Monday. The DWI item is on there.

Councilor Romero-Wirth did not think there was anything we have not flagged among things that could affect the budget. It is our responsibility to follow up on that.

The Finance Committee agreed to meet at 8:00 on Monday.

6. STAFF RESPONSES TO ANY REQUESTS FOR INFORMATION

7. ADJOURN

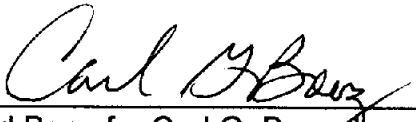
The meeting was adjourned at 4:16 p.m.

Approved by:

A handwritten signature in black ink, appearing to read 'Roman', written over a horizontal line.

Roman "Tiger" Abeyta, Chair

Submitted by:

A handwritten signature in black ink, appearing to read 'Carl G. Boaz', written over a horizontal line.

Carl Boaz for Carl G. Boaz Inc.