

**MINUTES OF THE
CITY OF SANTA FE / SANTA FE COUNTY
REGIONAL PLANNING AUTHORITY
Special Meeting**

**Monday, April 11, 2011
3:00 PM
Santa Fe, New Mexico**

This Special Meeting of the City of Santa Fe / Santa Fe County Regional Planning Authority (RPA) was called to order by Chair Kathy Holian at approximately 3:10 PM on the above-cited date in the Santa Fe County Commission Chambers in the County Administration Building.

ROLL CALL

County Commissioners Present:

Robert Anaya
Kathy Holian, Chair
Daniel Mayfield

County Commissioner Excused:

Virginia Vigil

City Councilors Present:

Patti Bushee
Chris Calvert, Vice Chair
Rosemary Romero

City Councilor Excused:

Rebecca Wurzbarger

Santa Fe County Staff Members:

Penny Ellis-Green, Assistant County Manager
Robert Griego, Planning Manager
Andrew Jandáček, Transportation Planner
Jack Kolkmeier, Land Use Administrator
Steve Ross, Attorney

Santa Fe City Staff Members:

Others Present:

David Coss, Mayor, City of Santa Fe
Jack Sullivan, former Commissioner, County of Santa Fe
NC RTD
 Josette Lucero
 Anthony Mortillaro
Colin Messe, Citizen
John Whitbeck, Eldorado resident
WPI
 Alison Earley
 Curtis Guimond

Anton Kirschner
Rebekah Socha

Chair Holian welcomed City of Santa Fe Mayor David Coss and former Santa Fe County Commissioner Jack Sullivan.

APPROVAL OF AGENDA

Chair Holian asked that the Resolution contained in IV. Discussion and Possible Action Items be changed to a Discussion Item.

Councilor Romero moved to approve the agenda, as amended, seconded by Councilor Calvert, voted on and approved 5-1, with a dissenting vote cast by Commissioner Mayfield.

[All items in the Board packet for all agenda items are incorporated herewith to these minutes by reference. The original Board packet is on file in the Regional Planning Authority office.]

DISCUSSION ITEM

- **A RESOLUTION RECOMMENDING THAT THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCR TD) UNDERTAKE TRANSIT PLANNING INSTEAD OF THE REGIONAL PLANNING AUTHORITY, THAT ALLOCATION OF REVENUE FROM THE COUNTY REGIONAL GROSS RECEIPTS TAX FOR ROUTES FUNDED BY THE COUNTY REGIONAL TRANSIT GROSS RECEIPTS TAX SHALL BE UNDERTAKEN BY THE NCR TD INSTEAD OF THE REGIONAL PLANNING AUTHORITY, THAT RESOLUTION NUMBER 2008-125 BE RESCINDED BY THE BOARD OF COUNTY COMMISSIONERS AND RESOLUTION NUMBER 2008-11 BE RESCINDED BY THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT, AND THAT THE REGIONAL PLANNING AUTHORITY JOINT POWERS AGREEMENT BE AMENDED BY THE BOARD OF COUNTY COMMISSIONERS AND THE SANTA FE CITY COUNCIL TO REMOVE TRANSIT PLANNING FROM THE RPA'S DUTIES.**

Mr. Robert Griego reviewed the staff memo in the packet that contains background in regard to the agenda item that the RPA consider a resolution to recommend that the NCR TD undertake the transit planning for routes funded through the County Transit GRT.

He said he understood that the Resolution was not now being considered for action, but approval of the Resolution would shift the responsibility of establishing the Transit Plan for the City and the County to the NCR TD. Staff provided options to the RPA for consideration of this matter in regard to approval of this Resolution.

If the RPA were to approve this Resolution to recommend the NCRTD establish a transit plan for the routes funded by the transit GRT, this would become effective July 1, 2011, for FY 2012. If the RPA chooses not to approve the Resolution, the RPA will retain transit planning and approve the FY 2012 transit plan for routes funded by the county regional GRT as status quo. Santa Fe City and County staff will develop the transit plan in coordination with the NCRTD and submit this to the RPA for approval at the May 17, 2011, regular meeting. It would then get submitted to the NCRTD for approval by the NCRTD board.

Transcription:

Holian – I would like to make a couple of points here that I think are really crucial. One is that the NCRTD is going to use a new cost allocation method. And so in fact, we have invited Tony Mortillaro, who is on contract to the NCRTD, to explain that new cost allocation method. And if that new cost allocation method is approved and the RPA were to continue doing the transit plan, even in that case, the RPA would have to amend the resolutions that the BCC has passed and that the NCRTD has passed. It is really important to understand this new cost allocation method.

Before I turn it over to Tony, I would like to ask, do any of the members of the Authority have any questions for Robert.

Bushee – It's a combination for you and for Robert. I see that there is no place on the agenda for public comments. Is that intentional for this meeting.

Holian – Yes, it is intentional for this meeting.

Bushee – Will there be an opportunity for people to weigh in on this plan at some point.

Holian – Yes, this is an information only meeting now. And when we bring it up at the next RPA meeting, we will have public comment.

Bushee – Robert, I guess it would be more questions for Tony or Josette. In terms of understanding this consolidation piece, will that be part of the presentation that is going to happen here this afternoon. Why the need for that change in the NCRTD – the new calculations, the consolidations.

Holian – I think that will be addressed. Any other questions.

Mayfield – Could somebody provide me with a copy of the referendum that went out to the voters on this tax. If anyone has it handy, if not, I will wait on one from the finance department. Would like to have it before the meeting is over.

Bushee – I would appreciate a copy of that as well.

Holian – someone is looking into that. Any other questions. Tony Mortillaro will make a presentation that I would like to ask Councilor Romero to introduce him, please.

Romero – I thought it would be important, just given the questions about why Mr. Mortillaro is working for the RTD. I thought a little presentation about his background would be helpful, just to have a context of the kind of work he has been doing and what he has been doing for the NCRTD.

Anthony Mortillaro is the consultant who possesses over 30 years of experience in the public sector and has worked for rural and metropolitan local governments. Mr. Mortillaro has a masters degree in public administration from University of Colorado and has managed and worked for cities ranging in size from 3,500 to 60,000. He has also had full responsibility of budgets ranging from \$9.8 million to \$183 million, including enterprise fund operations, such as water, wastewater, electric, storm water, airport, solid waste, and transit. The more important part is Mr. Mortillaro was extensively involved in acquisition, initiation, formation and oversight of the Los Alamos Atomic City transit system. And as initial founding member and former alternate board member of the NCRTD, Mr. Mortillaro served on the personnel committee and has chaired the finance and consolidation committee of the NCRTD, and is thoroughly familiar with the history of the NCRTD and the strategic direction, current policies and practices, and the challenges it faces.

So with that, I'd like to introduce Mr. Mortillaro to the board, to the Authority, and then he will give us the presentation that part of this, or all of this, was recently presented at the NCRTD meeting held in Los Alamos.

(A copy of Mr. Mortillaro's slide presentation is attached herewith as a part of these minutes.)

Mortillaro - I don't know if Josette wants to join me up here. One of the items you don't have is the funding allocation methodology document that was provided to the NCRTD finance committee, as well as the RTD board. I'm going to just talk briefly about those different methodologies before I get into these charts.

One of the things I stressed to the finance committee, as well as the board, is that they should not make a decision about an allocation method without looking at it in the context of a long-term financial plan for the district. Because, as I'll show you, different allocation methods have certain impacts on the district's long-term financial health. I think it's real important to understand that, as the board goes forward and makes certain decisions.

Currently, the district really only has three major funding revenue sources. That is, federal revenues, it has the GRT tax that was approved district-wide, and it has an allocation from Los Alamos County of about \$1.1 million a year. We call it the Los Alamos County contribution, because it was part of the county's progress through partnering initiative on regional activities. Some of you are familiar with a variety of those regional activities that Los Alamos County is funding. And one of those was the RTD. They have made a commitment a little over four years ago of allocating \$1.1 million a year to the RTD.

Now, next year will be the last year of that commitment, but it won't be a full \$1.1 million. It will be about \$600,000, because when they started this, they had provided a half million dollars up front contribution. So they subtract that from the back end, so it's not quite \$1.1 million. FY 12, right now, in the proposed NCRD budget, they are projecting that \$600,000 coming through. From FY 13 forward, there is no indication yet what Los Alamos County plans to do in terms of their regional initiatives. And if any initiatives are there, what type of funding will be allocated. So that's still not known at this point in time.

The long-term financial plan that I developed for the district – just so you know, it hasn't been presented yet to the board, hasn't been presented yet to the finance committee. But I've shown these charts to the board. So they sort of have a primer on it at this point. Those long-term financial projections don't show any contribution from Los Alamos County, and I'll talk a little bit more about what kind of projections we used here.

I was asked to come up with some methods by which funds could be allocated to regional services by the RTD when the revenues were pooled. The reason they're talking about pooling the revenues and what have you, is trying to get away from some parochialism about, well, this pot of money comes from this county, this pot of money comes from this county. So it should come back to those counties in equal amounts. That's not necessarily how regional activities work. There's contributors, there's donors, and those that get a little bit more than what they contribute on a regional basis. If you look at regional concepts throughout the nation where they have pure regional transit districts, doesn't matter, all cities are included in that district. Their residents are taxed and it goes in and the regional district determines what the services are to their district. We've got sort of a bifurcated system here. And it's nobody's fault. It's just the way the system is and the way it was in existence. And that was, you had Atomic City transit operating their own system, Santa Fe Trails offering their own. And you had City of Española who wanted the district to take over their operations, and the district did. Rio Arriba County as well. And those two systems are now no longer in existence. It's the RTD providing services to Rio Arriba County, which includes the City of Española, and Taos County. The Town of Taos currently still provides their own transit system, but they are not a member of the North Central Regional Transit District.

So back in 2007 the RTD went out for an election, and the tax was approved. The GRT. Remember, it's a district tax. It's just collected in each of the four member counties and then remitted back to the district. And I think back then it was projected that it would generate about \$8 million. Well, we know how it's happened to the economy in our region. No one is getting what they had hoped to in terms of sales tax and what have you. The economy has impacted that. And it's not just local, it's regional and it's national in terms of the effects of the economy.

So the district is actually getting a lot less than what was projected. This year, they are also projecting that it will be a bit less than the prior year. There's probably only one county in the district area that is doing better than everyone else, and that's Los Alamos County, and there's a variety of reasons for that. It has a lot to do with the National Laboratory and their spending patterns up there. So that has to all be taken into consideration in terms of a long-term perspective.

The goal was, okay, if we're going to pool these resources so that we have them all in one pot of money, how could it be equitably distributed then to each of the entities on a regional basis. One thing the board was able to adopt, I think it was about two weeks ago, and they finally adopted a definition of what's regional services. And that discussion on the definition of what constituted regional services had been going on since May of 2010. And it wasn't until March of 2011 that a definition finally got hammered out, which was acceptable to all the board members. So now we have that.

So now, any route that wants to be put in place can be measured against that definition. And if it meets the definition, it's considered regional in nature and is eligible to be funded by the NCRTD GRT. Provided that there is money to do so.

Holian – The routes that do not fit the definition of regional, will not be funded by the NCRTD, is that correct?

Mortillaro – That is correct.

Calvert – Can you give us that definition.

Mortillaro – I can't give you anything written, but if you'd like me to verbalize it, I can.

Romero – I forwarded it to Robert, and I think he's going to look for it.

Holian – It might be worthwhile just to read it into the record.

Mortillaro – I think it's pretty much the same. The definition that was adopted was:

A route is deemed to be regional:

- If it connects to a service that leaves the district, such as the Rail Runner or Park and Ride.
- It crosses a jurisdictional line between members. For example, it goes from Santa Fe to Los Alamos or Santa Fe to Española.
- It connects two or more members. So it crosses a jurisdictional line and it connects two or more members.
- It is solely within a single member's local area, but directly connects, both in time and location, with a service or route that makes possible travel outside the local area to another member's area.
- It connects two distinct and separate communities within one member's area, such as Questa and Red River in Taos County or Los Alamos and White Rock in Los Alamos County.

The board of directors will annually review all service plans within the region in order to determine regional routes by the qualifications stated above. The board will have the ability to add or eliminate routes based on criteria for efficiency within the district.

That's the definition of regional that was adopted. If a route does any of those five items, it's considered to be regional in nature.

The cost allocation methods that were looked at were an average cost allocation method, which basically took the hourly cost factor for operating an entity system, a mileage cost factor, and a vehicle cost factor per month. It just simply got the average of those and gave an average for hourly mileage and vehicle. And then we applied that to the number of hours that a regional route was being operated to the number of miles on that regional route, and then to the number of vehicles providing service on that regional route. Then when you generate those numbers and apply those, you get a certain reimbursement number per year. That was the average cost allocation method.

They then looked at a revenue per capita average allocation method. So what we did there was, we said, okay, how much NCRTD GRT is produced in each of the counties that are members of the district. We simply divided that GRT number by the population number that we had at the time. That gave you a per capita number.

Then we took that per capita number and applied the average per capita number times the population. That generated a certain adjusted revenue base that would be used to pay for regional routes within that member's jurisdiction.

The third option that we looked at was a revenue per capita and vehicle fixed cost allocation method that was weighted. So this got into a little bit more complexity. But it pretty much, it took the per capita number that we generated before. It generated vehicle fixed cost. And then it weighted those two factors. Then we generated an adjusted reimbursement.

The fourth option we looked at, which was a status quo option, is what's the impact of just leaving it as it is and not changing anything. That was looked at as well.

What I then was asked to do was, and I indicated in the beginning, what do those methods look like when you incorporate those into the long-term financial plan projections. We came up with long-term financial plans – three scenarios. Each scenario is just slightly different.

The first scenario, which is known as scenario A, from a revenue standpoint, takes into consideration is that federal revenues are going to be flat and will not be increasing. For anyone who is paying attention to what has been going on at the federal level, if you think that is going to be any different. At best it is always safe to say that, federal wise, things will be flat for quite a while and maybe decrease. In terms of generated revenue, we projected that is likely to go up at a minimum of 3%, but not until perhaps 2013, at a starting point. We also incorporated that Los Alamos County would no longer make their annual contribution, starting FY 2013, on a revenue side.

On the cost side, we kept costs at a 3% inflation factor. Then we added in the average cost allocation methods. The other thing about long-term financial scenario A – it also incorporates a CMMR (Chemistry Metallurgical Research Replacement) project coming on board as late as FY 2013. They are expecting roughly \$5 billion of expenses and if it happens, will generate quite a bit of GRT revenue, mainly for Los Alamos County. That revenue source was incorporated in FY 2013 for the district.

Operating revenues and operating expenses – in this case are showing a deficit in terms of annual operating costs through the ten-year period.

In terms of projected ending reserve balance requirement is at 25% – that's the board policy. DFA requires 8%, and the board has a policy that it wants 25% of the revenues to be available in the reserve balance. The purple line is what that balance should be if it is kept at 25% each year.

The green line is what happens to the projected ending reserve amount, which is basically eaten up by trying to make up the difference between operating revenues and operating expenses. In fact, there isn't any, once you get out.

Option #2 – this is what happens when you apply the per capita average allocation method, it looks no better than the first one.

Option #3 – was the revenue per capita and vehicle fixed cost allocation method weighted. This looks much better if you use that method for redistributing the NCRTD GRT. Both the blue and red lines are close to each other. The projected annual reserves

amounts are above the reserve balance requirements. That's one that the board can consider if it wants to, because it insures there is long-term health, and the district's finances are being appropriately tended to in that model.

Long-term scenario B, ultra conservative. There is no CMMR in this. When you apply the average cost method, we were not budgeting for the CMMR. All the other items stayed the same. The other change here is that, out of the capital expenses, we took out a \$900,000 phase two maintenance facility. Under this scenario you can see where the red line is above the blue, not a good picture. And the green is way below the reserve balance requirements.

Option #2, when you apply the revenue per capita allocation method, basically get similar results.

Option #3, the weighted method. Because we took out the CMMR revenue, this scenario does not look healthy as well.

Long-term financial scenario C – We left the budget non-consolidated with the distribution of the GRT currently occurring per the board adopted service plans. Whatever service plans are currently adopted by the board and at the end of these are submitting reimbursement for, stays the same. And there is no CMMR revenue in this model here. As you can see, it is still saying that basically the impact is like the other worst-case scenarios and we did get into reserve balances. In fact, reserve balances fall way below the policy requirement. The operating revenues and expenses do not align.

Option #4 status quo, with CMMR. This has CMMR in it. Using the status quo allocation method, you start digging into reserves around 2013, and then they go below the line thereafter.

Option #4, this is status quo with CMMR. The twist on this is the CMMR revenue is not redistributed, per the formula that we have with Los Alamos County, which is 83%-17%. The CMMR is retained by the NCRTD. In this status quo, I call it the “maybe make everybody happy” one. The operating revenues and expenses stay pretty much in line, and the projected ending reserve amount and the reserve balance requirements parallel each other as well. Eventually, it starts to dip off, but it is not as severe as any of the other financial models.

I have been asked to look at one other scenario, which I am preparing, and I will get that to the finance committee. That is a status quo, but it distributes the money based on the current costs of the regional services that are being provided, versus a percentage of the revenue. We will look at that and see how that works out in respect to the long-term financial plan as well. That will be presented to the finance committee on Friday.

When we were in Los Alamos, their representatives submitted another status quo option, which is percentage based. But it provides the same amount of money everybody is getting today as well. So there are a couple other status quo options that are going to be looked at come Friday.

As you can see from a long-term perspective – and that’s what we need to be looking at – what impact do these models have, the allocation methods, in terms of the long-term financial health of the district. One of the other things is, any money that comes from CMMR – I made a note of this in my document – should not be programmed into reoccurring revenues or services. It is a ten-year project and at the end of ten years, it goes away. You do not want to be using that money for providing ongoing services. It is fine to use it for one-time costs, capital costs, or whatever, but to program it into new routes and then when the money goes away and there is nothing that replaces that, what are you going to do, if you don’t have other revenue sources that have made up for that. I cautioned the board and the district, if in fact that project occurs and those revenues materialize, not to use those for ongoing and reoccurring expenses.

That’s a quick overview.

Holian – Thank you, that was very helpful. First of all, are there any questions from the Authority.

Bushee - Los Alamos is, that was always planned for them to exit.

Mortillaro – they are not exiting from the district. What we call their contribution, was only a five-year commitment and one that they would have to reconsider renewing if that was their decision to do so.

Bushee – and so they are not going to renew.

Mortillaro – We don’t know that yet. We have not had any – again, maybe Josette could speak to that – I’m not aware of them at this point having made a decision to renew that contribution at this point in time.

Lucero – I have had some discussions with the acting county manager, and he has not brought what their intentions are of renewing this cooperative agreement. So there has not been a firm commitment at this point. Next year will be, as we know, the last disbursement of funds.

Bushee – I know this is informational and there’s a lot of information out there. I am more interested in the high overhead costs, the administrative costs of your agency. And I saw projections, but I didn’t see any – maybe I’m used to the grilling of the finance committee of the City – but in terms of the operational side. When would it be

appropriate for this body to examine that, given the contribution that is made from Santa Fe County and City. And when will we be able to avail ourselves of any of the audits that are undertaken.

Holian – I would add at this point that we had a transit workshop, and there was a lot of attention given to those questions. Would you like me to get you a copy and the information.

Bushee – the audits.

Lucero – The 2009 audit has just been completed. The 2010 is beginning this month, hopefully with a completion date in August and we'll be on time with the 2011 audit, to be submitted by December.

Bushee – what do you have on line.

Lucero – We don't have anything on line, but it should be on line at the State Auditor, but we can make available copies of our completed audits.

Bushee – mail them to us, deliver them to us.

Lucero – Sure, we've given it to our board members, we've given it to the press ...

Bushee – It hasn't trickled down to ...

Lucero – I can personally send the RPA members a copy.

Bushee – My question, and I don't serve on your board, but my first line of questioning, I haven't been able to see how, what the plan is to reduce any of the overhead, the existing overhead as part of the budget exercises.

Lucero – I have not been asked to cut our admin budget, so I guess it would be up to the board if that's what they choose to do. I've not been asked to do that.

Bushee – No one on your board has asked anything about overhead and administrative ratios, cost ratios, to the service delivered.

Anaya – My first meeting of the NCRD board was a couple months back at the Los Alamos National Bank on Cerrillos Road. At that meeting there were several specific questions asked by Mr. Whitbeck, who was just sitting here, I don't know where he went, and others, specifically related to the concerns you are raising. I asked for a presentation on those audits at the next subsequent meeting, which I got. I also asked for that presentation at this RPA meeting for, under discussion items, that was provided.

Relative to overhead, it was also suggested to me by some of your Transit Advisory Board (TAB) members that we as a board take a look at, comparatively, where does the NCRTD fit associated with the costs from other transit districts around the state. So we invited Mr. Harris from the State of New Mexico to come and provide an analysis of where the NCRTD fits relatively to other districts of like size and scope, and found that, of the – I want to say – 29 that were presented by Mr. Harris, NCRTD fits towards the top end of the middle, I would say, overall statewide. When I asked the specific question of Mr. Harris relative to operational costs at NCRTD, his response was that entities that are not directly subsidiary of our local government, that where NCRTD fits is within the scope of a transit district. But that those districts that are under our local jurisdiction, obviously can save costs, if you will.

I did as a board member feel that that's an item that we can still work at, and intend to do so. But thus far, those were the items that I specifically asked for and was given those responses. I would add relative to the audit, that they are way behind, quite a bit. And that with the additional hire of, I don't remember the young lady's name, and staffing, that they are beginning to make progress to get caught up. So that's what I know as far as a board member that's been on for three months.

Calvert – I asked a question at the last meeting, because when we were starting the allocation of funds, last year's allocation to the NCRTD, or the NCRTD's budget for the routes that they were providing, was in the neighborhood of \$450,000 or something like that. And they made a presentation at a subsequent meeting saying that that was operation only, and it would go up the next year, because of fully allocated other costs. And the fee they initially presented to us was close to \$1.2 million, is what the fully allocated costs would be. And then at the last meeting, they gave us another figure, which was like \$800 and some thousand. So I don't know which one is the final figure. But either one is either further allocated, if the original statement that the first one was just operation, then one is to assume that either one of them is, their admin is equal to their operational expenses, or it's twice as much, and I don't know which is the case.

Lucero – If I would have known I'd be asked that question, I would have brought a member of my staff's information that she presented, and I don't have those figures in front of me.

Holian – Perhaps we can bring some information forward at the next meeting on that point.

Bushee – I just wanted to say that I am not at this point in favor of turning over the planning functions to your entity. I honestly have many unanswered questions that, before I would even contemplate something like that. I appreciate Commissioner Mayfield asking about the ballot question, the ballot question was not specific. But what

was specific was the advertising campaign that the RTD actually paid for and undertook back then in support of the ballot question. It promised quite a few things. And so I would ask at some point if staff, maybe your staff or the RPA's combined city-county staff, take a look at those early ads and see how much actually was achieved. And that concerns me at this point that the promises made to the voters that \$1.9 million would go to the City and the County of Santa Fe, and that we would deliver the connections that were offered. I want to make sure I have some kind of accounting of that. Because I think the cost allocation system and turning over both planning functions, and it seems really turning everything over would not be advantageous to the people I represent, at this point.

Romero – In the presentation that was done for our transit workshop on February 15 – I think that was a really important grounding workshop that laid the foundation for how we got here, what some of the issues were, and some of the successes. I'm hoping that, if Councilor Bushee hasn't gotten the book, that we actually make sure that she gets this book. Because I think some of the questions that she's asked about what's been accomplished in three years. And I'll note that in the three years, it's been starting a whole new governmental entity in three years. I think some of the successes aren't noted as well as has been brought up. I think the power point presentation that was done, Councilor, answers a lot of the questions that you've brought up. We can make copies of the presentation too for you, as well as, if you don't have the book that was used. But I think the presentation discusses some of the successes of what's actually been accomplished in three years. And that the issue about administrative costs are actually being reduced every single meeting, I think, that as Commissioner Anaya noted is, we are looking carefully at those kinds of expenses. But this is the start of an organization, for three short years has actually accomplished quite a bit. I'm happy to make that presentation available to you, which is – I think Josette, you could probably email it – I don't know how the Councilor would receive that information. But perhaps hard copy, as well as email, so that you can distribute it to other people who would be interested in what those successes look like.

Calvert – I've been talking to quite a few of my constituents as of late, and one thing that comes up over and over as sort of a bottom line, is trust. I think from the public side, those, they have lost some of their trust in the governmental institutions. So along the lines of what Councilor Bushee was talking about is, that's one aspect of it is, what was promised and what was advertised, is that going to still be delivered. The other is, in terms of trust, and I appreciate all the work that Councilor Romero has done on the NCRTD, but the fact remains is that they have two audits that have not been very stellar, and they've been late, and they are continuing, they are still late with this one. And they tell us that they will be remedied and up to date by 2011. And to that, I say, fine. When that happens, then we can consider turning over the planning and all of the money to NCRTD. But if somebody were to tell you that your financial planner had run into serious problems with the IRS, would you want to turn over all your money to that person

and to say, do whatever you want. That's where I think the trust issue comes up again. So that's the bottom line for me is, I appreciate that they're making progress on their audits, but they still haven't completed, they're not up to date, and they still haven't corrected things. And so, I see no reason to put all my eggs in one basket like that until they are.

Romero – Asked Ms. Lucero to respond to the audit. I think this has come up several times and I think it's been answered adequately, but I think it bears repeating again. The audits that occurred as a fiscal agent, the City of Santa Fe was the fiscal agent for the RTD, and so I think it's fair to say that there's a small paragraph that could be said about the audit. Because it's not that the IRS is coming down, which is a completely different issue. The findings that have occurred are minor findings, but I think that they warrant serious attention, there's no doubt. But I think that the plan, a plan has been laid out for addressing the findings. And if you could answer that in a small paragraph. I don't know if we're ever going to alleviate those concerns, but I think it should be fair to say is, trust gets built each action to each action to each action. And the board has taken seriously the findings that have occurred.

Lucero – Back in 2006-2007, City of Santa Fe was our fiscal agent and they were late on their audit, thus getting us late the following audit. We had one financial staff person in 2007 and 2008 doing all the payroll, doing everything that a whole finance department does, getting us late again 2008. And finally, we hired a part-time person to step in to do some of the finance and started working on the audits. And we've been late since then and we have two-and-a-half financial personnel right now and we have one person working strictly on audits at this point. Most of the findings have been not having a distribution of duties, and how can we do that when we have one person doing it. So that's most of our findings. Now that we have more staff, we'll be able to clean that up.

Mayfield – have those audits been qualified or unqualified.

Lucero – whatever the good one is ... unqualified.

Mayfield - so they have been unqualified. Just for the record an unqualified audit is a positive audit.

Lucero – Also, our auditor is going to be presenting at our board, since it does come up over and over and over again. He's going to go through the findings at our next board meeting. So you all are welcome to attend.

Bushee – I appreciate it. Commissioner Anaya, you're the newest member of the RTD board, and you're pursuing the administrative cost. I guess I want someone, since I'm not sure, really at this point, I'm getting most of my information from the newspapers.

Tell me, is the number 78 cents on the dollar in terms of service, administrative overhead, is that an accurate figure. I don't believe everything I read in the newspaper, but ...

Lucero – I don't believe that figure. I'd have to go back and calculate it for you. I didn't agree with that figure.

Bushee – Tell me off the top of your head what your administrative costs are in relationship to the service delivered.

Lucero – No, but I can get that for you. I don't have any of the budget or any of the percentages or any of that.

Romero – We could, again, I think it was in the transit workshop that Josette gave, and Dave Harris gave an overview of comparing apples to apples in this transit district. So I think we could actually put a small package together again on the administrative costs that included Dave Harris' information, and show that in probably a graph format. Because we've got it in a graph format for new board members when I think, when Commissioner Anaya came on, they actually gave an overview of how we get to specific costs. So I'm happy to provide that again, ... paragraph form of the apples to apples for this district, which is different when you compare this one to other transit systems. But I'm happy to make that available also.

Bushee – My question really didn't have, that part two would be actually your apples to apples comparison in terms of how the costs of delivery of the service is in relationship. But I want administrative costs on the dollar versus what the service – so if it costs a dollar to get on the bus, are 78 cents of that cost administrative overhead.

Lucero – I understand and I'll get that information for you.

Bushee – It's not an apples to apples thing. Pretty simple. And in fact, if I were running an agency, I would have that off the top of my head. I'm stuck on how much it's cost in the delivery of service and how effectively we're delivering it.

Romero – I guess one of the questions for this group was about figuring out if we wanted a different meeting of the RPA, not the RTD, but the RPA. The service plan was developed with Josette Lucero and other staff from the RTD, with RPA staff, which was at that time, I think Robert or Andrew. So with county staff who were supportive. And they worked closely, Jon Bulthuis was part of that, on a regional plan, the service plan that we paid \$50,000 for. This is just as a reminder is we paid Charlier to give us the matrix. We took that matrix, they took it on the road, they massaged it, and they came up with a service plan. The question now becomes the RTD actually could done that service plan without it costing the RPA \$50,000 and all the staff time. So where it gets us to today is, the RTD has been providing the service plans as presented on February 4th, the

implementation of the service plans for all the other counties, except for Santa Fe County. The question becomes for the RPA, do we need to do something that is already being done – aside from all the other questions, about management. Do we, as an RPA, take that on again, and what are the options on developing our own service plan that are already being developed and will be developed by the RTD. I guess that's, I thought that was going to be some of the discussion that we had here today was around that service plan. And the implications for the RTD is, if they are not developing the service plan for Santa Fe County, what are some of the options for the future as the train has left the station on developing service plans, I think is the question. Some of the other larger issues about building trust or building the organization for the RTD are kind of longer term. We've got a short-term issue on developing the service plan. And from our presentation at the, that Josette made at the February 4th meeting, there was a lot of discussion about what those service plans look like, just as a reminder for my fellow Authority members.

Anaya – A couple of comments that I've made now, this will probably be the fourth time, what I learned from my parents sometimes if you keep saying things, eventually you'll catch on, or maybe I would have caught on. But a few baseline comments on the, again that I made before. I represent the County Commission, the entire County of Santa Fe, on the NCRTD board. And work hard to make sure I represent all 2,000 square miles of Santa Fe County on that board. As a County Commissioner, I represent District 3 in the west part of the City limits of Santa Fe, extending down through the southern boundary of Santa Fe County. And I'm going to piggyback off of your comments, Councilor, and I think you've heard some of this before, Councilor Calvert.

I would ditto, maybe in a somewhat different state if you will of trust, but I would add transparency. When I was on the campaign trail trying to get my seat, I heard various comments from the southern part of Santa Fe County that lost their transit service. And when I broached the question of why, the response I received from, that I didn't frankly appreciate at the time from the NCRTD was, that wasn't our decision, that was an RPA decision. And I have the utmost respect for the TAB, as I said earlier, when Mr. Whitbeck, who was sitting here earlier, has asked me for follow up questions, comments, I've always provided that follow up. I guess for Carol sitting back there, as well. But I said to John, I said, I'm as frustrated with NCRTD as I am with the RPA, of which I now sit on. And so, I think that an analysis of transit plans and anything that we do, that we need to be as open and transparent ourselves, not only with what decisions we're making, but why.

I also, in sitting here today, see the Mayor sitting over there, think back to the City of Santa Fe Trails program, and the difficulty that the council and the mayor at the time went through. You may have been the manager, Mr. Mayor, at the time, or part of that time. And the pushback that the council and the mayor were getting at that time with the excessive costs associated with administering Santa Fe Trails. And the constant feedback

that I recall hearing from the council and the mayor at the time was, we have to begin the process of acclimating people to service, and it's not going to happen overnight. It's going to take time and energy for services to happen and ridership, which is what I heard from Mr. Harris. If there's one thing that I grabbed from Mr. Harris' presentation, I said, what's the number one thing, Mr. Harris, I said, is it the dollars. What is it. He said, it's ridership. That's the number one goal.

So going back to what I'm getting at is, trust and transparency across the board, on both sides of, both organizations. And ultimately, it's the service and it's the goal of ridership. And so, as I sit here on this RPA, or the NCRTD, I think we also need to be cognizant of that, making sure that we're providing that ample opportunity, even when on paper mathematically, it's not always going to add up to getting the most efficient service. An example I brought up at the NCRTD at the last board meeting was the route between Peñasco and Taos. That doesn't have a vast amount of ridership on it. But that provides ridership for a key population that's been expanding over time.

So relative to this discussion, I'm glad it's a discussion item for more review and information. I think we should do that. But frankly, I've seen this issue for the last five plus years now. And I think there is a trust issue, Councilor Calvert. But I also think I see people that are sending frustration around personality, rather than around, structurally around an organization, what can we do to improve the organization. That's my approach, is that as one board member on that board, that we work to garner efficiencies through improving the work through the audits, through efficiencies in operation, and reducing administrative costs. But that ultimately, it's our responsibility as board members of which the city sits on, at some point, I think if we're going to truly be regional, then we should think regional. We shouldn't have a regional group we sit on, but then we have separate subsidiary groups that we're dealing with as well.

And I don't have a final determination on this particular item. One thing that I did ask for, and I'll close with, and I'm glad you're still here, Mayor. Is I did ask, and I'll ask again with you present. I asked that, I think it's important, whether we continue to function in RPA structural status over the long haul or not, I think it's crucial that county and city governments – and not just the County of Santa Fe and the City of Santa Fe – the County and the City of Española, the town of Edgewood, and that we have more regional, if you will, coordination and collaboration. And that I remember and recall when Commissioner Sullivan was a participant in several of those meetings, that the City and the County used to have some joint meetings and joint discussions on key issues that pertain to us. Not a smaller group of each organization, but a more comprehensive, collective meeting with both parties. Madame Chair and Mr. Mayor, I think issues like this and others, I would ask that we consider that. And I ask my fellow colleagues, I've asked this before, that we all consider that, so that we can bring those issues together to address them. I thank you for the time, Madame Chair.

Mayor Coss – Thank you commissioner and thank you Madame Chair, and thanks to the RPA. I used to serve on the RPA. It's been a while now. And I wanted to hear, because Councilor Bushee, I read about it in the papers, and we hear this and that. I'm a rider of Santa Fe Trails, and I'm a big supporter of the Rail Runner, so that's kind of where I come at it, from supporting those two institutions and entities. I think it's really fun to see Commissioner Sullivan in the audience as well, because I think Jack and I know, we all know, that regional is hard. Regional is just hard. Trust is a big, big part of it. And finally in the end not always getting your way exactly is a big, big part of it.

My thought is, the RPA shouldn't just give up the review just yet. And I look at what the regional, the regional part that's been so hard. It took us 20 years to do a land use plan with an annexation strategy, but it finally got done through the RPA. The Buckman Direct Diversion project (BDD), which now is opening, was the source of, started at RPA, through discussion around that. And got it done, but it was never easy, and it was a lot of big, joint meetings, and little private meetings, and big joint meetings. It wasn't easy. Regional landfill's another example. Those have been hard, that's just been the city and the county. Now we've got all these counties and all these towns involved in it. And so, I think it's another level, but my thought is – if I was the RPA, I'd want to still review it. Because there are four county commissioners and four city councilors, and it is another level of government review. But I think it's important while you're getting started on this.

One thing that I wanted to put out, too, it's the trust, it's the transparency. We've been hit a lot with that, what's transparent. Complex issues are difficult to make transparent. And everybody's got a viewpoint on that. But that's what we should strive for. Maybe one of the issues that I just wanted to address is that, while we're working on some of this really hard, we've really never done before, we've done city-county regional work, we've never done tri-county, multiple city regional work before. So that ambition to accountability and transparency and trust, respect, has got to be a really big part of this.

I do remember when transit was just getting started in the '90s and Santa Fe Trails kept getting bad audit after bad audit and qualified, unqualified, the newspapers don't make that distinction. And it's usually not useful for a director to try and make that distinction. You just got to fix it. And so, I lived through that, suffered through that.

One of the things I was going to put out, we also might want to look at the role of the City of Santa Fe's TAB. Can they help the RPA look at this, or the NCRD. When I talk about respect, I'm going to be reviewing some positions. And I've gotten some emails to Councilor Romero that accused her of everything except selling her first born that I just found disrespectful. I found not useful to the discussion. It's America, any citizen can say whatever they want. But when they cross the line and they start attacking the integrity of this governing body and these city councilors, I just say, well, it's America,

you can say what you want, but not as an appointee on the City of Santa Fe's TAB. And so, I'll be looking at that.

And I would ask all the folks, the staff, the elected officials, and the public that's watching to whom Santa Fe Trails and the Rail Runner is a critical piece of our lives and our economy, to just recognize, this is hard. If this was easy, somebody else would have done it a long time ago. But this is hard. I saw the growing pains. I've been around since the birth pains of Santa Fe Trails. I know what it's like to get bad audits. I was the public works director when we were getting them. But you got to fix them, and you can't explain them away, and you can't excuse them away. You just got to fix them. And so I would say, while we do something that's really hard, I think the RPA is a useful body to help review these things and to just tell the story again and again, tell it to the RTD, tell it to the RPA. The way the city and the county are comfortable now with the regional authority, *mas o menos*, on solid waste. The way they're comfortable now with the BDD project, *mas o menos*. The way they're comfortable on the land use plan and the annexation strategy, *mas o menos*. That took years, and that took a lot of meetings. And I think the RPA was critical in developing that.

So I would put out there is, maybe the RPA should also have a transit advisory board, instead of just City of Santa Fe, maybe it should be city-county to help you. But I guess, my final thing. It's just really hard. Commissioner Sullivan knows that. He's the mastermind, really, behind the BDD and the reincarnation that it's in now. I don't know if you want to take that credit, Jack, or not. But it wasn't easy and it took years. But it is done really through the relationships established by the RPA. So I wouldn't give them up just yet, but I'd really proceed with a lot of respect.

Holian – Thank you very much, Mayor, I can just testify to the fact of how complex this issue is that I've been trying to understand now for a little over two years, and I'm sure I still don't understand it totally. But I am trying and ...

Anaya – I would make one clarifying point. When I raised the comments relative to Santa Fe Trails, my point wasn't to draw attention to any issues associated with audit. My intent was that I recall that there was a lot of pushback on, do we really need a transit system in the City of Santa Fe ...

Coss – And people still ask that question ...

Anaya - ... and does it make sense, and I think when you look and see how it's evolved, it took those pains and sticking with even those tougher routes to get to the point where you are. So I just wanted to clarify that. I appreciate the comments.

Coss – I was going to talk about the audit anyway, because I just heard. I feel your pain, and I've seen it.

Bushee – I just wanted to follow up on a couple things. I've been around even longer than the mayor in terms of, well, I served on this. I've always been supportive of Santa Fe Trails. What happened, commissioner, over the years, is not so much that the cost of delivery of service issues that we had a lot of empty buses running around town. And so over time, I think we've honed that down to the most productive and, unfortunately, finances end up being bottom line in many cases. So you won't see some of the smaller routes, as you did not see the southern routes that the RPA was sort of forced to decide that that was not cost effective. Even though there were core ...

Anaya - ... we're going to have debate on that ...

Bushee - ... well, even though there were core riderships that were left underserved at that point, but became a relic in that discussion.

But I wanted to follow up with Councilor Romero in that, this resolution that was before us that was a discussion item and got turned into an information item, is far more than just talking about who's going to do a \$50,000 plan. I mean it pretty much says, give up our purview here at the RPA. It says to allocate the GRT over to the NCRTD. Then it says to rescind the original resolutions which created the 86%-14% split. And it removes the task of planning and allocation of revenue. So pretty much takes it out of the RPA's hands. So it is not a simple matter of just, we're going to have some duplication of effort. And I really think that, and that's where I come down to the effectiveness of the delivery of service. I'm a founding member of the RPA. I remember sitting down – and I'm trying to think of who wore a black cowboy hat at the time – but we were told to take and wear each other's hats and sit there and discuss and see if we could even plan at the local city-county level. I have all the enthusiasm in the world for regional efforts.

But bottom line for me is whatever entity is going to have oversight and delivery of these services wants to do it the best they can, the most efficient, the most effectively, and get those services out to the people that we serve. And so it doesn't have anything to do with which entity, it's how. It's the process of actually delivering the services, but I'm going to stay on task with – it has nothing to do with personalities at this point. It's totally about who can deliver the service best. And to be honest, I'm kind of thinking that, our bus system in the city has really come a long way. And I'd be happy to have them deliver the services on the regional level at this point if, if things don't start to improve.

Calvert – I guess I needed a clarification. The cost allocation method – has it been implemented or not.

Mortillaro – It has not been implemented. The board is still considering what method to utilize.

Calvert – And so, but that will be used to help evaluate how to allocate resources within the region, right.

Mortillaro – Absolutely, yes.

Calvert – My thought on that one also is, you need to take it for a test drive for a while. In other words, especially you haven't even decided on it yet. And yet you want us to turn everything over to you and further be decided according to that system, which has not really been put to the test on an operational basis. And so again, I think that's another reason why, if that's, if all things get settled, that's fine, and maybe we will eventually turn this over, as we have done, from the RPA to the BDD or to SWAMA or something, group like that, to specialize in that. But I think those things need to get ironed out and those systems need to be, like I said, they need to be tested and making sure that they are working right before we turn everything over to that.

Romero – When I look at our own transit system, there's no doubt that folks want to compare the RTD to what our transit system is doing. And the reality is, it's \$500,000 in the hole. And public transit isn't really, doesn't really pay for itself in many ways. So part of what many of us, including yourself, Councilor, signed on for was a *property* tax that would also include paying for the very transit that isn't paying for itself in many ways. I know Councilor Bushee hasn't signed onto that resolution. But the idea is that public transportation needs to be supported by the public.

When you talk about taking something around the block, I think taking it around the block is not just the block, it's taking it around a region. And that there are successes and an increased ridership every month that the RTD has shown, has proven. But it's up to the RPA itself to figure out what it needs to build trust. I think Tony's presentation was to give a grounding for what the future looks like and what that, what the RTD is facing. So it's one of those strategic plannings, you look at what's in the future, what are some of the options that you can put forward to address that future, given the constraints that you've got.

Same for the RPA is, we're looking down the road at what our future is and what was, as the mayor described, was a past tense. We're trying to build a new future, and maybe that new future still includes doing our service plan. I say, let's look at that. I'm hoping that in the vein of being efficient, that we not spend any money that we don't have to spend, that we actually have an entity that could do it. But you guys think as we're moving forward and building trust, there's certainly, in any of our work, it's an issue of timing oftentimes is, sometimes it's not the right time to do something. You have to just build a little bit more, build some momentum, or build some more trust. But I think there's going to be a point where we have to make a decision as the RPA to come back to the hat I'm wearing as an RPA member is, what are the things that we have on our plate and people's energy to get things done, when this is probably one of the better attended

meetings that we have ever had. I will encourage, just to keep the discussion going about the service plan that this entity needs to develop, and there's a couple of options I think. So even though what was advertised got people out and hopefully has served as a vehicle for educating people better, let's bring the discussions, continue to bring them back. But I still think that everything that's on here is going to be on the table again in the near future. I don't think these discussions are over. And perhaps, Chair, you can talk about what those next steps are and what the agenda will be for the RPA.

Holian – I will at the end. Tony, you wanted to make a comment.

Mortillaro – Yeah, I did. When I talked about the average cost allocation method or the hourly rates, what have you, the numbers we used came directly from each of the entities for their operating cost and hours. Let me just give you an example. Under hourly cost factor for the NCRTD it was \$29.86 per hour. Santa Fe was \$56.71. And Los Alamos was \$49.41. And you find the kind of same things with the mileage cost factor. Those came directly from each of those entities based on what they were, the information they gave to the NCRTD asking for reimbursement for their operating costs for their regional routes. Just as an example, you can see there, there's quite a difference between each entity's operating costs for a variety of reasons. And the district, we're not getting into saying, why is your costs so high or yours. We're saying well, in one method of distributing this money, you've got to just take an average of that and everybody gets some money back, based on that average hourly cost factor.

One of the things I've indicated to the board is that the day's going to come where I think we owe it to our constituencies to look at a complete consolidation. Not continuing to run three different systems. And at least at a minimum, it should be studied to see if there's cost efficiencies that can be gained for the good of the region. And that needs to be done at some point. And I know it's a tough thing to do. I've gone through a consolidation of four fire districts, regional dispatching. And it, when you look at that, it means somebody's, you're giving up control or what have you. But until we look at it on a regional basis, and say, well, should we be offering three different systems, or should we have one district offering all of the transit in this four-county area or not. And at some point, that analysis needs to be done. And to see whether it actually wound up costs, saving money for our constituents here in this four-county area or not.

Holian – I think that's the bottom line, is to figure out how we can get the most service most efficiently, and that's where we'll be headed. I also believe in the philosophy of regionalism, and I think that somehow we have to make this work. It may take a while, and I'm sure there will be growing pains and it will be painful, but we have to make it work.

Anaya – I agree on the point of regionalism, but regionalism goes well beyond the parameters of the City of Santa Fe. It goes well into communities and incorporated areas outside of Santa Fe.

Bushee – When there might be a public hearing on this.

Holian – the next RPA meeting is May 17. This issue will come back. I will bring the resolution back. I will also bring a couple of other options back as well, if in talking with staff, and if, one possibility could be just that the RPA just simply does the transit plan, is one possible option and we don't consider the rest of this particular resolution. But in any event, I will do that, as well as bring forward a transit plan to the RPA. Because if we decide that the RPA is going to do the transit plan, we have to make that decision at the next meeting.

Calvert – I think that we, as Commissioner Stefanics gave some direction to that effort in terms of, we had a plan last year and so I think that's the way we started. And we can look at additions or deletions from that plan, and we don't have to go through a \$50,000 process to get there, I don't think.

Holian – I want to make it clear that this will be a public meeting, and the public can comment.

Lucero – I have a final comment. DOT's information is just in, we just got it, and I think the 78 cents or 77 cents figure that's come out in the paper and what you're reading, is the federal share only. So I'm asking staff now to go back and give you a figure, but it's definitely lower than the 77, 78 cents that you're talking about. Also in his new figures, I'm proud to announce, that we came third in the state of ridership. The highest ridership, as the DOT noted, that's the important thing, and I'm hopeful that we're going to be second in the state next year.

Calvert – I would just ask one question on that ridership. Does it include the regional routes that are run by Atomic City and Santa Fe Transit.

Lucero – Not currently, but the DOT wants us to add that, because it's contracted services, and it's paid to the RTD fund.

Calvert – So those ridership figures you have are just for the routes that you run.

Lucero – Correct.

DATE AND TIME FOR NEXT RPA MEETING

The next Regular Meeting of the Regional Planning Authority will be held at 4 PM, Tuesday, May 17, 2011, in the County Commission Chambers.

ADJOURNMENT

This Special Meeting of the RPA was adjourned at approximately 4:45 PM.

Approved by:

Kathy Holian
Chair, Regional Planning Authority
Kathy Holian, Santa Fe County Commissioner

Minutes transcribed and drafted by Kay Carlson

RPA MINUTES
PAGES: 24



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

I Hereby Certify That This Instrument Was Filed for
Record On The 21ST Day Of June, 2011 at 11:34:49 AM
And Was Duly Recorded as Instrument # **1638038**
Of The Records Of Santa Fe County

Deputy *Trish Domene* Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM