



Response to Chamber of Commerce Reports City of Santa Fe - Budget Deficits

Full-time equivalent (FTE) Comparisons: Cutting Staff Means Cutting Services

- Looking solely at full-time equivalents (FTEs) leads to an incomplete and inaccurate assessment of the city's efficiency, perpetuating the myth that city government is bloated.
- According to data collected by the Bureau of Labor Statistics, **total costs of compensation for state and local workers account for about 44 percent of state and local spending.¹ The Chamber of Commerce reported that Santa Fe spends about a third of its budget on wages and benefits, which is certainly not out of line with the national average.**
- **If we actually compare apples to apples, Santa Fe is in line with other similar cities.**
 - The city hires more Parks and Recreation FTEs per 1,000 residents than other similarly-sized cities. **But if we look Parks and Recreation staff per park acre, the city is in line with its peers.²**
 - A number of cities in the chamber's report don't operate their own utilities. The services might be provided by another government entity or a private operator. This skews the total FTE comparison.
 - **If we look solely at cities that do operate the same utilities as Santa Fe** (water, wastewater, and solid waste), the average is 2.7 public utility FTEs per 1,000 residents. Santa Fe is comparable with 3.0 public utility FTEs per 1,000 residents. **If we take all the vacancies into account, the city is actually operating with less than average utility FTEs.**
 - Note also that most utility positions and other positions related to the city's business-type activities, are positions that can be self-sustained with service charges and fees.

¹ Some 20 percent of state spending is for employee compensation, compared to about 55 percent of local government spending. However, local spending for non-school district local governments would be lower and the exact figure is not available. However, 44 percent is a good benchmark for local government spending.

² PRORAGIS is the national recreation and parks database and the source for critical data designed to assist park and recreation professionals in the effective management and planning of their resources and facilities. <http://www.nrpa.org/PRORAGIS/>

- **Transportation FTE figures are not comparable.** Most of the other cities in the chamber’s report does do not employ airport transport workers or parking attendants. And it is unclear how many parking facilities each city operates, if any.
- **Service quality and availability as well as the services’ value to the community needs to be considered.**
 - For example, the city hires more library staff than other similarly-sized cities. **But Santa Fe libraries are more heavily used than other city libraries.**³ The city offers on average, 10 more hours of service a week. On average, Santa Fe sees 11.4 library visits per resident each year, compared to only 5 visits for other peer cities. **It is clear that the city has an exceptional library system.**
 - Arts and Culture FTEs are higher than average due to heavy investment in tourism and preserving the city’s heritage. **Santa Fe is the state capital and tourism is the primary driver of the local economy, which is not the case for most of the other peer cities.**
- Some of the cities included aren’t even of “similar size.” Lubbock and Des Moines both have over 200,000 residents; Colorado Springs has over 400,000 residents; and Omaha has over 500,000.

Addressing the Structural Deficit: We Need Balanced Solutions

- AFSCME is committed to continue collaborating with city stakeholders to identify balanced solutions for closing the structural deficit.
- AFSCME is in agreement with several of the chamber’s recommendations.

³ PUBLIC LIBRARIES IN THE UNITED STATES SURVEY (most recent data is from 2013)
<https://www.ims.gov/research-evaluation/data-collection/public-libraries-united-states-survey>

- It is undeniable that **cutting staff means cutting services**. However, **AFSCME advocates not filling vacancies when it is not disruptive to providing important services**.
- The city is expecting savings over the next several years due to efficiencies created through improved software and other technology. **AFSCME advocates for the investment in staff training to maximize efficiencies**.
- **In particular, the city should consider not filling management vacancies in order to flatten hierarchies**. Many state and local governments have looked into increasing efficiency by decreasing the number of managers. For example in 2011, Phoenix adjusted its span of control, from a supervisor to employee ratio of 1 to 5.3 to a ratio of 1 to 8.1.
- The union supports efforts to incentivize early retirement and voluntary exits. There are currently 36 workers who have been with the city since at least 1990. **Their retirements would save the city about 2 million.**⁴
- As the Chamber recommended, AFSCME is looking forward to working with the city to identify opportunities to save on contracted services and to potentially insource certain operations. **The current total cost of contracted services amounts to 20 million.**
- AFSCME agrees that overtime for noncritical operations should be limited.
- AFSCME agrees strongly that **improved debt management** can bring in significant savings (**about 2 to 3 million**).
- AFSCME supports many of the Chamber's recommendations to generate more revenue:
 - Capture GRT revenue on high-dollar retail sales that are purchased in person and then shipped out of state
 - Stronger enforcement of short-term rentals licensing

⁴ Out of these 36 workers, 24 are AFSCME. AFSCME retirements would save the city about 1.2 million.

- More aggressive collection of unpaid fees
- Examine opportunities to increase fees

- While the transfer of funds from the city’s enterprise funds has been controversial, the city’s business-type activities have generated surpluses and accumulated significant reserves over the years. **This resource should be utilized while the city undergoes the institutional changes necessary to close the structural deficit.**
 - The Chamber points to the water enterprises “operating losses.” However, after accounting for intergovernmental revenue (state shared grants and taxes) and transfers to other funds, **the waste water management fund generated a 1.1 million surplus and the water management fund generated 2 million surplus before transfers. Together these two funds hold over 100 million in cash and cash equivalents as of the end of FY2014.**

 - The Chamber describes Solid Waste operations a “marginally profitable.” **After accounting for intergovernmental revenues and transfers, the fund generated a surplus of 1.6 million in FY2014.**