



**Agenda Study Session of the Governing
Body
January 23, 2026 at 1:00 PM
Tesuque Room
Santa Fe Community
Convention Center
201 West Marcy Street**

Procedures for Governing Body Meeting

1. Call to Order
2. Discussion Items
 - a. Budget Priorities and Strategic Goals. (Andrea Phillips, Deputy City Manager; akphillips@santafenm.gov)
3. Adjourn

Closed captions are provided for this meeting. Persons with disabilities in need of additional accommodations, contact the City Clerk's office at 505-955-6521, five (5) working days prior to meeting date.

City of Santa Fe Macroeconomic Update



January 23, 2026
Dr. Reilly S. White

The 2026 Macroeconomic Outlook

Continued slow weakening and an uncertain road ahead

National Economic Conditions

- U.S. real GDP growth projected around ~1.9% in 2026
 - Forecast range: 1.2%–2.5%, reflecting elevated uncertainty
- Inflation remains above target CPI averaging ~2.9% in 2025, easing only modestly in 2026
- Unemployment expected to rise slightly to ~4.5% in 2026, then stabilize

Monetary Policy Environment

- Federal Reserve expected to remain cautiously accommodative
- Gradual rate reductions anticipated from current 3.50%–3.75% range
- Median forecasts point to ~3.0%–3.25% by late 2026
- Policy stance likely supportive of steady investment, but insufficient to drive a broad-based economic boom

State of New Mexico

- FY27 begins from a position of fiscal strength, but growth is normalizing
- State signals a shift from rapid expansion to sustainability-focused budgeting

Santa Fe Revenue Outlook

- GRT collections stabilizing, with headwinds from:
 - Consumer spending shifting toward necessities
 - Slower job and wage growth
- Property Tax: steady, moderate growth expected
- Lodgers' Tax: more muted growth as post-COVID RevPAR and ADR gains fade

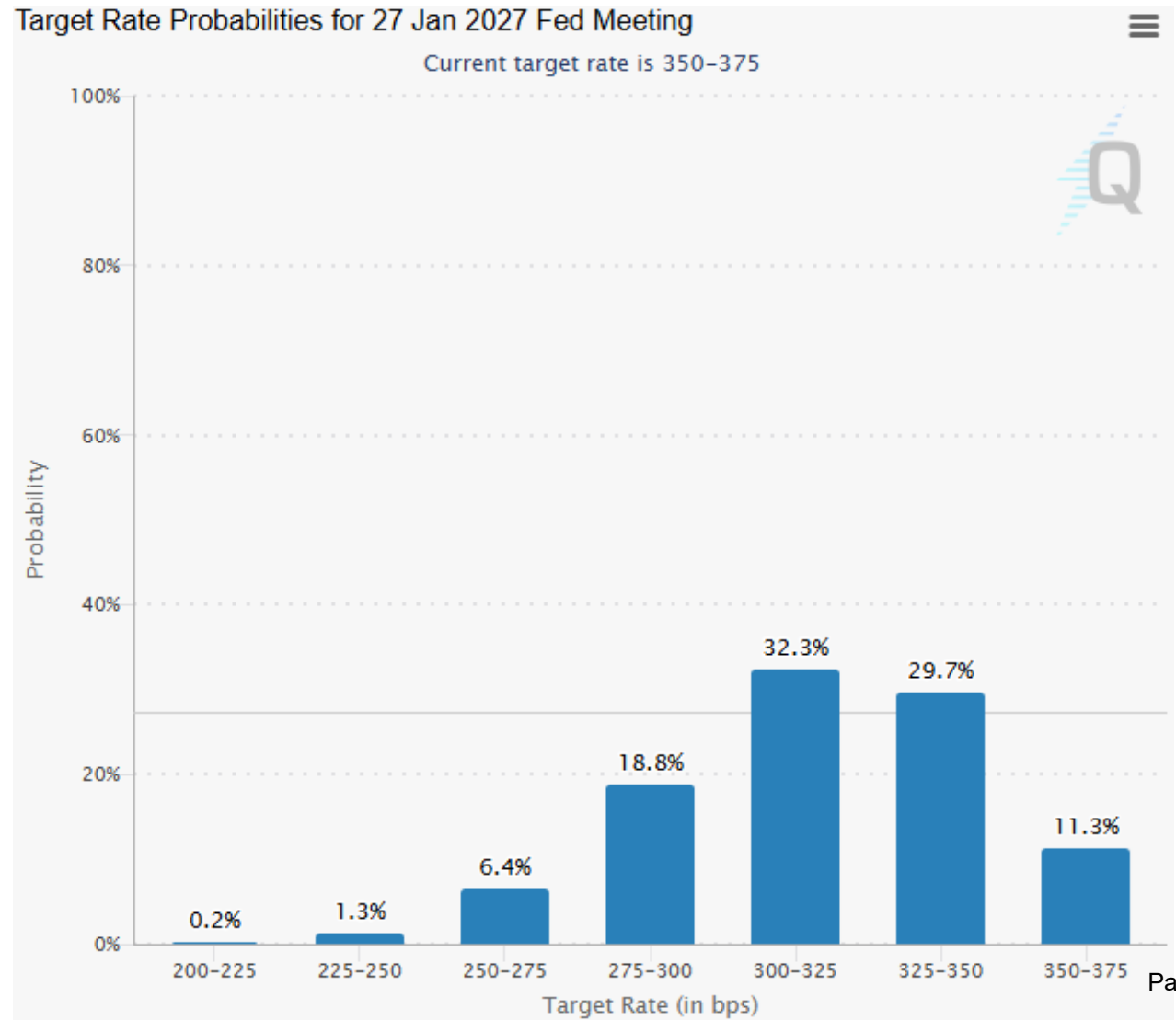
Key Takeaway for FY27

2026 characterized by low-to-moderate growth, mixed inflation projections, and stable but challenging labor markets. Forecast uncertainty remains elevated. *Recession risk by late FY27 cannot be ruled out.*

Hanging by a Fed

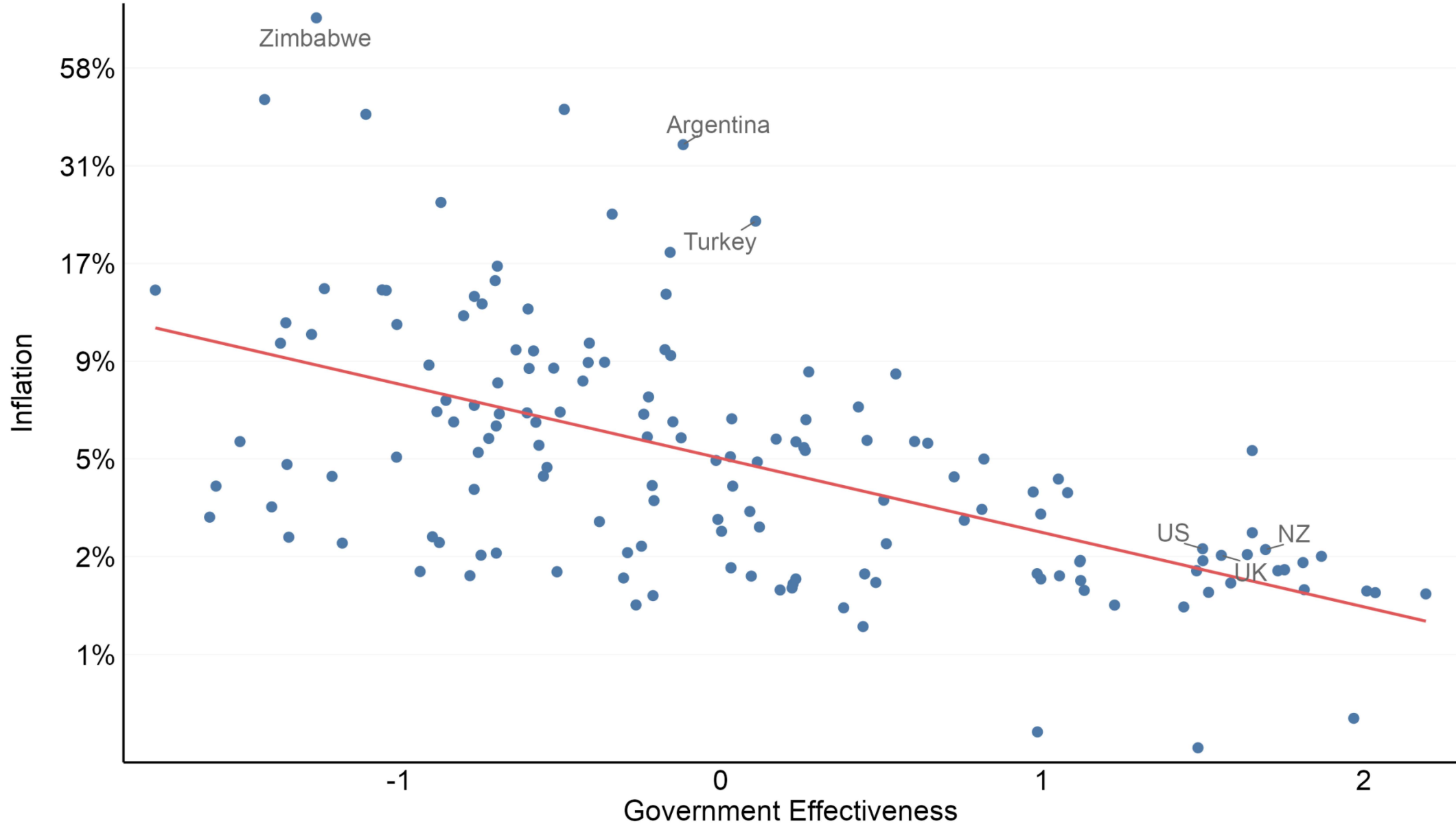
Under Pressure, the Federal Reserve Continues its Balancing Act

- The economy is stuck in a high GDP growth, low job growth area
 - Stronger-than-expected GDP growth has reduced the Fed's need to cut rates to stimulate the economy
 - At the same time, tariff-related inflation risks and sustained growth are reinforcing higher discount rates
- The Federal Reserve—and Chair Jerome Powell—are facing significant political pressure that threatens institutional independence



THE IMPACT OF GOVERNMENT EFFECTIVENESS ON INFLATION

CONTROLLING FOR CENTRAL BANK INDEPENDENCE, 2000-2023

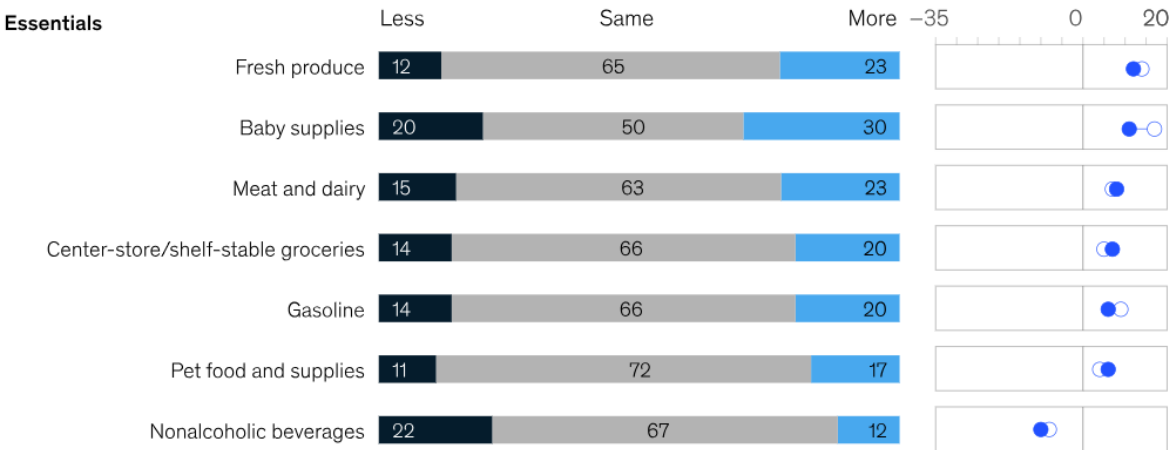


Sources: World Bank *World Development Indicators* and *Worldwide Governance Indicators*
Note: Inflation is scaled on the y-axis by an inverse hyperbolic sine function.

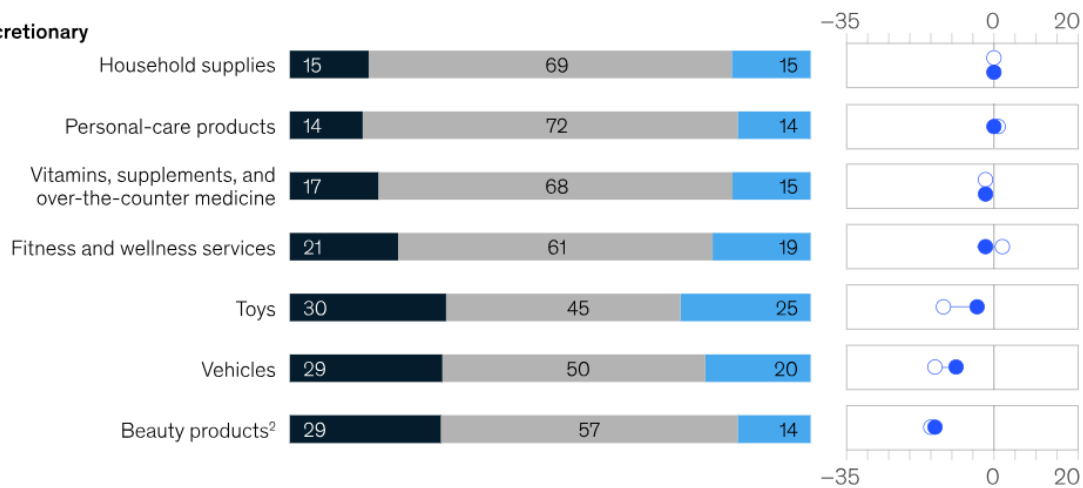
When Spending makes Cents

Consumer Spending drives both the Economy and GRT

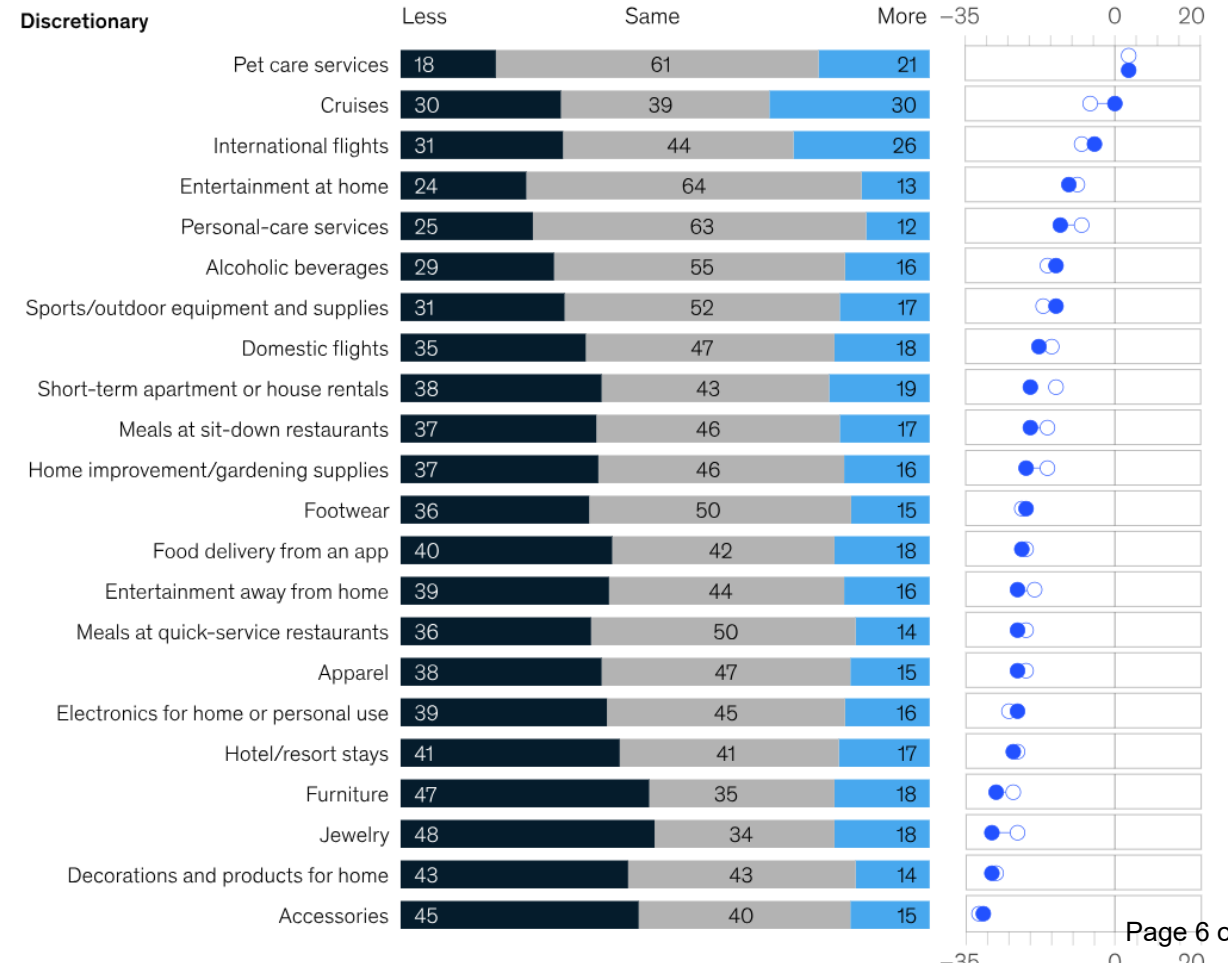
Expected spending per category over the next 3 months, compared with usual,¹% of respondents



Semidiscretionary

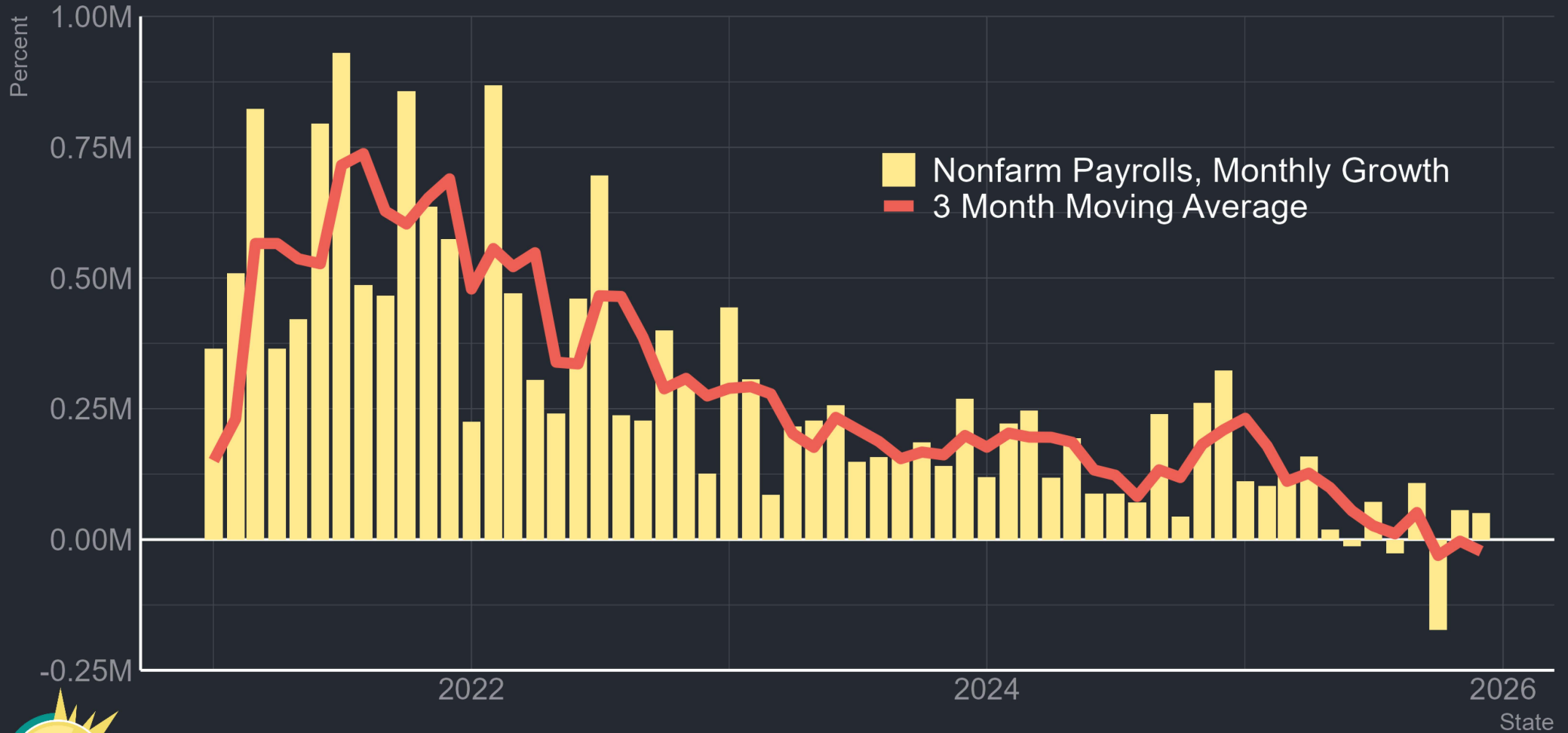


Expected spending per category over the next 3 months, compared with usual,¹% of respondents



US Job Growth

US Job Growth Has Decelerated Significantly Over the Last Two Years



Graph created by @JosephPolitano using Bureau of Labor Statistics data Via Guy Berger

When Work isn't Working

The job market continues to slowly weaken

College-Educated Job Loss Rises

White-collar slowdown hits four-year degrees

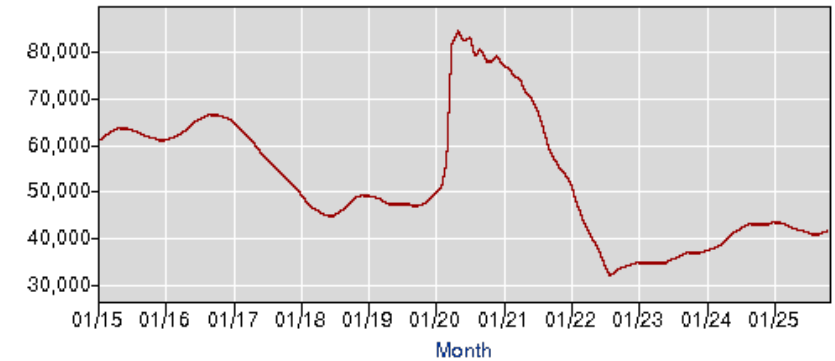
Share of US unemployed with four-year degrees



Sources: Department of Labor, Bloomberg

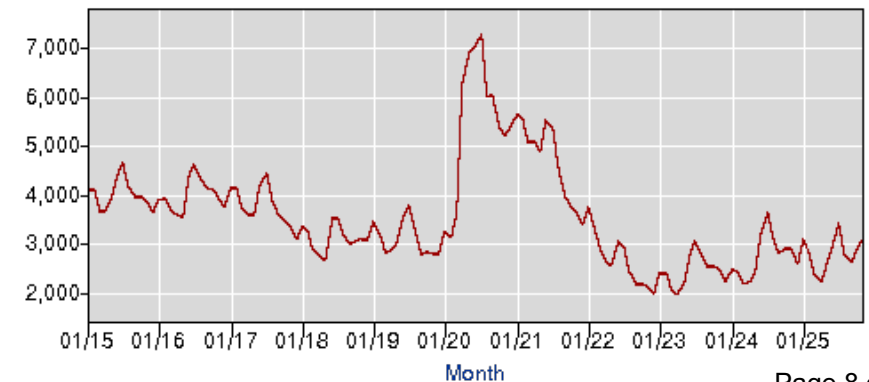
Unemployment Rate, New Mexico

unemployment



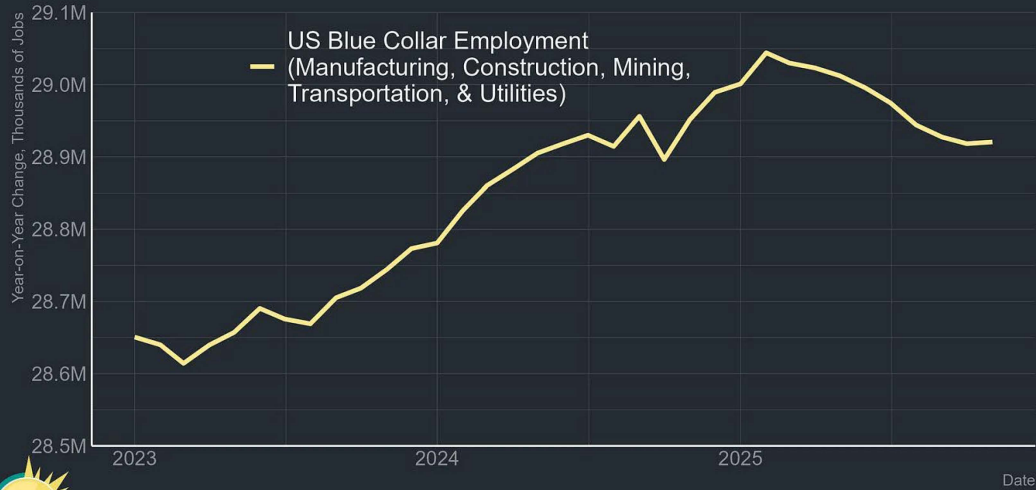
Unemployment Rate, Santa Fe

unemployment



US Blue Collar Employment

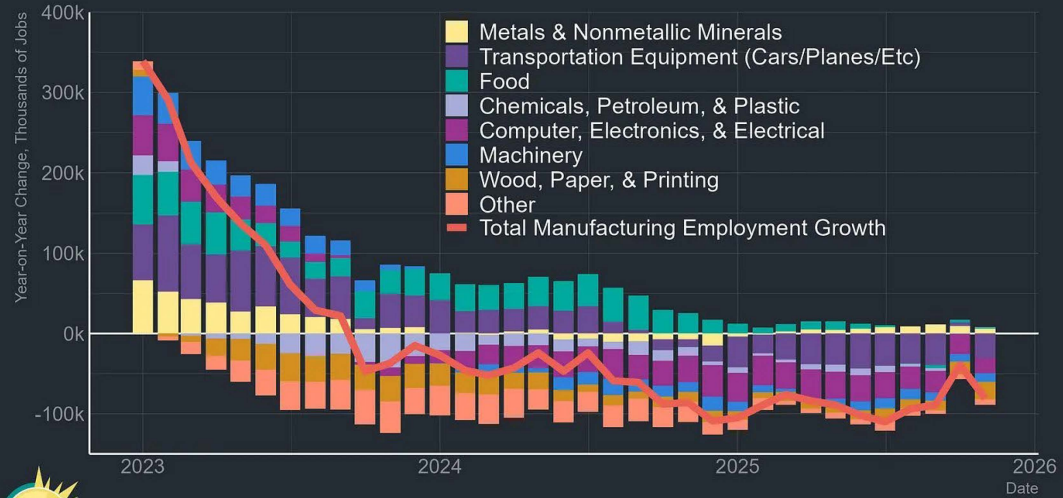
US Blue Collar Jobs are Down More than 100k From Their Early-2025 Peaks



Graph created by @JosephPolitano using BLS data

Year-on-Year Change in US Manufacturing Employment

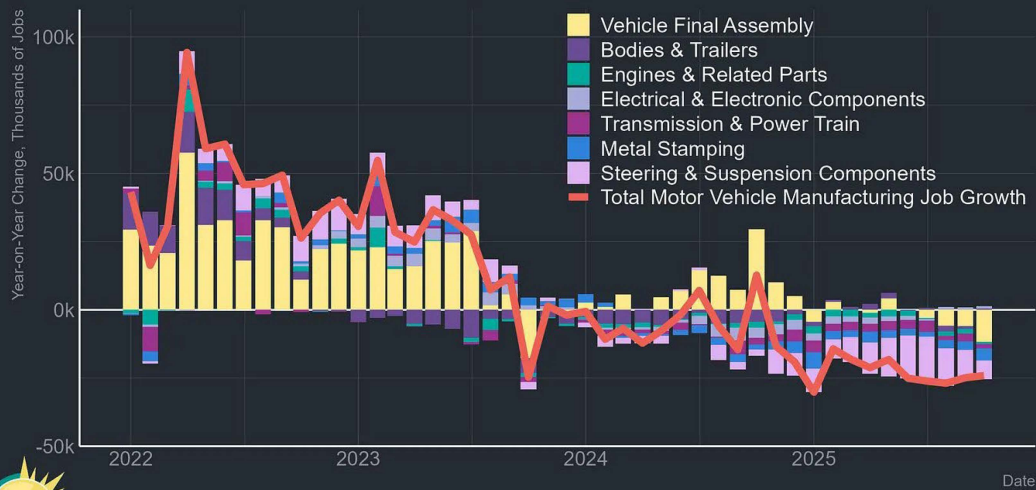
America Has Lost Nearly 100k Manufacturing Jobs Over the Last Year



Graph created by @JosephPolitano using BLS data

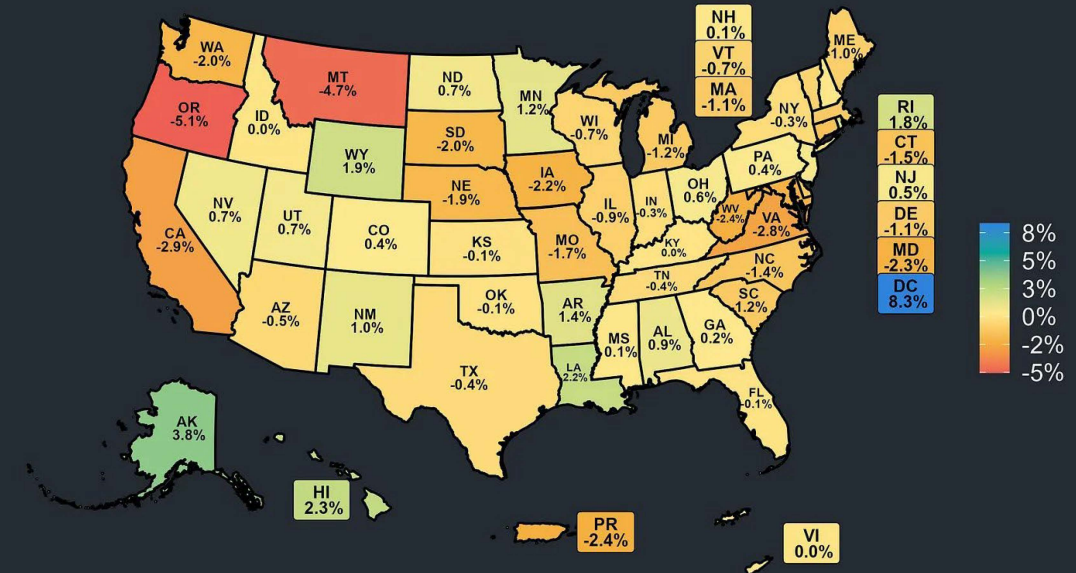
Year-on-Year Change in Autoworker Jobs

Employment Has Fallen in the Motor Vehicle Industry Over the Last Year



Graph created by @JosephPolitano using BLS data

Change in Manufacturing Jobs, Sep 2024 to Sep 2025

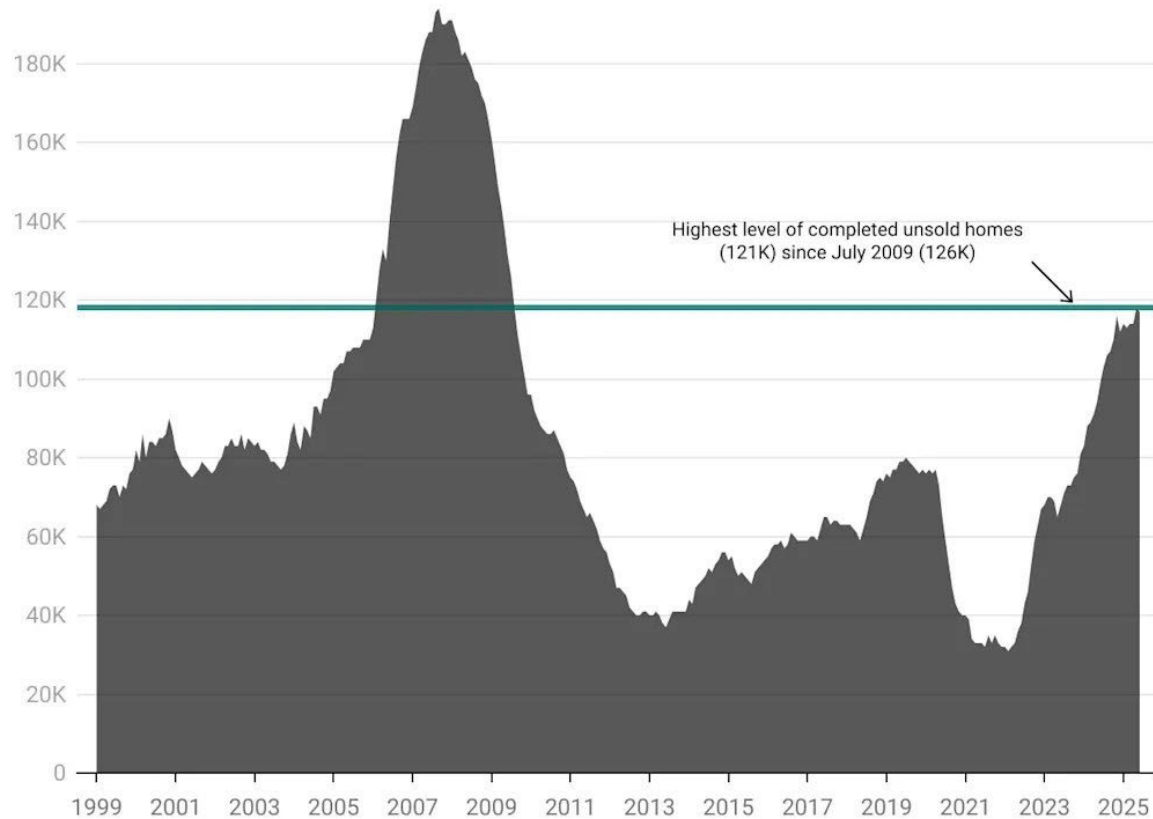


Graph created by @JosephPolitano using BLS data

When in Home

Real Estate faces numerous challenges

Number of unsold completed homes for sale

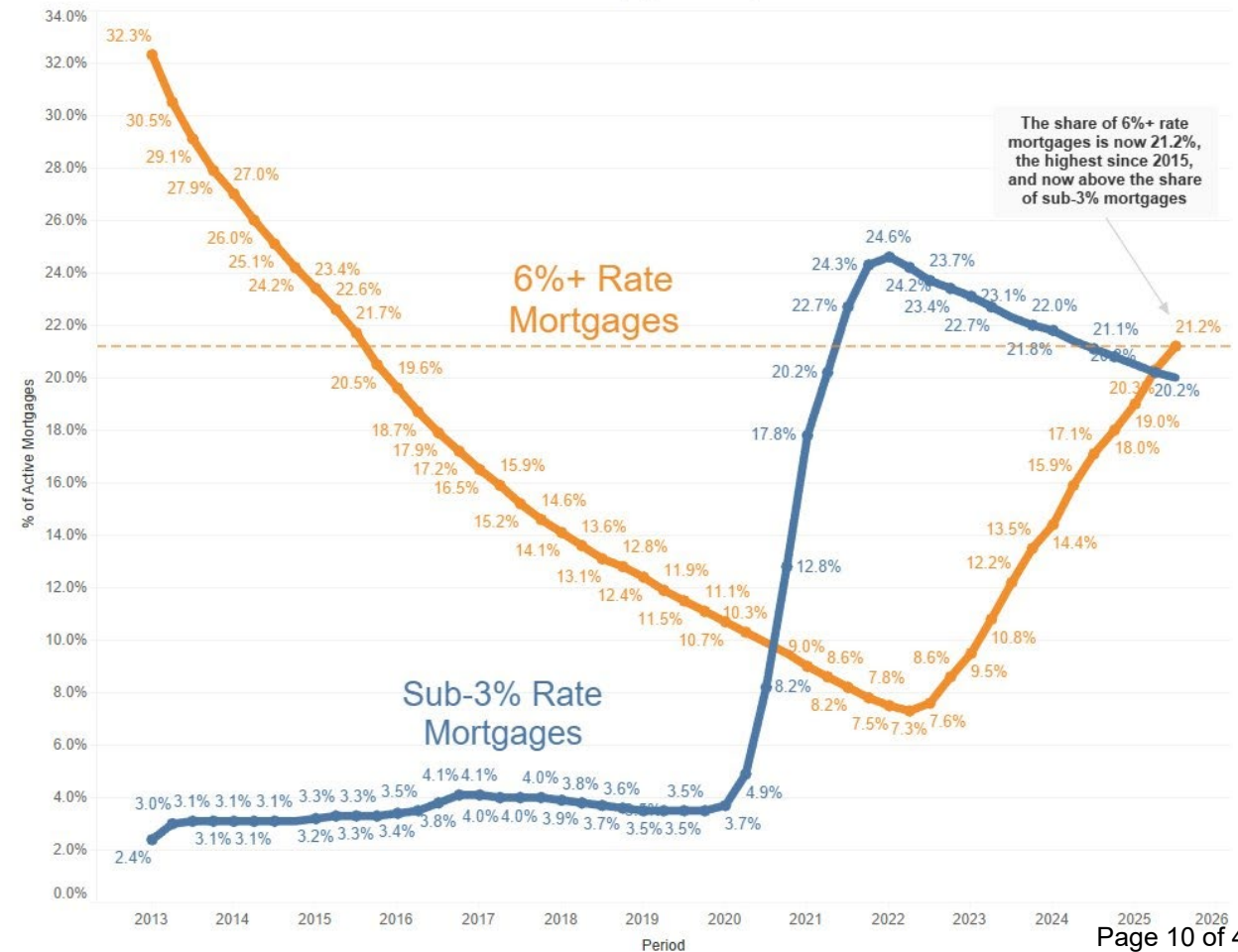


New houses for sale by stage of construction, completed. Seasonally adjusted national data, through the July 2025 reading published on August 25, 2025

Chart: Lance Lambert • Source: U.S. Census Bureau • Created with Datawrapper

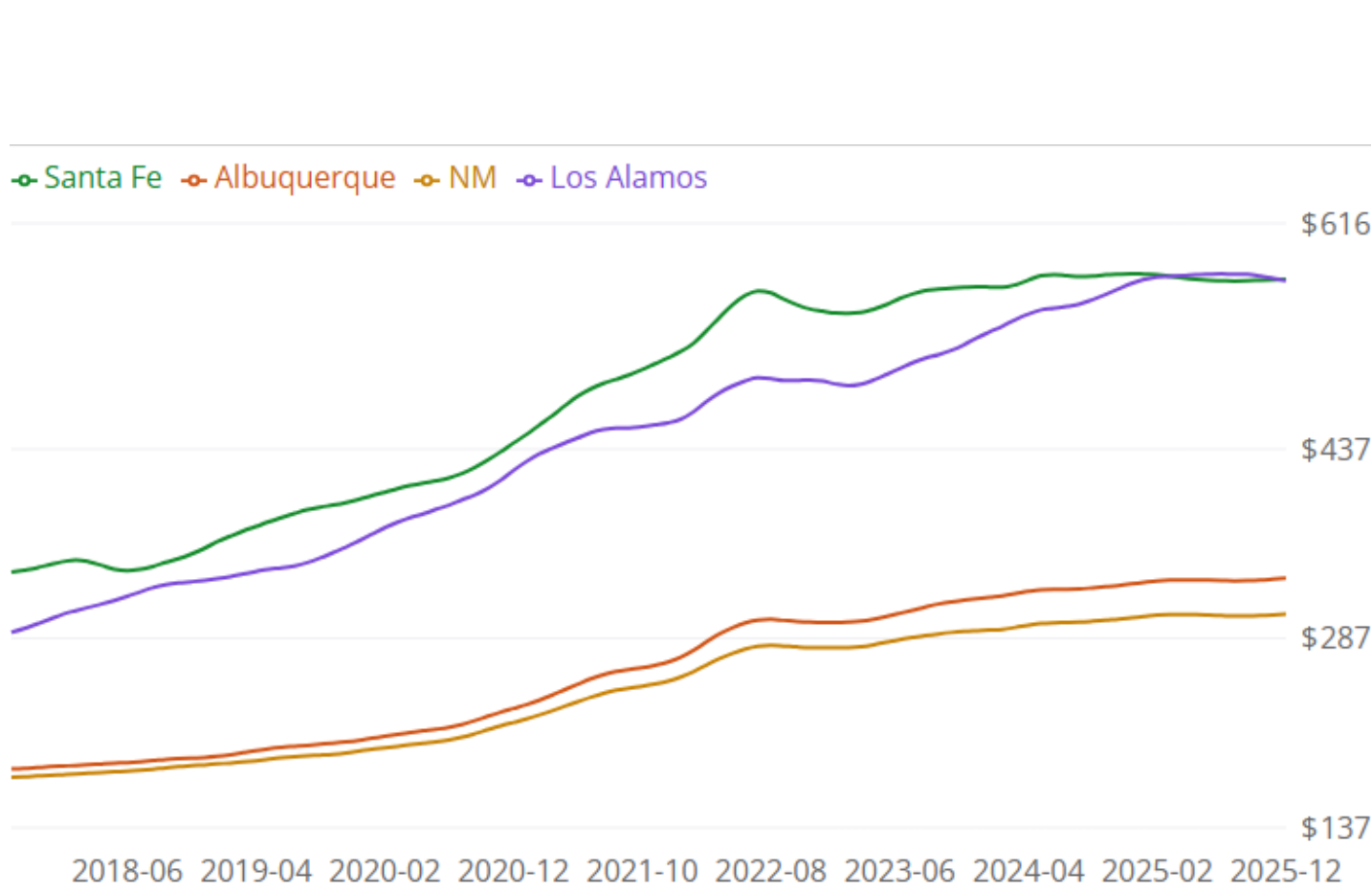


re:venture APP Mortgage Rate Breakdown by % - Existing Mortgage Holders 2013-2025
Source: Fannie Mae Mortgage Database, as of Q3 2025



In a Manor of Speaking

Home prices have levelled off in NM, but not as much in growth areas



Size rank	Metro area housing market	MoM	YoY	Shift since 2022 peak
29	Austin-Round Rock-Georgetown, TX	-1.0%	-6.1%	-26.0%
237	Punta Gorda, FL	-1.2%	-13.3%	-24.2%
78	Cape Coral-Fort Myers, FL	-0.7%	-10.5%	-18.0%
73	North Port-Sarasota-Bradenton, FL	-0.5%	-9.2%	-16.7%
47	New Orleans-Metairie, LA	-0.2%	0.6%	-14.0%
12	San Francisco-Oakland-Berkeley, CA	0.1%	-2.8%	-12.5%
221	Houma-Thibodaux, LA	-1.3%	-4.4%	-11.8%
213	Lake Charles, LA	-0.4%	3.4%	-11.7%
147	Naples-Marco Island, FL	-0.2%	-7.5%	-11.6%
11	Phoenix-Mesa-Chandler, AZ	-0.2%	-3.4%	-11.4%
156	Boulder, CO	-0.1%	-2.5%	-11.1%
24	San Antonio-New Braunfels, TX	-0.6%	-3.0%	-10.2%
79	Boise City, ID	-0.1%	0.4%	-9.7%
19	Denver-Aurora-Lakewood, CO	-0.5%	-2.9%	-9.7%
90	Deltona-Daytona Beach-Ormond Beach, FL	-0.5%	-5.6%	-8.9%
4	Dallas-Fort Worth-Arlington, TX	-0.7%	-4.0%	-8.9%
18	Tampa-St. Petersburg-Clearwater, FL	-0.4%	-6.1%	-8.7%

Suite Serenity

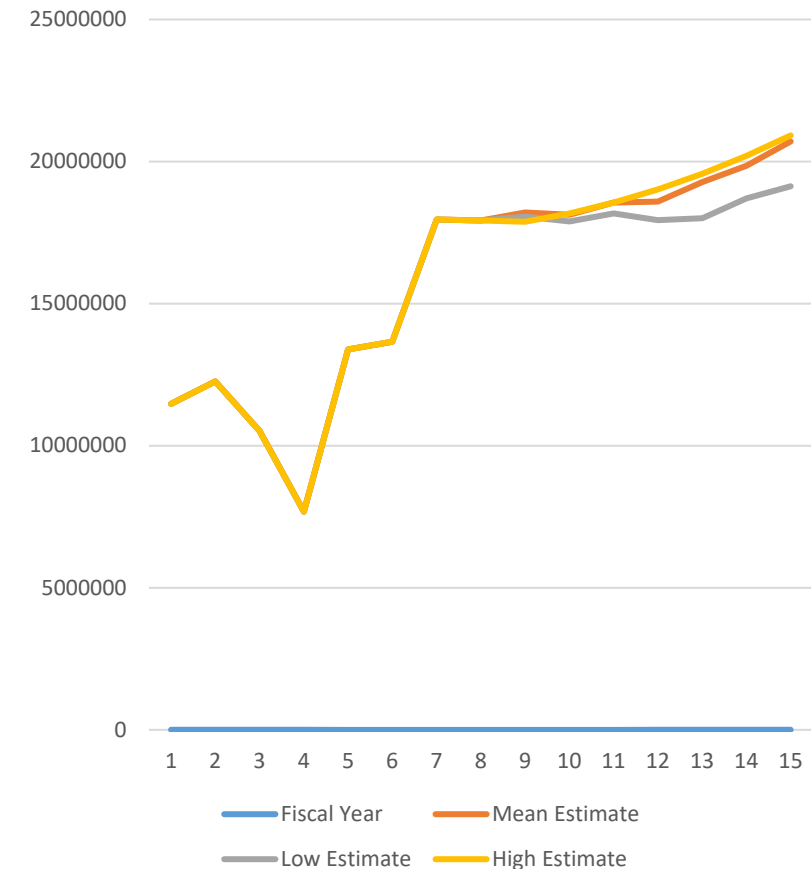
After years of impressive growth, Lodger's Tax should continue to level off



U.S. Hotel Forecast

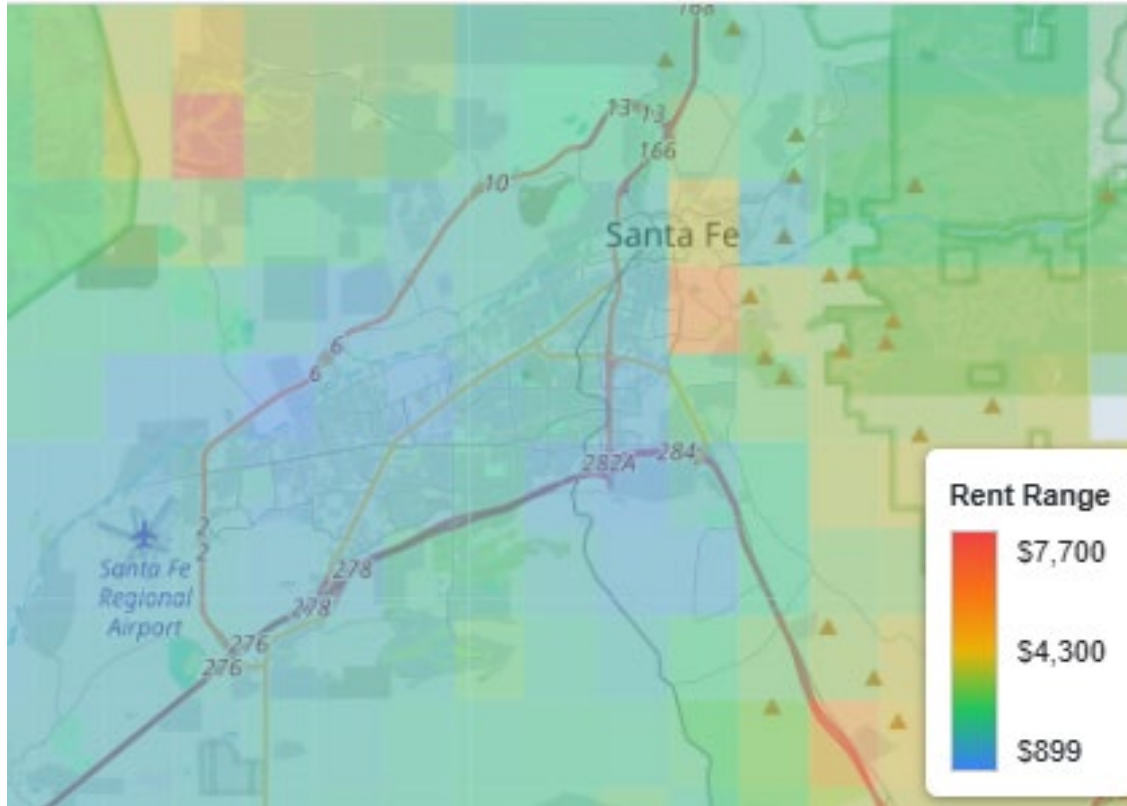
YoY – year over year (% change)

	2024 Actual	2025 Forecast	2026 Forecast
Supply (YoY)	+0.5%	+0.8%	+0.8%
Demand (YoY)	+0.5%	+0.5%	+1.1%
Occupancy	63.0%	62.8%	63.0%
ADR (YoY)	+1.8%	+1.3%	+1.3%
RevPAR (YoY)	+1.9%	+1.0%	+1.5%



Lease said, Soonest Mended

Santa Fe rents are stable but location-dependent



Above: Rental Heat Map (Rentometer)

At right: Short-term rentals in Santa Fe (Avg./Median)

Property Type	Bedrooms	Average	Median
Apartment	Studio	\$1,216	\$1,150
Apartment	1 Bedroom	\$1,675	\$1,650
Apartment	2 Bedroom	\$1,990	\$1,950
Apartment	3 Bedroom	\$2,368	\$2,250
Apartment	4+ Bedroom	\$2,475	\$2,342
House	Studio	\$1,295	\$1,150
House	1 Bedroom	\$2,062	\$1,947
House	2 Bedroom	\$2,866	\$2,600
House	3 Bedroom	\$3,531	\$3,200
House	4+ Bedroom	\$5,088	\$3,600



2026 Macro Summary

Santa Fe Revenue Outlook

- **Revenue growth is moderating but remains positive.** Gross Receipts Tax, Lodgers' Tax, and Property Tax revenues are projected to grow steadily through FY32, though at a slower and more normalized pace than the post-pandemic surge.
- **The economic environment favors stability over acceleration.** High GDP growth with subdued job growth suggests limited upside from cyclical expansion, reinforcing the need for conservative forecasting and disciplined budgeting.
- **Inflation risks and interest-rate uncertainty persist.** While inflation pressures are slowly easing, tariff risks and geopolitical uncertainty support a higher-for-longer rate environment, constraining borrowing flexibility.
- **Santa Fe's revenue base remains resilient.** Tourism, property values, and the City's role as a regional economic hub continue to provide diversified and reliable revenue streams.
- **Prudent fiscal management is essential.** The City is well-positioned, but maintaining structural balance will require careful expenditure planning, ongoing monitoring of GRT trends, and strategic investments aligned with long-term sustainability.



CITY OF SANTA FE

City of Santa Fe Governing Body Goal and Priority Setting Workshop

January 23, 2026

1 pm to 5 pm

Community Convention Center



Mayor Michael J. Garcia



Welcome & Call to Order

Today's Agenda

1

- Mayor's Welcome and Call to Order

2

- Ground Rules and Bike Rack

3

- Update on Goal Attainment for FY26

4

- Discuss City Budget Status and Process

5

- Review Vision for Santa Fe's Future

6

- Identify Medium Term Goals

7

- Discuss Priority Setting for the City

8

- Set Priorities for FY 26-27 Budget

9

- Wrap Up and Next Steps



Ground Rules



Listen to understand

Assume good intent

Participate

Stay focused

Speak up if we need course correction



Today's Objectives

Discuss expected opportunities and challenges on the horizon and Governing Body's vision for Santa Fe in the next 4 years.



Set medium-term budget goals for Santa Fe.



Set priorities for FY 26-27 budget



Bike Rack

- ✓ Things to discuss at another time will be tracked separately
- ✓ Time management tool

Update on FY 25-26 Goal Attainment



- Hand-out of mid year results



City's Financial Position

Professor Reilly White

Outlook for revenues,
expenditures and unknowns

Andrea Phillips

Deputy City Manager/
Acting Finance Director

Budget status and process



Review Vision for Santa Fe from 1/7 Governance Workshop



What are the **significant opportunities** to improve Santa Fe that will come before the Governing Body in the next four years?



What will be some of the **major challenges** that the City must face in the next four years?



What is the **common vision** for Santa Fe in four years' time?



What should the Governing Body **be known for** during this period?



Vision from 1/7 Workshop

Become an efficient well-run, collaborative and efficient city

Tap into local talent and leverage expertise

Implement community plans

Become more data driven, w program evaluation and transparency

Continued emphasis on community events and engagement

**Enhance neighborhood cohesion through parties and liaisons w
Land Use**

Ballance use of in-house staff w contractors



1/7 Vision continued

Adopt and act on SMART goals

Rebuild trust and confidence

No fear of failure or policy changes

Manage financial pressures successfully

Address structural/systems needs

Community is the North Star

Empowered and effective Governing Body





Summary of 1/8 Community Budget Workshop

Strong interest in affordable housing

**Clear support for public safety and basic infrastructure services
(streets)**

**Youth and family services, senior services, transit and and
homeless support services are valued**

**Libraries, parks and economic development drew mixed
results**

Arts and culture, redevelopment and recreation rank lower



Suggested Four Year Goals

Increase resident satisfaction w City

More housing and affordable housing

Lower crime and safer streets

Improve street maintenance

Improve park maintenance



Suggested Goals Continued

Decrease economic inequality

Enhanced public safety

More family friendly Santa Fe

Focus on midtown redevelopment



Dot Voting Exercise



Budget Priorities

- **Three** top items for focused attention and resources
- These are the areas where the Governing Body wants to see **significant and additional progress**
- Nothing (short of an emergency) would get in the way of these
- Can cover **several years** to complete, but focus is on 12-month fiscal year

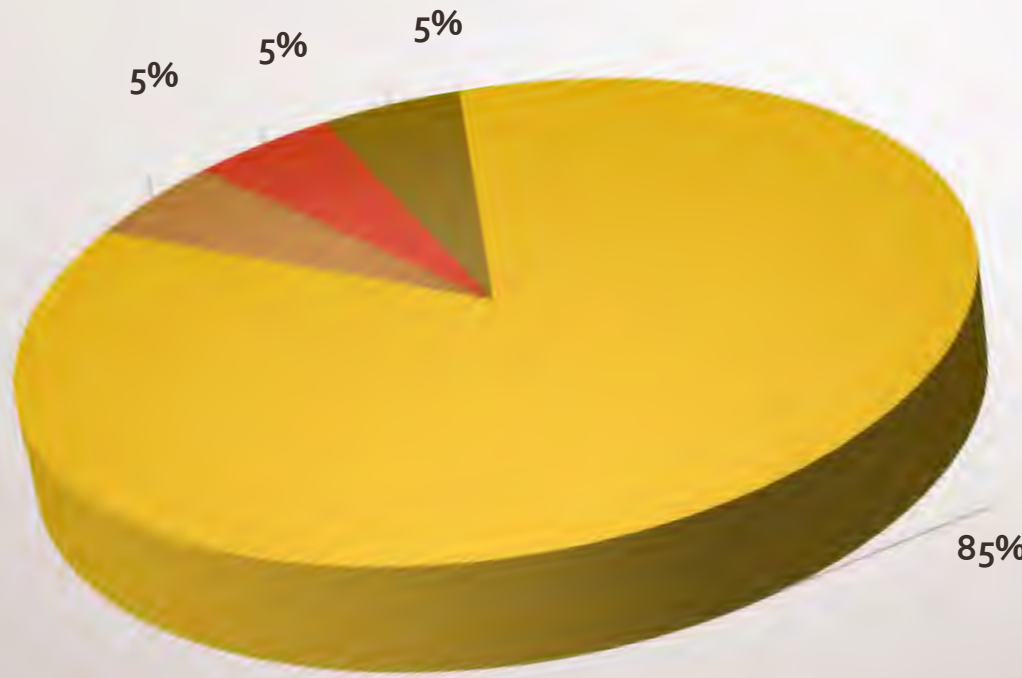


Budget Priorities (continued)

- Budgets and work plans include many activities
- But not everything that is important can be a top priority



Management's Time



Effective Management Requires *Attention and Time*

Day -to- day management of municipal services

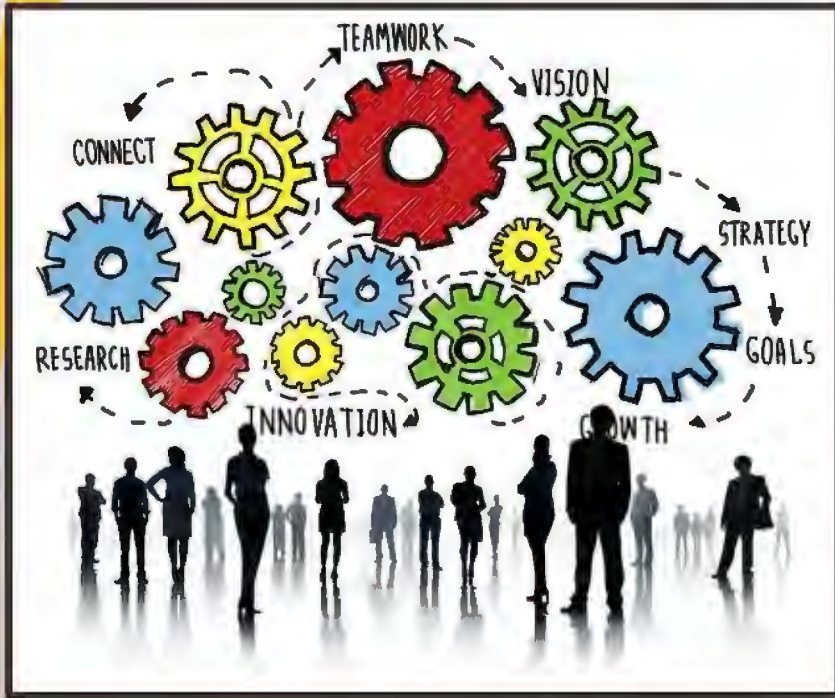
New Initiatives

Unforeseen Challenges

Strategic Improvements and Training



Discuss Priorities for FY 2026-27



What do you hope will be priorities for the next year beyond maintenance of critical City services?



Suggested Budget Priorities

Improve access to libraries and rec. centers/spaces

Affordable housing

Expand childcare funding/availability

Improved street maintenance

Improved transit services

Housing First approach to homelessness



Suggested Budget Priorities continued

City funded daycare for workers

Enhanced libraries

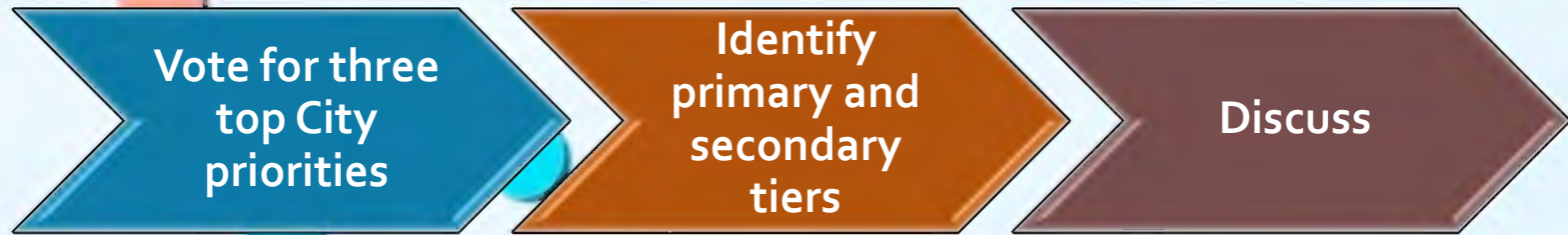
Improved park maintenance

Workforce housing

Expand ARU services



Dot Voting Exercise



Consensus on Goals & Priorities and Discussion

Consensus on Goals & Priorities and Discussion



**Governing Body
prioritization**

**Governing Body
consensus and
discussion**



Staying on Track With Priorities

Focus

- Do not take staff time away from established priorities and work plans that support those priorities

Full Governing Body Support

- Once decisions are made, support them and the implementation involved

Choices

- What drops off or is delayed if something is added?





Changes in laws
or mandates

Community safety
issue that must be
addressed in near
term

New multi-agency
opportunity that
cannot be delayed

New outside
funding
opportunity that is
time sensitive

Emergency
(natural disaster,
civil unrest)

Best Practice
Criteria for
Adding Projects
Mid-Year

Wrap Up and Next Steps

Workshop summary

Closing comments



City of Santa Fe Governing Body Goal and Priority Setting Workshop

Thank you!

**Rod Gould
Andrea Phillips**

