

CITY COMMISSION
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO

Special — Friday, April 29, 2011

Budget Minutes

Mayor Montgomery read the following:

NOTICE is hereby given that the Truth or Consequences City Commission will hold a Special Meeting on Friday, April 29, 2011 at 9:30 A.M., in the Commission Chambers, 405 W. Third, Truth or Consequences, New Mexico to discuss the following:

1. Discussion — Review Preliminary Budget for FY — 2011/2012.

City Manager Weiser stated there are some departments that are not represented today.

Mayor Montgomery commended Mr. Fuentes on an excellent job on the budget, and stated it is very clear and the cliff notes that you handed us this morning, and that it helps out quite a bit.

Mr. Juan Fuentes, Finance Director stated he will be going over the cliff notes provided to the Commission, and indicated he would not necessarily cover every single page, and that he will cover the overview of the Budget Process, Overview of the 3rd FYE 11 Quarterly Report, Overview of the FYE 12 Preliminary Budget, and summarize some of the significant changes that are in the budget. (A copy of these cliff notes are available at the City Clerk's Office for anyone who would like to review them.)

He went on to explain the budget process and developing a budget, and stated that DFA Local Government Division requires a balanced budget which means that the city must have a positive or zero cash or fund balance at the end of the fiscal year that meet the statutory requirement of Section 6-6-11, and indicated we cannot have adjusted any cash balance in the negative, and you see some that have a zero balance, and they will go over some of those, and stated that is what DFA requires.

Mr. Fuentes stated the General Fund must have a cash and reserve balance at the end of June 30th, and that the City is required to maintain a 1/12th of the total general fund expenditures in reserve, and stated that is represented in the budget recap and they will go over that.

He referred to page 10, and stated he wanted to cover this picture because it gives everybody and overview of how many fund categories we're dealing with... the General Fund, Special Revenue, Enterprise, Fiduciary Fund, Internal Service, Debt Service and Capital Project. And that each fund has its own purpose, and that they will be covering all these groups in his presentation.

Mr. Fuentes referred to page 14 and this is giving everyone an

overview of the 3rd Quarter Report, and that this has been provided to them previously, and indicated on the 3rd Quarter they were suppose to be at 75%, and as you can see some of the highlighted areas on the revenue side... showing that it is a little bit under some of those funds that I have highlighted. And stated he does want to report in the General Fund for example I've highlighted it is at 63.48% at the end of the 3rd Quarter, and as of the end of April as of today I was pulling up the numbers, and one of the big factors that contributed to that low #63 of course is the small cities assistance fund, and stated that doesn't come in until this quarter, and stated they budgeted last year.. this current fiscal year \$145,000, and the City actually received \$175,000 so that's good.

He stated in addition to that some of the gross receipts have come in, and now currently the revenues are at 83.93% as of today, and of course we should be at 83% so things are starting to even out towards the end of the fiscal year, and as you can see in the Capital Project is a little bit down, but that's understandable because some of the capital projects did not necessarily pan out and others are on their way.

Wastewater — slightly a little bit under, and Debt Service they will be covering that, and stated Debt Service is substantially under but again keep in mind...this current fiscal year the City budgeted the loan proceeds under the debt service, and we'll be talking about that in more detail.

Mr. Fuentes stated on the expenditure side he has highlighted the Utility Office, Electric and Golf, and the previous reports they have addressed those already, and that they pay some attention towards the end of the fiscal year as far as an adjustment.

He referred to the next page...Special Revenue on the revenue side for the special revenue funds, and capital projects which ones are under, and on the expenditure side which ones are over...which overall the most of them are staying within their approved budgets with the exception of just a handful, but in the general fund for example overall it is within right now within its budgeted amount.

Page 16 — This gives them a percentage wise where each department is, and as far as the overall general fund it's 1.85% under at the end of the 3rd quarter which is good.

Going to the Preliminary Recap...the new fiscal year-end report, and that he will present it in groups, and address the general fund, and then will address the special revenue funds, and stated he will go over some charts, and then the other categories.

General Fund — Start with the un-audited beginning cash balance, and the number you see is the required DFA reserve for this fiscal year, and stated it could be more, but it cannot be less than this. Estimated revenues of 2.9, net transfers/cash transfers of 2 million dollars, and expenditures of 5 million dollars with an ending cash balance of \$441,623. And based on the current new preliminary figures for expenditures in the general fund DFA required \$418,000 in reserve, so that leaves us an adjusted cash balance of \$23,000, and explained that is what the City has in the general fund according to these figures

to play with next fiscal year.

Special Revenue Funds and stated these are funds that have dedicated sources of revenue and can only be used for those particular purposes...for example the Fire Protection Fund, and they received their allocation from the State only for fire purposes, and that the State does require and encourage all the recipients of fire protection fund money to use all of their money by the end of the fiscal year. He stated the Fire Chief has been authorized to carry over some of those funds which he has planned to use next fiscal year...that's why towards the end you have a zero balance because his plan is to use all that money.

And the same case for the Law Enforcement Protection Fund money. And you see some of those funds that have a zero balance at the end of the fiscal year because sometimes they are required to spend all of the money.

Mr. Fuentes stated in some of the other funds you can see...the City has several different funds... PD Donations, Confidential Fund, Federal Grant which the police department has access to.

The Lodgers' Tax Fund the estimated revenues is \$213, and budgeted expenditures is \$261...so there will be a little bit of the ending cash balance that will be tapped.

He stated the Court Automation Fund we'll cover that in more detail, and that is the new proposed fund that he will be addressing later.

Road Fund, DWI Grants, State Library, Veteran's Wall Perpetual Care, and Federal Seizure Share...so all of those on the special revenue funds the estimated revenues is 2.5 with the estimated expenditures of 2.7.

Mr. Fuentes stated focusing in on the General Fund on page 18, and wanted to show them looking at the estimated revenues...what are we talking about...Municipal Taxes...it bring in 1.1, licenses & permits, 28,000, state shared taxes, 1.3, services 41,900, court fines, 11,000, miscellaneous 49,000, and inter-govt. grants, 286, for a total of projected revenues in General Fund of 2.9. And stated on the expenditure side you can see all the departments of what have been submitted as a preliminary request of a total of 5 million dollars.

And stated there is a general fund deficit of 2 million dollars, and stated they are covering that deficit by the transfers from the joint utilities, and you see the net transfers in, and that there are some transfers that having been transferring out, and getting some transfers into the general fund...so the net affect there is a 2 million dollar transfer into the general fund which will offset that deficit.

He explained the pie chart on page 19 the FYE 12 General Fund Revenues, and stated this is only the top part just the revenues that come into the City solely, and municipal taxes and state shared taxes make up the biggest share of the revenue stream, and indicated that is the case anywhere in any municipality in New Mexico, and that we heavily rely on the gross receipts tax, and that the NMML is always at every legislative session as aggressively making sure that the State

Legislature does not tap into our State Gross Receipts Tax because that's our bread and butter.

Mr. Fuentes stated you see the different percentages and categories, and the next largest category is the Inter-Govt. Grants, and that a portion of that is the Small Cities Assistance Fund. And the next page...20, and when you take into account the transfers in, and now you can see how much a percentage the transfer in, and how big of a role the transfers in play in regards to the general fund, and that the general fund would not survive without the transfers in... and that it makes up the 43% of the total revenues needed for the General Fund, and you see the municipal taxes 22%, and state shared taxes 27%, and all other combined 8%..

He stated in the General Fund Expenditures...salaries & benefits 64% of the total expenditures, operating 31%, capital outlay 1%, and transfers out 4%, and same with the gross receipts and personnel is always the biggest cost.

Page 22 — Stated he wanted to give them a comparison this current fiscal year, and the new preliminary proposed budget, and you can see in both year's we accounted for 65% of the employees to be paid through the General Fund, and salaries for FYE 11 was at 59%, and under the current proposed budget is at 64%, and explained that the NMSIF is estimating that we'll be granted a \$106,000 dividend credit, and will not know the exact amount until the final budget, and stated that accounts for a big increase in the salaries.

Operating went down from 1.7 to 1.6, capital outlay from \$230,000 to \$42,700, transfers out \$211, and now \$204, transfer in current year at 2.4, and for the proposed budget is 2.2, and stated that was a 9% decrease from the current fiscal year.

He stated to summarize some of the major changes...Governing Body Budget is the big decline in the overall, and the proposal is to transfer out \$200,000 SCRDA to the Police Department as the department has a representative, and it is his recommendation that they are made aware of how much money is requested from the City, and that they have access to the information when the executive director proposes any increases, and he is aware what the City is spending, and they figure that is a better place to put it, and of course to be determined is the allocation of grants to sub-recipients.

Court — The automation fees and other fine are being budgeted in the Correction Fund, and stated these fees are mandated by the State on any fine that is imposed on the individual, and that is what was happening currently those fees and fines are being budgeted on the revenue side is being budgeted in the general fund, and on the expenditure side when we turn it over to the State is being budgeted into the Court, and my recommendation is to have a separate fund to account for that...to move the fines and forfeits into the Correction Fund, and of course the Court is.. has access to a Court Automation Fund which basically the State through these fees...the State awards municipalities...the Courts an opportunity to tap into that money for capital improvements for computers, and right now that is being budgeted in the Court, and the revenue side is being budgeted in the General Fund, and the proposal is to have a separate fund that the Court will...so every year they will know

how much money they are being allocated.. it's budgeted separately that way it does not cloud a little bit more of the revenues for the General Fund because it's not money that General Fund cannot count on.. it's basically a flow through so the proposal is in the Court they are going to move the Automation Fees and those payments to the State into the Correction Fund, and the Court Automation portion will have its own separate fund.

He stated he had an opportunity to talk to the Judge about that, and she agrees with those changes.

Police Department — The transfer in for the SCRDA funding of \$200,000.

Facility Management — Proposing \$35,000 in Capital Outlay for Utility Office improvements, and for the Personnel side, budgeted pool staff at current seasonal level, and he wants to highlight that because they will be enclosing the pool this winter, but at that time we are going to have to come back to the Commission as that will increase the personnel cost.

Special Revenue Funds — He stated one of the proposals here is in regards to the NMFA loan proceeds, and now they are being budgeted in the debt service fund, and if you look at the debt service is to be used to pay down any debt that we have. And this was brought to our attention by the auditors...and asked why is it there so the recommendation is to move those proceeds out of the debt service into the recreation for the recreation loan, and the street for the street loan, and that they could track those expenditures of those improvements under those funds, and the debt payments will still take place in the debt service, and stated that is one of the big changes in the recreation fund is moving those proceeds to recreation.

Correction Fund - He covered that...budgeting the automation fees and other fines, and Court Automation — creating a new fund to cover that.

Street Fund — As I pointed out, the NMFA Street Loan proceeds will be budgeted in the Street Fund, and also budgeted the LGRF Grant for FYE 11, and \$135,000 in Capital Outlay for a new loader.

48-03 DWI HB 108 — Decreased the revenues to \$70,037 and the expenditures to reflect that, and stated that is based on the State allotment.

Enterprise Category —

And stated he highlighted the Utility Fund from 41-01 — 41-05, and the reason he highlighted that is because right now the way it is being accounted for in our system is basically looking at Joint Utility...the Joint Utility line the subtotal...all of it is being combined, and stated one of the proposals is to separate them and account for these individual enterprises individually so that we have a better picture of ...is it paying for itself. And indicated an enterprise is supposed to be run almost like a business, and right now because it is being accounted for all as joint utility...and that is fine for auditing purposes, but for our purpose we recommend to change it to account for them

separately because then you get a sense... is it paying for itself, and at the end of the fiscal year...which utility had a reserve, and then next year that utility will carry over that reserve and every year will start building that reserve.

He stated if you look for example under the water division...the water division budgeted \$995,000 in revenue, expenditures 792, and might end up at the fiscal year with 178.

In the solid waste, 341, and because it is being combined then next year it's almost like it's in a pool of money...then if down the road 5 years from now...one of these department's indicates they need some improvements they can look back, and the ending cash balance for that individual enterprise, and see how much they have, and stated now it is all pooled together, so that is why I separated it.

He stated the major changes on the enterprise side...In the Cemetery they budgeted \$23,000 in Capital Outlay for a lawnmower.

Joint Utility Office — Personnel side — additional part-time clerk @\$10.42, and explained this is a result from the Commissioners directive for in-house billing. Increase in Maintenance Contract line item to \$11,500, and \$15,000 in Capital Outlay. The \$148,841 Joint Utility Fund Transfer In to cover the fund deficit, and stated because it is being accounted for as a separate enterprise fund.

Electric Division — Transfer Out \$3.1 million dollars, and he does want to point out because of the way it is being accounted for, and stated all of the funds are contributing to that transfer. And once they break them out then they will have a clear picture of what share will be coming out of the Electric Division, Water, Waste Water and so forth into the General Fund. Transfer In \$21,349...that was a temporary cash flow transfer for the DOT Broadway ARRA Project.

Water Division - \$80,000 in Capital Outlay for a backhoe, and transferring out \$25,534 per City Code.

Solid Waste — Personnel: Additional FIT Collection III/Supervisor position @ \$13.22, and transferring out \$29,132 per City Code.

WW — Increasing in Capital Outlay \$63,000 for WWTP Improvements, increase in Capital Outlay for \$15,000 for Not-Potable Water for Golf Course Project, and Transfer Out \$31,164 per City Code.

Golf Course - \$10,600 General Fund Transfer In city match for Sign-In fee projected. On the expenditure side it is going to be \$21,200 which is a sign-in fee amount plus the city match. And additional \$45,445 General Fund Transfer In to cover the fund deficit.

Airport — Transfer In of \$92,211 from the General Fund to cover the fund deficit. A \$30,000 withdrawal from the Ascent Account will be made in early June 2011. He explained that the Airport has an agreement with a company out of New York that processes all of their credit card payments, and when the payment is made the funds are actually deposited in that

separate account, but the Airport has access to those funds, and this year with the agreement of the Airport Manager is that towards the end of the fiscal year right now it may have about \$90,000, and by the end of the fiscal year they are going to transfer at least \$30,000 so that the General Fund doesn't have to transfer that much, and stated a little bit less money that the General Fund would transfer in, and that he still has enough reserves in that account to meet his needs.

He referred to the categories of the Capital Projects...Fiduciary & Internal Service Funds and the Debt Service Funds, and stated it is pretty self-explanatory, and the title Capital Project Funds and stated those are all the different funds the City has, and the major changes under Electrical Construction — Transfer In of \$118,921 for the NMFA Loan Payments.

Veterans Wall — Transfer In of \$24,700 to cover fund deficit.

Capital Improvement (General) - \$93,844 and stated that is the Healing Water Trails Grant that the City has been awarded, and in addition Transfer In \$25,000 for the annual IT contracts.

Capital Improvement (Jt. Ut.) — Budgeting \$60,000 for the Hub & Spoke Grant balance at the end of the fiscal year.

He stated in regards to some of these grants...especially in the final because they are still working some of these grants, and in the final budget he will be presenting the actual balances for those grants, and will be able to budget the actual amount for the next fiscal year...because some of those grants obviously have an expiration at the end of this fiscal year.

62 DOT Broadway — Transfer Out the \$214,349.03 temporary loan back to the Electric Fund for the DOT Broadway project.

Fund 80 Emergency Repair — Transfer In \$3,125 per City Code, and stated some of these funds especially from 80-93, and he had the opportunity to ask Commissioner Renfro as well as some of the other Commissioners, and that he noticed a lot of these different funds...the Emergency Fund, and if they look at 91 it's also Emergency Repair fund, and one of the questions I had...why so many funds because some of them are in checking and some are in savings...are they all the same, and in addition to that they are some CD's so it almost looks like there were different funds created for the same purpose... I don't know why but they are being accounted for separately...and my question was if they are related let's consolidate them unless there is a real purpose, but it looks like 80 is related to 91, and if we move on 90 is related to 61 and so forth.

Commissioner Renfro stated they would of had Capital Improvement, Joint and General, and indicated that is what we used to transfer in to try to build up some funding for the end of the fiscal year when we needed to buy equipment or some capital outlay, and then they had the other funds...not all of these, but during a term of a City Manager and some of the Commissioners they didn't quite understand the budget, and didn't realize the funds we already had so then it was like well we need to do this and this, so they started adding, but I think basically you can go back a few years and see the ones that were set up, and I think...and these to me are duplications, and

I think we should consolidate them.

Mr. Fuentes stated with the system we should be able to track...have one fund but still be able to track those reserves set aside because some of these whether they are in CD's or with the State the system should be able to track that funding separate the cash that's on hand for emergency purposes, and we will go ahead with that research, and start consolidating them, and hopefully by the final because what you see here when you look at the budget recap, and look at all those different funds... please realize that you are looking at individual checking accounts or savings.

Commissioner Renfro stated when you check is to make sure that if there is the bonds that they do require reserve, and make certain that is there.

Mr. Fuentes — yes, that's correct and there are some especially in the investment side that are the set aside reserve accounts, and those are to be kept separate, and they will look at consolidation.

Commissioner Torres stated they should be in interest bearing accounts.

Mr. Fuentes — You may recall when the auditor's made their presentation...one of the findings was that the City is holding interest bearing funds with one bank...and that is a finding, and stated if you're going to have money in an interest bearing account then once in a while you have to distribute those throughout...or give the other banks an opportunity to bid or share...have some sort of share of that pie from the City.

He stated one way of resolving that finding of course is that those operating accounts will not have an interest...any interest at all, or if we are going to go out and that we do want to keep all those checking accounts with interest bearing amounts then...it could of course we earn interest but on the flip side as well then it will start creating a little bit more of a headache for staff internally because now we may have separate operating accounts throughout the City.

Mayor Montgomery asked...so would there be a way to...if you consolidated the accounts that you could in to one interest bearing account, and then do it over different times for different banks...instead of going...say you open an account, and we'll split this money 3 ways to the banks...do one account for 4 months, and then close and open or is that not appropriate.

Mr. Fuentes — No again it would be more of an internal issue, and stated the least headache would be a non-interest, but if we were to consolidate some of these accounts then taking some of the reserves and investing it...in a CD or with the State. And what is part of one of the issues here...what is happening here is because you have so many separate checking accounts...if you open an account for a project...even if it's a grant you can't make any expenditures out of that fund because it doesn't have any money in that account...so what has been happening the City transfers money in, and that money is used up and then its paid back.

Trust & Agency Accounts — And stated one of the funds...the

Court Bond Fund and explained this fund is used to deposit and hold court bonds for defendants, and because it is still funds/money that is received by the City is still has to have a budget and we have to account for it. And stated that is a new fund you will see if this fiscal year's budget.

Debt Service Pledge — Transferring NMFA Loan Proceeds to Recreation and Street Fund, and that the Debt payments will remain in fund 12.

On the last page — He wanted to share with you all what was happening with the Debt Service in regards to paying off the Street Loan, and wanted to get a consensus from the Commission...back in 2009 looking at the history dedicated a .25% of the GRT to the Street Fund around that same time period the City went and obtained an NMFA Loan for the Street Fund of \$2 million dollars. He stated in the loan documents the Street Loan says that the pledged revenue of course is the first .25% of the Municipal GRT...but the pledge per NMFA loan agreement is the amount sufficient to pay principal and interest due.

Mr. Fuentes stated the way it was originally set up is was that the...all of the Street Loan, PD Loan, and Recreation Loan would be paid out of the pledged fund...now the pledged fund originally had the PD and Recreation Loan which is the other .25 of the GRT that was dedicated to the pledged fund so in essence the pledged fund for the three loans...so my question to the Commission is...was the pledged revenue for the Street Loan the .25 GRT dedicated in 2009. And stated if that is the case the Street Department will need to transfer that money...and right now it's going to their general operating, and to make sure whatever share is intercepted by the State goes to the pledged fund to pay for the loan.

Commissioner Renfro stated...originally year's back dedicated the quarter percent towards the streets, and when they all talked about getting a loan...what we were talking about was utilizing money from that quarter percent that had been dedicated for street purposes way back to go towards the loan...that was my understanding at the time...I think that was everybody's understanding was that original quarter percent would go towards re-paying the street. And indicated the same way with the Recreation.

Mr. Fuentes — Okay and with that in mind they will go ahead and make those adjustments because what was happening was that the pledged fund whatever reserve it had was being used to pay the street loan, and obviously it was depleting the reserve, and it got to the point where there was a red flag, and something was happening here, and that is why we started looking into a little bit further. He stated they had the opportunity to sit down with the Street Director and he is aware, and again we wanted to bring it to the Commissioners attention to make sure since you all were present when the loan was taken out that we are all on the same page, and stated they will go ahead and make those adjustments in the final budget.

And with that Commissioners that was the quick over view of the Preliminary Budget, and indicated the department heads are here in case you wanted to go over s specific department and have questions.

Commissioner Renfro — The Street Department — And stated last year she thinks during budget hearings we discussed buying an oil tank so they could use the pot hole paving machine, and asked...has that been bought it was over a year ago, and if not I'd like an explanation as to why either from you or the manager because I'm sure the manager was here at the time when we said buy it, and you had the monies at the time, and we said buy it, and so what's happened between that time...either you or the manager...somebody needs to respond to that.

Don Armijo with the Street Department stated they were waiting for them to come through with a contract through the State, and stated it never fell through. And that he had the paperwork to go out to bid, and then the auditors were here and was told they couldn't do nothing...

Commissioner Renfro — So there's just one excuse after the other...bottom line is you haven't got it.

Don Armijo — I haven't got it.

Commissioner Renfro — Is the money there.

Don Armijo — The money is there.

Commissioner Renfro — The bottom line I'm holding the City Manager responsible because it's his duty to see that these things are done...so I think this needs to be done...I think it's utterly, utterly irresponsible for us to have spent almost \$300,000 for a pot hole patching machine that was supposed to be operated by one person and keep all the pot holes up, and it sits there because it costs too much or whatever to be transporting the oil, and we had said get a tank, and then a year later it's still not done. I mean this is un-excusable, and I know Don yes, but bottom line it comes up to the City Manager...it's his responsibility to see that these things that are ordered as directed by the Commission are carried out, and whether you have to rely on you department head to do it...you have a purchasing agent, but bottom line it's your responsibility. So thank you Mr. Armijo, but I'm going to be expecting that this be done, and hopefully the monies are still there for it.

Don Armijo — He wants them to know they are using the machine.

Lengthy discussion was held in regards to the maintenance of the streets, the use of the pot-hole machine, the cost of materials going up, and the monies they receive from the State.

Commissioner Renfro — Asked...what happened to one man for the pot-hole patching machine that was supposed to be operating it on a daily basis.

Dona Armijo — Stated they need an operator with a CDL to operate that machine.

Commissioner Renfro — The Parks. And asked if they had enough help for the parks.

Peter Baca with the Parks Department stated there are only three of them right now.

Commissioner Renfro — The manager guaranteed her when I brought that up that when you needed help you would have the help.

Peter Baca — And yes I do get volunteers from other departments to help him, and I think we budgeted, and I think I get to hire another person.

Commissioner Renfro — Okay. And I have a question for Judge Sanders, and noticed in budgets that you had for DWI Screening...why do you need to have that item in your budget.

Judge Sanders — She explained to Juan this is a line item that the Courts kept in the budget because people that are convicted of DWI, and stated the first thing that has to happen upon a conviction is they have to have an ADE Screening mandatory by law that the defendant has to take an ADE Screening, and alcohol and drug evaluation (in audible) that the judges must use to (in audible) that if the defendant gets the alcohol and drug screening assessment, and sent back to me...it's got some flag that this person needs treatment...you should look very closely at this person to be on a very closely monitored probation...in other words what kind of a risk is this person.. .are they abusing alcohol and driving or drugs or that level.

She stated she has always been known to push DWI through my court as quickly as possible simply because historically I've seen where if you take too long on a DWI case we have had incidents when before we (in audible) the defendant has gone and gotten another one. She stated the ADE being that it is mandatory and that I need it...what I do is if a defendant is deemed indigent, and you cannot say he's indigent because he can't afford an attorney...he's indigent all the way across the table.

Ms. Sanders stated when she refers someone to ADE and this person says we don't have the \$50.00...I'm not gonna wait that out, and my decision was to put that money in that line item because if that person says I don't have the money...I need it done now, and so the Court pays it up front, and then the defendant will make payments to the Court for that fee. And stated since then I've had an opportunity to look into screening rules and policies, and she is told by DFA that there should be an existing sliding scale that if a defendant can't come up with \$50.00 that maybe he can come up with \$5.00, but the thing is that I'm the one I refuse to let people go off doing the ADE because they can't afford the \$50.00.

Commissioner Renfro — I guess my question...there wasn't money in your budget Nola for DWI Screening.

Nola Kent — Stated we don't have a budget for indigency... at one time we set aside some funding out of another line item because the judge had requested (in audible) had requested some indigent funds, and they never used it so we put it back into the budget. And stated they do have a sliding fee scale, but because we have no...as the ADE Screeners we have no back bone as far as a client comes in and says I only have \$5.00...we do the ADE we give the information to the judge...we never see him again...we're out the cost of the ADE Screening which is \$21.00, and whatever it is that we pay a

screeener, so what we have done with the offenders is we say okay, you don't have to have this done for 7 days which is law, and within 7 days you can pay me \$5.00 a day or \$10.00 a day or whatever to come up with that in 7 days. And then will notify the Courts that they have contacted us and then we'll do the screening.

She stated this next year because we've had to go under employee status, and I'm a screener and someone else in the DWI program is a screener...the ADE now will not be self-funded, and stated in the past...they pay us \$50.00...we pay for the screening (in audible) we pay for the screener...we have no funds there, and stated there was never anything extra, however this next year because we are going under employee status, and cannot do a contract for that anymore so that money now will be available if they have somebody that is indigent we can use that funding for them, and that they don't like to deem all of our vendors indigent so we try to make sure the Courts make them indigent across the board before we can do that.

Commissioner Renfro — okay because it's my understanding that the State isn't very happy with the situation as it is...so that's gonna have to be looked at.

She stated she noticed some of the income...you projected it higher than it was last year.

Mr. Fuentes — Which fund.

Commissioner Renfro — The taxes...GRT and stuff like that. And why would you project it higher than what we're getting...than what we budgeted last year.

Mr. Fuentes — Basically what you're looking at under FY-11/12 is what we had been currently receiving this fiscal year...so we're only projecting what the average is...as you see the figures is a 4% increase from last fiscal year because right now...currently the average is a 4% increase, so at the end of this fiscal year if we end up with close to \$257,000 for GRT in the hospital that's what we're projecting...at least that should be our goal for next fiscal year...again that's based just on the current average that we are currently receiving...the same with the Small Cities Assistance Fund, and that it was estimated at \$145, and came it at \$175, and again that is still the Small Cities Assistance is based on the GRT activity from the last fiscal year.

He stated if this fiscal year they had a 4% increase chances are we might have a higher Small Cities Assistance, but at least what we are hoping is that the very minimum we want to get at least the same thing for this fiscal year.

Mr. Fuentes — Stated that's where you see some of these line items that have increases, and others having a decrease because the average has been less.

Commissioner Renfro — I don't like to see us budgeting more than what we're taking in because if conditions don't improve then we're in trouble.

Mr. Fuentes — And that is correct...it's hard to predict what's down the road...and as you will see in the final budget...you

are going to see what are actual was this fiscal year, will see of the final projected figure next fiscal year, and again our goal is to say...unless we know for sure that something is going to happen then they will budget for it, but if we don't know then we'll go by what the averages are.

Commissioner Renfro — And that will be reflected in the final budget.

Mr. Fuentes — That will be reflected in the final...yes.

Commissioner Renfro — Thank you.

Commissioner Green — Just for his clarification, and referred to Page 3 — Building Permits, FY 10/11 Final - \$233.00...projected \$1,900, and that is a huge increase in a down economy.

Mr. Fuentes — The jump is based on the current activity, and if you look at the quarterly report under the revenue side, you will see the percentages...that is based on what the current activity has been.

Commissioner Luna — Isn't \$233.00 kinda low.

Mayor Montgomery/Commissioner Renfro — I think that's correct. (Mayor Montgomery) — Stated this is just based on personal experience and what we're experiencing in the trade is that you are gonna see some increases in the building in this next fiscal year. She stated there are several large projects out there that are being bid, and stated you take those projects alone and that doesn't even count some of the smaller rehab things that are going on.

Commissioner Green — Under charges for services — printing and copying...from 2,300 down to 900.

Mr. Fuentes — That is revenue coming in, and this is based on current activity.

Commissioner Green — Rent of public facilities...24,000 up to 31,000...what do you know that we don't know.

Mr. Fuentes — And again based on current averages.

Mayor Montgomery — Just for clarification if I can make sure we're all on the same page...the column you see for the current fiscal year is the budget amount, but what he's saying, and correct me if I'm wrong is that based on your estimates of things that are coming in...the column for the preliminary is based on those numbers, and that we will be seeing adjustments to the current budget, FY 10/11.

Mr. Fuentes — No...Yes that's just the budgeted amount on the 10/11, but again the 11/12 is an actual average of what we're correcting now. He stated that DFA and the City does not necessarily require the City to go back and adjust your 10/11, and your 11/12 figures are actually...that reflects your current activity, and you will see that in the final budget or even in the next quarterly report you'll see what those averages, and they look at them every month, and if they start seeing one of the line items taking a huge increase then we have to

look at them...okay what happened there and look at the detail.

Commissioner Renfro — Other charges for services...a little over \$4,000 closer to \$5,000 difference in the other charges...what's been happening that's predicting that much of an increase...can anybody answer that.

Mr. Fuentes — Under other charges for services...we'll go ahead and look and give you all an actual print-out of what that has been. And stated they will look at that and make sure that in the final...and come back with some further explanation as to why they are projecting that amount.

Commissioner Green — On page 4 — Under miscellaneous revenue — communication lease...why are we projecting less money.

Mr. Fuentes — Stated he would get back to him on that as well.

Commissioner Green - On page 15 — Operating Expenses — Weatherization Grant — And asked is that the one we just gave to GreenWorks.

Mr. Fuentes — That's correct.

Commissioner Green — I thought it was more than \$30,000.

Mr. Fuentes - It is but we're gonna get started this fiscal year, and for their information it looks like they may spend it all by the end of this fiscal year.

Mayor Montgomery — Same page 15 — Boys 'N' Girls Club — The \$22,8 is that utilities or what is that.

Ellen — That is their grant, and indicated that's the last year of the Title V funding with CYFD.

Commissioner Green — Page 20 Other Contractual Services — Last year \$3,500, Preliminary is \$205,000.

Mr. Fuentes — Stated during his presentation he indicated he was proposing transfer the Regional Dispatch Authority Money from the Governing Body to the Police Department.

Commissioner Green — Page 22 Animal Control Operating Expenses — Maintenance — We've gone from \$1,500 to \$5,000.

Chief Gallagher — Stated they have one newer vehicle, and that the 2nd vehicle is going to require a new engine as told by Joe, and they talked about it, and that it is going to be over \$3,000.

Mr. McDonald stated it will have a 3-year warranty.

Commissioner Green — On page 24 — Line item 10-09-420 — They went from \$7,000 to \$10,000, and asked is that for 1 specific vehicle or the entire department.

Mr. Fuentes — Stated that was based on the Parks N Rec's manager's recommendation.

Mr. McDonald — Stated they have a 99 Dodge that is going to

require some major maintenance, and indicated that Parks gets a lot of hand me down vehicles, and operating and repair costs escalate.

Commissioner Renfro — Stated again she would like to offer the suggestion, and stated departments in the general fund are always tight up for more money, and what had been done in the past was the Electric Department would get a new truck every year, and would take one of their newer trucks, and would be passed on to one of the departments that was in dire need of a truck, and stated that is the way we kept our other departments that weren't financially to buy their own vehicles in decent vehicles, and does not know if that is done anymore...is that done anymore Gil.

Gil — Stated it is but in this particular case, and stated for them to ride in the front seat because of size they need a 4-door truck, and that is what we try to get them. And the truck that electric will have is a 4-wheel drive truck that has over 100,000 miles and not a truck to hand down, and that they can keep it and utilize it as a stand-by meter truck.

Commissioner Green — Page 32 — Personnel Expenses — 10-14-120 — Temporary Wages, last year \$13, plus and this year \$47, plus.

Mr. Fuentes — Stated that is the line item for Pool Staff...the temporary pool staff is budgeted under.

City Manager Weiser — Stated that last year these were budgeted in the Parks Department, and that they transferred the pool staff to Facilities.

Commissioner Green — Page 33 — Vacant & Temporary... as of right now are those two positions...is Facility Management still short two positions.

Jimmy Schraner — Stated the one is filled and the other one is still up in the air. The vacant one has been filled.

Commissioner Green — Page 38 — Correction Fund Revenues — Going from \$4, to \$17, plus.

Mr. Fuentes — Yes and that is the automation fees.

Commissioner Green — Page 44 — Expenditures — 17-03-607 — We've gone from roughly \$7, up to \$15,000.

Jimmy Schraner — The chemical increase for the swimming pool.

Mayor Montgomery — Stated if they have gone up that drastically for being open only a certain amount...you guys are going to have to put some serious figures together to figure out what it's going to cost us for year-around.

Jimmy Schraner — Stated everyone he has talked to regarding year around operating expenses would be about \$120,000 a year.

Commissioner Green — Page 53 — 45-03-317 — Diesel Fuel - Why are we projecting less when costs are going up.

Mr. Fuentes — Stated one of the things we did when we sat down with the department heads we took the current activity report, and as we were going through the line item...we asked where are you at...on your expenditures on this line item, and again like we did on the revenue side you were looking at what their current activity was, and it could have been that the current activity was keeping up with what the average should have been, and that is why we're saying...and he took it down to \$50,000.

Mr. Don Armijo — Stated a slow month for them is about \$1,500 for diesel, and that the average is closer to 35, and has been as high as \$4,500 a month.

Mr. Fuentes — Stated he wanted to point out, and if they look at the line item on the revenue side 45-313 we talked about the fact that quarter percent is the 270 that is represented there, and that part of the money is going towards paying that loan off, and stated that revenue is going to drop because it is going to be paying...which in turn is going to affect how much this particular fund generates every year...the operating side as well.

He stated the challenge for us and Don is that the...on the operating side your recurring expenditures every year keep up with your revenue, and if there is some ending cash balance then that is what he can use for one time sort of things, and wanted to bring it to your attention because that change we will see when this comes before you for approval.

Commissioner Renfro — Stated that was one of the departments that the General Fund always used to pitch in...supplement, and that's just a given because that is a service that we have to provide for our citizens.

Commissioner Green — Under Capital Outlay 45-03-810 — Equipment - \$135,000.

Mr. Fuentes – That is for a backhoe, correction by Mr. Armijo – a new front-end loader, and stated that price is on state contract.

Commissioner Green — Are we buying it out right...leasing.

Mr. Fuentes — The original intent is to buy it right out through State Contract, and that may be something that may or may not change.

Commissioner Luna — If we do get the new one are we putting the old one out to pasture...because at that point you should be able to drop the maintenance.

Mr. Armijo — Stated hopefully, and a problem with that with increases is tire maintenance, and stated they bought tires for about 160.00, and stated the last one he bought was \$240.00 for one tire.

Commissioner Green — Page 55 — Line item 48-04-606, last year \$254.00 this year \$4,800. What are we buying?

Ms. Kent — Stated those aren't the correct numbers, and stated this was a preliminary budget that she gave Juan a month or so ago, and that they have re-done a whole new budget, and that

there is nothing under office supplies at all for this next year. And stated the total for this 48-04 is \$62,000 under this grant for next year, and the total for the whole grant is \$62,000. And stated the 113 is not even actually we only had 90,000, so I don't know where the 113 came from...

Commissioner Luna — Rent of building...that's gonna stay the same...weren't we looking at moving them...Is that realistic because if we're cutting half of more than half the grant.

Ms. Kent — Stated the grant has actually been paying for that building for several years now.

Mayor Montgomery — So basically this whole thing is mute right now because we have to go back to square one because of the revenues.

Mr. Fuentes — That is correct, and stated this was developed prior to now knowing from the State what the actual revenues are for that program. And indicated Nola did bring him the revised budgets that had been submitted to the State, and had been revised in your final for Monday when this is considered for approval you will have the updated budgets for this program, and it will reflect the changes that Nola is referring to.

Commissioner Luna — Then can you tell me in the numbers that you do have that are good...are there Youth Center expenses.

Mr. Fuentes — 48-06 — We made the same.

Nola — No...We took out the Youth Center, and the Sub-Grant so neither one of those are in our budget.

Commissioner Green — Page 57 — Under Revenues 50-393 Projected for State Library Grant, last year \$6,000, and this year \$20,200.

Ms. Pat O'Hanlon — She stated every other year there is a General Obligation Bond, and this is the year for the GO Bond.

Commissioner Torres — Asked if the other entities contribute.

City Manager Weiser — Stated both he and Pat requested funds.

Ms. O'Hanlon — They have requested every year, but for the last 2 years...no.

Commissioner Green — Page 59 — Federal Seizure — Revenues 94-395 Projected \$34,000...what is that?

Chief Gallagher — That represents an incident that happened in December when they had the Drug Enforcement Administration come to town to give them some training in regards to narcotics. And stated when they were here they were successful in receiving \$85,000 in drug money, and indicated they gave them 40% of that.

Commissioner Green — We get half of 40% of the value where does that money end up.

Chief Gallagher — In the Police Department.

Mr. Fuentes — Stated this is a separate fund which the Chief has access to.

Commissioner Green — Page 60 — Under Cemetery — Capital Outlay - \$23,000 that's for lawn mowers. Is that only used for the cemetery.

Mr. Fuentes — That was a recommendation from Mr. Baca.

Mr. Peter Baca — I recommended that because what we have are outdated and old, and explained this lawn mower...they will use it at the Cemetery, and can also use it for the parks.

Commissioner Green — Page 63 — Capital Outlay 18-03-845 — Once again that's the lawn mower.

Page 65 — Postage & Mail Services — No I thought that Commissioner Luna...we were talking about doing this in-house then under 41-01-735 — Is that just your projections...

Ms. Berna Garcia — Stated the increase of \$5,000, and stated Postal Pros that number went down in that area, and only pay what we utilize, and stated that is postage for the whole City.

Mayor Montgomery — So the 15 grand is the machine.

Commissioner Green — Page 67 — 41-426 — This is the pole rentals...electric, last year it was \$23,000 this year is \$14,000, why that is a pretty good decrease.

Mr. Fuentes — And again keep in mind as well this represents the current activity. And that is something they need to look at.

Commissioner Green — Under Water Division — Personnel Expenses 41-03-110. Have people left and not hiring back, and stated that is a pretty good decrease.

City Manager Weiser — Stated they had 2 people retire, and replaced them at lower levels.

Commissioner Green — Page 72 — Capital Outlay 41-03-810 - \$80,000.

For a backhoe.

Commissioner Green — Page 76- Collection 111 — Supervisor- Is that position filled right now.

They are advertising for it now.

Commissioner Green — Page 77 WW Division — Question on fuel 41-05-316, but why \$15,000 for fuel.

Mr. McDonald — Stated they have to check the wells, and have to drive all over the place.

Mr. Salayandia — Stated they cover from one end to the other where they have the wells that they have to check daily.

Commissioner Renfro — And it's 7-days a week.

Commissioner Green — Page 83 44-03-851 Lease of Phillips Fuel Tank, and is the reason there is nothing in there is because of the fuel.

Mr. Fuentes — I'm sure there is an explanation for that, and unfortunately Dan the Airport Manager is not here, and I will have an answer for you.

Commissioner Renfro — It might have been the fuel truck that we had leased from them.

Commissioner Luna — The credit card processing fees...\$4,500 — that's an expenditure from the Airport...we're paying those fees, but we don't pay our utility customers to get money...I don't understand.

Ms. Garcia — Stated they use a different...I know that the Airport uses a different credit card system.

Commissioner Luna — I don't understand why we pay credit card processing fees at the Airport, but not the utility office...not at City Hall...I think that is ridiculous, and what are these fees for.

Ms. Lindsey — Stated it has to do with his fuel, and the system that he has with the company in New York that provides the ability to take credit cards.

Mr. Fuentes — Stated they will come back with an explanation.

Commissioner Green — Page 50 — Lodger's Tax Act, Under Revenues 25-375, projected \$14,500 is that the contribution of the County, Williamsburg, and Elephant Butte salary of the Tourism Director, because I thought this year the County was going to be the fiscal agent, and not the City. And if he is correct that should be a zero.

And on the same page, Under Expenditures 25-03-597 — 9% advertising/marketing you projected \$30,700, and that was I believe something that the Commission voted on maybe 3 years ago that there would be 9% taken off the top of GRT...well it can't be \$300,000 on a projection on \$30, plus on a projection of about \$182-\$195,000 of lodger's tax.

City Manager Weiser — We'll correct that.

Commissioner Luna — Stated they had discussed...Page 26 — Building Inspector & Code Compliance, and discussed trying to increase their revenue by doing our own inspections, and is there some way the way Lori was explaining is someone has to have so many years of experience in that field before they get certified to become one of those inspectors. And if Charlie can't do that is there some way that we can sub-contract individuals in the community.

Mr. Friberg — I can become mechanical and electrical inspector, but now the code is... and stated he has a call into CID as far as getting certified for mobile homes, and the electrical and the mechanical is a little bit different because there is a requirement of certain amount of years experience, and a little bit more difficult and takes longer.

Commissioner Luna — Do you have those years of experience.

Mr. Friberg — Not as an electrician or mechanical.

Commissioner Luna — So you wouldn't be qualified for the inspections.

Mr. Friberg — I would be qualified through testing but it would take longer.

Mayor Montgomery — So then what it entails is if we look at that avenue, and looking at sub-contracting for part of those services and getting Charlie certified in the mobile home inspections...looking at sub-contracting the mechanical and the electrical out until he gets the amount of credentials and whatever he needs for the exams...then we need to figure out exactly what we need to do to set up our own price schedule...our own fee structures the whole nine yards to pay for those services and put more into our coffers.

Commissioner Luna — I would like to hear from the Police Chief.

Police Chief Gallagher. — Page 20 — And one thing I will start off with to let you know our preliminary budget personnel expenses are based on a snap-shot of the beginning of the year, and that has changed, and stated there has been 3 resignations since then.

He stated they did a good thing last year, and that they gave a nice raise, and he did a salary survey and discovered they were \$4.00 an hour under paid in comparison to some other departments in similar size communities, so that \$1.50 you gave them last year was a step in that direction, and that it did help him bring one officer from the Lovington Police Department, and also allowed him to bring back another officer for a school resource officer.

Chief Gallagher stated that it still remains a problem. .so basically I'm here to do it again and ask you guys to consider another salary increase to try and keep officers here to attract other officers to this area.

He stated last week he attended a meeting of the Williamsburg Board of Trustees because they were considering switching from the police department to the sheriff's department for law enforcement services, and that he spoke to them and was able to explain to them the difference in what they are paying for.

Chief Gallagher stated he would like to point out one thing — Personnel Expenses at looking at the 11/12 numbers from 593 to 573 in salaries, and stated he is reallocating some of the operating expenses, and as a result from these federal grants that he has received he has freed up from operating expenses in order to put up personnel expenses, and stated the increase in some of these you can't control.

He stated this year in his operating expenses he zeroed out a lot of categories, and by zeroing out those categories it adds up to about \$37,000 in reductions, so from the 573 to 593, and about \$20,000 of that is represented...\$17,000 savings that he realized by doing that, and indicated it would be a big help to see in the

salaries line item in the police department to keep these people here, and with the present amount 593 I can give with a salary increase to most employees 50 cents an hour, and that he can only do that by volunteering to reduce my salary by 12%, and will be paying about \$9,000 to do with my salary, and 69% of that increase, and the City is only paying 31%, and what I'm asking if you can find some way to match that...help me get these folks another raise to get it up to \$1.00 an hour to keep some of these guys here, and give me the ability to finish what I've started.

Commissioner Luna — Stated they all have been doing a great job, and that they all deserve a raise, and I don't think the raise to the officers should come at your personal expense, and she would like to see if there is some way we can come up with the money to see the raise... and not at the Chief's expense.

Mayor Montgomery — So I have a proposal to throw out, and that she has thought long and hard about the officers and so forth, and we know you need more bodies...and I will throw this out on the table for the Commissioners to talk about, and that we have the ability to look at our gross receipts tax, and look at a quarter percent on that as an increase, and I would propose that we look at doing that quarter percent...now we looked at the quarter percent for the street fund...and that's about 270 so \$270,000ish...I think if we looked at earmarking that quarter percent GRT exclusively for public safety, and earmarking that money to go into your department that would give you the ability to possibly get maybe 2 officers, and do a relatively substantial increase to your officer's to make it more appropriate and more competitive to keep people here.

Commissioner Renfro — Okay if we were to do it...it probably wouldn't go into effect until January.

Mayor Montgomery — Why.

Commissioner Renfro — I think there is a time table.

Mr. Fuentes — There is a time table, and we'll look at that at how long it would take effect...as this would require an approval of an ordinance.

Mayor Montgomery — Then we could that that expeditiously, and getting it on as soon as possible.

Commissioner Renfro — Stated she has seen the improvement in the department...and thinks that is basically due to you.

Mayor Montgomery — Agreed. And stated she is extremely interested in is the drug issues and getting those under control, and continuing in having a safe community for our all our residents.

She stated nobody likes to talk about the increase in taxes of course, but I think the GRT is one of the fairest taxes of all because it does allow the visiting population that come here as tourists to contribute to the operation of our City, and that she will propose that to her fellow commissioners, and if that is the way we would like to go...I know that's the way I would like to proceed in earmarking that money, and if GRT goes up.. .so does that amount that goes to your department, and allocate it accordingly.

Commissioner Green — Can we put that on the next agenda so we can move forward on this.

Mayor Montgomery — I don't see why not. So I would propose that, and see how quickly we can get that implemented and get it started, and meanwhile we need to figure out something to tide you over until we are able to get to that point.

Commissioner Renfro — If they know that this is coming maybe they'd be willing to stay, and then they'd probably be the ones that are willing to come.

City Manager Weiser — Do you want this earmarked for public safety or police.

Mayor Montgomery — Public safety.

Commissioner Torres — What happened to that Dictaphone that we bought last year.

Chief Gallagher — Stated the Dictaphone system was bought 3 years ago.

Commissioner Torres — Stated he has had complaints about getting reports...and that is the reason we bought that Dictaphone. And we're still having the same problem.

Chief Gallagher — I hate to say it but that was kinda a 20th Century solution to a 21st Century problem, and that there are only 1-2 people using it.

He mentioned ACO, and that they should put more in there for overtime because I anticipate more calls for service.

Commissioner Renfro — I have a question on that...if none of the Animal Control Officers are on duty and there is a call, and a lot of people say they get told there isn't an ACO on duty and nothing can be done.

Chief Gallagher — It depends on the situation, and stated there is always an ACO on call.

Commissioner Luna — They have discussed numerous times about citing people for watering on days they are not supposed to water...and why can't they give them a citation.

There is no citation for code enforcement.

City Manager Weiser — We have to change the ordinance.

Commissioner Luna — Okay let's do it.

Grants to Sub-Recipients — (Page 116)

Commissioner Torres — I don't see anything for the Wall.

Mayor Montgomery — The ones on the bottom of page 116, asked if those are separate or are those in the budget somewhere.

Mr. Fuentes — Stated in the Preliminary Budget for the Governing Body for purposes of preparing we left the budgeted amount the same as the current fiscal year.

He stated the City received application's requesting funding.

Mr. Fuentes—And for the ones on the bottom of the page, those are actually budgeted in those line items that are identified... those are separate from the Grants to Sub-Recipients.

Mr. Fuentes — To answer Commissioner Torres's question...the Wall has its own separate budget...separate fund.

Commissioner Renfro — Stated when they make requests to the City the Commissioners need to get copies of those requests.

The Commission talked in length regarding the Grants to Sub-Recipients.

Commissioner Green stated when an organization is awarded access to public money that there is a contract that they understand what is expected of them, and that the City needs reports back.

The Commission agreed to fund the Grants to Sub-Recipients with the following:

1. Boys & Girls Club (1) - \$32,800.00
2. Boys & Girls Club (2) — In-kind
3. Campo Espinoso — Zero
4. Domestic Abuse - \$5,000 plus picking up in-kind utilities
5. Geronimo Trails - \$5,000
6. Casa—Zero
7. SCEDO - \$5,000
8. SJOA - \$52,000
9. Bountiful Alliance - \$5,000
10. Williamsburg - \$2,000

For a total of \$106,800.00

Mr. Fuentes — And stated they wanted to formalize it with an agreement and reporting requirements for the next fiscal year.

Commissioner Green — Asked about the hydrology study that was allocated funds for this year will be rolled over into next year.

Mr. Fuentes — Yes.

Commissioner Green — Stated they have also been talking about funding a position of a grant/planner.

City Manager Weiser — Stated they have some money left in the budget.

Mr. Fuentes — Stated with the changes that we talked about will be the preliminary, and that we have additional time to prepare the final budget.

Commissioner Renfro — She would like to suggest something...the \$300,000 for the recreation loan, and she would like to see if maybe...basketball courts, and I think we are in dire need of basketball courts, and I know that we had the old tennis courts at Louie Armijo Ball Field...they're there we

