

CITY COMMISSION WORKSHOP MINUTES  
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO  
CITY COMMISSION CHAMBERS, 405 W. THIRD ST.  
TUESDAY, JULY 19, 2016  
9:00 A.M.

**A. CALL TO ORDER**

The meeting was called to order AT 9:04 a.m. by Mayor Steve Green, who presided and Renee Cantin, City Clerk-Treasurer, acted as Secretary of the meeting.

**B. INTRODUCTION**

**1. ROLL CALL**

Upon calling the roll, the following Commissioners were reported present.

Hon. Steve Green, Mayor  
Hon. Sandra Whitehead, Mayor Pro-Tem  
Hon. Rolf Hechler, Commissioner  
Hon. Joshua Frankel, Commissioner

Absent: Hon. Kathy Clark, Commissioner

Also Present: Juan Fuentes, City Manager  
Renee Cantin, City Clerk-Treasurer  
Melissa Torres, Finance Director

There being a quorum present, the Commission proceeded with the business at hand.

**C. PRESENTATION & DISCUSSION RELATED TO THE FY 2016/2017 FINAL BUDGET**

City Manager Juan Fuentes and Finance Director Torres presented the final budget to the Commission. The presentation is a part of the agenda packet. The beginning cash balance is \$485,018; Investments are \$100,242; Estimated Revenues are \$3,376,901; Cash Transfers are \$1,265,000; Budgeted Expenses are \$4,798,077; Ending Cash Balance is \$428,391; our DFA requirement is \$399,898; and our Adjustment Cash Balance is \$28,493 which leaves us a salary adjustment. Overall there were just minor changes from the preliminary budget. Our revenue shortfall was \$1.4 million. The State Share GRT and the Municipal GRT make up the majority of the General Fund when combined it's 88% of the revenues.

Mayor Green asked about the Franchise Tax revenues which are (-16%) lower and why that is happening. City Manager Juan Fuentes said we collect that from Gas, Telephone, and for example in Telephone more and more people are going to mobile

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and getting away from land lines, and with Cable more people are going to Satellite which will both affect our revenues. It could be that we didn't receive a payment for the 4<sup>th</sup> quarter and we will receive it in July. But most likely, they are the differences between those who are not using the land line phones or cable service.

Commissioner Hechler asked about the Property tax rates. City Manager Juan Fuentes responded it's been increasing since 2011, it was at \$140,000 and they went up to \$151,000. Our rate has not increased, it has been going pretty steady. He thinks towards the end of May, June, or July we didn't have those numbers yet. It has to do with the rate of collection.

Finance Director Torres went on to give the General Fund detail on the transfers.

Mayor Green asked If there are instances where Counties give cities in their geographic boundaries money to offset their expenses. This property tax is not coming from the county, it's a small portion we impose within our boundaries. City Manager Juan Fuentes responded this property tax only represents what we impose. Some Counties do provide funding for services and financial support.

Finance Director Torres went on to say the majority of our General Fund Expenditures are on Salaries which is 80% of our budget.

Mayor Green wanted to announce that staff has worked very well to operate as mean & lean as possible and he congratulated staff for understanding and for not spending money that's not there.

Finance Director Torres added to summarize, in the General Fund, the Municipal taxes increased by 1%; Franchise Tax decreased by 16%; State Share Taxes decreased by 1% of the preliminary budget; Licenses & Permits estimated decrease of 2%; Small Cities Assistance decreased significantly of \$454,885; General Fund Revenues are estimated at 14% lower than FY 16 which is due to the Small Cities Assistance decrease; the transfers increase by 10%, and the Electric Dept. transfer to the General Fund was increased by \$150,000. Under the expenditures, salary increases were due to the adjustments to the Police Department, the final budget will include possible merit adjustments. Operating Budgets increased by \$44,400 and transfers out increased by \$30,000. She went on to page 24 and the Special Revenue Funds breakdown on page 25.

Mayor Green had a question about what the PDGRT Fund was capped at, and whether it has anything to do with the ¼ of 1%. City Manager Juan Fuentes responded that is something for the purposes of this budget, we are recommending the cap of \$180,000. It is something we still need to revisit and he commended the Chief who has done an excellent job with his staff in streamlining, making it more efficient, and with some retirements and hiring new personnel, he was able to make adjustments to still be in the numbers where he needed to be. The GRT that is dedicated for them is going into the

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PDGRT Fund. Unfortunately, part of that is funding sources we have to come up with. For purposes of this budget, we are using the \$180,000 but it will have to be revisited.

Mayor Green asked about the Lodgers tax which is decreased by 8% and if we are waiting for the 4<sup>th</sup> quarter reporting. He wondered if that is the final number. Juan said we will look back to see the reporting and we can report that at our next meeting. They asked for a breakdown at the next meeting.

Commissioner Frankel asked us to see if we can spot a trend of whether the occupancy rates are down for all of town, or specifically uptown versus downtown compared to the previous year to see where the occupancy is down at. To see if the dollars we are spending are getting any return on that or if downtown is struggling. They are two very different markets.

City Manager Juan Fuentes began with the Enterprise Funds, including the Utility Office, Electric Division; Water; Wastewater; Solid Waste; Mayor Pro-Tem Whitehead Collection Center; and Golf Course. Electric is requesting some capital needs including a new F150 for \$38,000; a new Boom Truck for \$146,000; Electric Building metal roof; and a Storage Building. If the new Boom Truck is approved, the old truck will be transferred to the Wastewater Department. The one WW currently has is a 1982 truck and needs to be replaced. The Electric Division does have ending cash balance for these items. One of the things they are looking at down the road is to have charging stations throughout town to charge the batteries of the vehicles.

Commissioner Frankel asked about the increase in revenue for the Golf Course and if it's operating as a profit or is it still behind now. City Manager Juan Fuentes said we still have not generated enough revenue because we do transfer in \$100,000 from Lodger's Tax and General Fund money. Commissioner Hechler asked how much the 17% increase represents. City Manager Juan Fuentes responded on page 63, you are looking at \$5,500 for the 17%. Overall it's \$42,000 in revenue. Mayor Green asked if they are still collecting the dollar for a round of golf for maintenance. City Manager Juan Fuentes confirmed they are and that dollar goes into a separate account.

Mayor Green is hoping the big decline in the Solid Waste Collection Center is an increase in recycling. That could be the diversion of shipping it North without paying for it. He would be interested in seeing the numbers of how much is recycling.

City Manager Juan Fuentes went on to the Capital Projects Funds. Some of these funds we are still working on the funds balances to make sure we are including all of the new grants from last year. This includes the USDA funding; Water Trust Board funding; CDBG funding; State Appropriation for the Animal Shelter; some of the Equipment we will be buying and some of those are reserve funds. Those will hopefully be complete by the end of this week for approval next week. The Internal Services Funds, of which some go to the Service Center to operate the vehicles. He did request one capital outlay item which is a new car lift and he does have the resources in that fund to buy it. Page 29 is a list of the projects completed and he wanted to report in regards to the City

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Website, there are some updates that need to be done by Department Heads and Bob will be meeting with them on Monday to go over each of their pages so we can go live with it and terminating the existing website. He briefly reviewed some of the other projects in progress at this time and where we are with those. City Manager Juan Fuentes mentioned one of the possible reasons the fees have decreased could be the polycarts because not as many people are coming in to dump their trash. Now our own customers have their own polycarts. There is no place to dump anymore for those who are not residents. We will continue to look at those numbers because eventually they will have to be adjusted.

Mayor Green asked Andy about the polycarts which have been delivered and if all of the bins that been picked up. Sanitation Director Alvarez confirmed the bins in the residential areas have been picked up, there are still a few bins at commercial businesses.

City Manager Fuentes identified the funds needed for the City Hall Roof Replacement. He believes they have identified the funds for that project. Public Works Director Armijo has a couple of contractors getting together to see what the best way to do that is. The Dog Park can be funded both locally and private. Mr. John Henry has offered to donate some fencing which will go a long way in reducing our costs. So we have a long list of unfunded needs on page 33, which are just some of the things we need to look into. He expanded on some of the projects. The Automated meter reading for Electric & Water will be brought to a future meeting for Commission action. Once we complete the Animal Shelter project, he knows the Chief is working on a Law Enforcement Complex Project as well. The Solid Waste Department does have a list of needs like a new Backhoe, Engine repairs to some of the vehicles; Cart Chipper; Camera System and a Scale Attachment. We are also looking at a Regional Swimming Pool complex and that could be something that could be presented formally and voted on by the Commission. The Rodeo Arena improvements and the Street Department Water Truck are a couple more projects on the list.

City Manager Fuentes reported the Fiscal Needs. This year he wanted to include a slide he did not include in the preliminary which he calls the Fiscal Needs, and what are some of the issues we need to be looking at. If you look at all of the budget that is being presented, at the end of the year on June 30, 2017, you're looking at an Ending Cash Balance of \$328,000 plus the investments of \$100,000 for a total of \$428,000. If you think, what if we look at a magic ball and hope we get the same amount of revenues; hold the line with the transfers; and we have a slight increase in expenses; then at the end of June 30, 2018, you're looking at an ending cash balance of \$224,000. DFA will required us to have an ending cash balance of \$403,000. So we are going to be short about \$180,000 at the end of that fiscal year. You have to end the next fiscal year to approve a budget with an ending cash balance of \$510,000. That is what he wanted to represent here because even though we are just starting this fiscal year, the Finance staff is already thinking of next year and where we need to end up. This is important because our staff is doing a great job in keeping our costs down with what they have and it's an on-going cycle. As we get into mid-year, the finance already starts

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worrying about where we are for the next year. They do a great job and nevertheless we have to monitor that. We have to find a way to increase our GRT. In the Electric Dept. you have \$390,000 in the black, but most of that is Capital Needs and one time needs and they still have the money for that. But eventually we need to address that transfer down the road.

City Manager Juan Fuentes went on to present on the Water side. You have a small number but it's still a loss in the Water Department. He is operating very lean right now. He is operating with four employees and three more are vacant. It's been hard to find certified people for those positions. It's always kind of a balancing act. When we look at a project for the Water side, we are looking at the Cook Pump; Station; a Tank; and some new water lines. We have those in a USDA Application and what we are focusing on at this time. The YESCO is being presented and would be a savings for the system. When he makes the presentation in August, he will present when we do it ourselves it is going to be a big challenge. At the end of the day, we have to pick which projects we are going to move forward on. He and Melissa will be meeting with the Department Heads to see if they have a little bit of room so we can find some funding for merit increases for this year. The increases for the PD have been included, but again they have a dedicated GRT. He has certainly saved a lot in his budget which will help with the Animal Shelter & Law Enforcement Building Projects.

Commissioner Frankel asked about page 33, the unfunded capital needs. He had a questions about the swimming pool resurfacing project that he understood was due this February and he wanted to know the estimated cost of that was going to be. Public Works Director Armijo said we didn't get an actual deadline. They would just like to see it be done. One estimate was \$85,000 for resurfacing or we can come in and repaint it for \$8,000-\$9000. Either way will require them to shut down the pool for two weeks. He explained the difference with repainting and resurfacing the pool. They also talked about the swimming pool complex. City Manager Juan Fuentes added when this pool issue has been discussed there have been concerned as to whether we want to spend \$80,000 on fixing the current pool or do we want to put the money towards a new pool. We need to decide what direction we want to go on the pool. Commissioner Frankel was concerned with working on the new pool and keeping the old pool working so it can be used and the possible lapse where we would have no pool. City Manager Fuentes added that is not the idea, the idea is do we want to go with the old pool and give staff the resources to take care of it, or do we want to focus our resources on a new pool. That is a decision that needs to be made.

Commissioner Hechler added if we wait for funding for a new pool that might be 7 or 8 years out, so we should make the decision to support the old pool until we can get to that point. Whether it's to put a Band-Aid on it from year to year and paint it, or to invest to resurface it for the next 5 or 6 years. That's the decision we need to make. City Manager Fuentes said it depends on how we approach the project, then yes it could take 5, 7, 8 years. But if we approach it from whether the Commission might want to put a G.O. Bond for this project and it could be paid right away through property taxes.

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Or as you can see in the preliminary budget, we haven't increased property taxes in a long time and that can be done by Commission action. We can adopt up to 7 mills, so it can be done many ways. We have to decide if we want to do it gradually or get it done now. It's important for the schools to know that too. They want to move forward on their part which is the gym and they have the money for it. If they see the city will move on it but it might take 7 years, they might want to move it closer to the school. And if they see we want to be aggressive on it, we might be able to put it at a joint location. Commissioner Hechler would think we could wait another year, because we don't have the funds this year to address the pool. But next year may be a different picture. City Manager Juan Fuentes added we wanted to see if the Commission would want to go out for a bond and that would have to be a Special Election and getting the up and down vote. But again, nothing will be finalized until the following year. You can't have your election with their election, there has to be a gap.

Mayor Pro-Tem Whitehead added if we have a Special Election and it fails, then we are back to square one. We have to look at what it's going to cost us in the meantime to get there. A lot of time, we are in such a big hurry to get something done, we forget the important stuff. We really need to stop and put a plan together and keep our current stuff operational. City Manager Juan Fuentes responded one of the reasons we funded the preliminary report on the Swimming Pool to see how we wanted to proceed. If we are looking at a different approach, we need to have those conversations with them as well.

Mayor Green feels we should position ourselves where we control the clock and not someone else. He would feel more comfortable getting something in writing from Kristy to let her know what we are planning to do, so we can see if she has some other ideas. He would hate to see us closing the doors and depriving the citizens of the use of it. He agrees we need to come up with a plan and find out if the School Board has the will to move forward on this project. City Manager Juan Fuentes responded their big question was the location and he recommended scheduling another meeting with the Mayor, Commissioner Hechler, him and some of the board members so we can all know what direction we are going. We don't have a guarantee that they will wait for us down the road. He will schedule a meeting.

Mayor Green asked Public Works Director Armijo about the process. So we would drain the pool; wait until it dries; fix it; fill it up again; and then open up the doors again. So whether we resurface or repaint it is the same time frame that it will be closed. Except that if we repaint it we would have to do it every year and the resurface may last up to 5 years, but it's only closed once to take care of it. Public Works Director Armijo said the painting is a cost savings, but when they first come they look at how thin the surface is and what it's going to need. He explained the resurfacing is better but the liner of the pool is also wearing thin. We either maintain what is left there or completely resurface it. Commissioner Frankel said we just need to know from Kristy what our date is and how fast we should act on that. Public Works Director Armijo said he would check on that and let him know.

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Mayor Green had a question on unfunded capital needs. Related to the fuel truck for the Airport, he noticed we are giving \$21,000 per year for a lease with Philips. Have we ever investigated the cost of the fuel truck to buy one instead of paying that much per year to lease it. He wondered how much a new truck would be. It seems we might want to explore that, it may be a better option. City Manager Juan Fuentes said we can explore that. Public Works Director Armijo said a new water truck is about \$120,000 to purchase. City Manager Juan Fuentes said this is a fuel truck so it's probably more than that.

Mayor Green asked about USDA taking a look at our Water Rates to see if we need an increase. City Manager Fuentes it will be the same process they did on our Wastewater application. They will do a water analysis and will make a recommendation as to whether an increase will be required. They will look at when the last time the rates were increased and if they have not been, they will require it before they give funding.

Mayor Green brought up the City Hall Roof Replacement which is in bold and is the priority. Where will we get the funding for that? City Manager Juan Fuentes responded right now he believes we can use that from the Capital Improvements Fund. Where we transferred some money for all of the grants. Once they are completed we will know what we have from other funds. We don't know until we have an actual estimate to see what we need. Mayor Green asked if we have gotten the MainStreet award back yet. City Manager Juan Fuentes said no, it's in the budget but we have not gotten it yet.

City Manager Fuentes said this week we will be finalizing the grants and capital outlay numbers. We do have a little bit of room for some staff merit increases and we will present it for adoption and the 4<sup>th</sup> quarter report will also be presented at the next meeting. Then we will go into the ICIP process which has to be adopted by September.

Mayor Green asked about the Community development department projects and personnel was discussed. City Manager Juan Fuentes said the position of Community Development Director is not funded right now as of this budget. Traci Burnette has taken over some of those duties as the Grants Coordinator and she is managing the day-to-day of the grants and will focus on some of the other areas. We did set aside some money if the city wants to be a part of the Regional Economic Development with SET. We are looking at a person and to set aside some money for Economic Development. If that is the will of the Commission. He is looking at having Robbie step in and taking additional responsibilities in that department and that will help at least to get us moving forward with what we have. With Traci and her involvement with these funding agencies, we will be able to move forward on some of these projects. That is just for this coming year until we have more resources, then maybe we can have that person again.

Mayor Green brought up some Hospitality training which didn't work out because they merged with another organization. He asked if that was included somewhere in the budget. He has a call in to NMSU to the School of Hospitality to see if we could get a program given by a professional to offer to those organizations that have staff and

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generate the GRT to better train their staff. He would like it included in the budget. City Manager Juan Fuentes added if it wasn't used last year, it's already been repurposed. In this budget there is no specific item for that purpose. But we can look at where we might be able to find it. Mayor Green will get him the numbers and find out.

Mayor Green would like to know what the Commission can do to make staffs lives easier or more bearable under the stringent restraints we are working on. Please know they do not get involved with the Management of staff, just the checkbook. But certainly they want staff to know they are aware of the value staff brings to the table. And they know staff operates sometimes with broken tools and equipment.

Mayor Green attended a meeting in Las Cruces, and the limited budgets are not only affected our town, but all of them. They are all considering the problems with the Hold Harmless and the only way we can get that back is increasing our GRT's and he doesn't believe the Commission wants to do that. Hopefully cooler heads prevail in Santa Fe, oil goes up, and then the state might have more money for us to deal with.

City Manager Juan Fuentes said when we had the Department Head meeting yesterday and one of the staff members asked about the GRT. Ours is already at 8.5% and there is not a lot of room for us to pass that. The other option is the property taxes which haven't been raised in a while. Our only chance is promoting our tourism, and making sure businesses are reporting and supporting the businesses downtown and so forth. There is not a whole lot of room for cutting and our staff do a fantastic job managing what they have. Mayor Green asked if we can put a billboard for leaving town at both exits to tell them if they are shopping in Albuquerque or Las Cruces, maybe they will want to rethink it and keep it here. Shop Local.

**D. ADJOURNMENT**

Commissioner Hechler moved to adjourn at 10:19 a.m. Commissioner Frankel seconded the motion. Motion carried unanimously.

Passed and Approved this 9<sup>th</sup> day of August, 2016.



Steven Green, Mayor

ATTEST:

  
Renee L. Cantin, CMC, City Clerk